

Collaborative regulation for digital transformation in the Republic of Moldova



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- Ministry of Economy and Infrastructure of Moldova;
- National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI), Moldova;
- National Service for the Radio Frequencies Management, Moldova;
- Foreign Investors Association, Moldova.

Foreword



I take great pleasure in introducing this series of Collaborative Regulation Country Case Studies. They provide a high-value, authoritative analysis of the regulatory landscape and offer a step-by-step pathway to our members as they progress towards their G5 destination.

The case studies reflect the journeys undertaken by selected countries from different regions as they analyse their regulatory and institutional frameworks and advance towards more collaborative governance. Each captures a unique, diverse experience of policy that enables decision-makers to explore both the challenges and opportunities that collaborative regulation offers in our journey towards inclusive digital transformation. Each case study generates discussion – and invites a better understanding of the role and impact of collaborative governance and on new tools for regulating digital markets.

Our case study approach is highly collaborative, thorough, tightly structured and inclusive, through an extensive fact-finding questionnaire and one-on-one interviews with key national stakeholders. They elicit views on the future facing G5 regulation and on drivers for regulatory evolution.

The case study lays out the country's regulatory landscape and points both to existing best practice and to areas for future progress. In addition, a high-level policy brief for ICT policy-makers provides a clear view of the value and benefits of collaborative regulation together with its challenges and solutions.

The library of collaborative regulation case studies, launched at the Global Symposium for Regulators 2021 (GSR-21), will expand to include additional country experiences. We are integrating insights from this process into a global project on the transition to collaborative regulation, which will be launched at the upcoming WTDC.

These case studies sit alongside the G5 Benchmark – the gold standard tool that fast-tracks countries along the path of collaborative, cross-sectoral regulation. The 2021 updated, G5 Benchmark provides an actionable and precise country readout on progress towards G5 collaborative regulation.

The case studies are an important element in a major global effort by ITU to measure the impact and the many benefits of G5 collaborative regulation. For more than twenty years now, we – ITU and our partners in the global regulatory community – have made enormous progress in analysing, mapping and understanding the changing role that regulation plays in society and in economies. This two-decade-long investment is increasingly bearing fruit – and is now offering a clear-eyed view of the path ahead for all countries, no matter where they are, in their journey towards G5 regulation. These country case studies are an important element in this larger, ongoing body of work and mark a step forward on our journey to achieving the Sustainable Development Goals (SDGs) and digital transformation.

I hope that the Collaborative Regulation Country Case Studies together with our regulatory metrics and tools will prove invaluable to many different types of readers, but especially to ICT regulators and policy-makers in all regions.

A handwritten signature in dark ink, consisting of a large, stylized 'D' followed by a series of loops and a final horizontal stroke.

Doreen Bogdan-Martin
Director, ITU Telecommunication Development Bureau

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1 Introduction

Lesson from COVID-19: digitalization more important than ever

The Republic of Moldova has experienced an expansion of the economy by an average of 4.6 per cent annually over the past 20 years.¹ The global pandemic, however, has left a significant mark – the gross domestic product (GDP) decreased by 7 per cent in 2020 and affected most sectors of the economy.

According to a study by the International Telecommunication Union (ITU), the economic losses of the COVID-19 pandemic during 2020 affected some countries more than others. Countries with better broadband infrastructure and with broad use of ICTs among the population were able to mitigate part of the negative economic impact of the COVID-19 pandemic, allowing households, enterprises, and governments to carry on functioning.²

Although Moldova's economy is forecasted to rebound in 2021 with an expected 3.8 per cent growth in GDP,³ traces of the pandemic will remain well into the future. It is important, therefore, to consider the main lessons learnt from the pandemic. One clear lesson has emerged: inclusive connectivity is a necessity, not an option. The digital economy has become an enabler for traditional economic sectors in Moldova, creating new markets and development opportunities. A less negative legacy of COVID-19 is the opportunity it has highlighted to drive forward with digital transformation.

Digital transformation through collaborative digital regulation: The way forward

Digital transformation has emerged onto the policy agenda of a growing number of countries as a way to drive social development and economic prosperity.

Digitalization, as a cross-cutting phenomenon, has a broad social and economic impact. It affects all sectors of an economy – from agriculture to industry and trade, from household consumption to public services – through its impact on productivity, employment, skills, services being offered, and markets being reached. It is changing production, delivery, consumption and lifestyle patterns, and through new means of communication, it is changing society. Digital transformation, and the changes it continues to bring, has created the need for a different approach to regulation. As a result, a new regulatory paradigm has emerged that seeks to fast forward digital transformation for all – and that paradigm is embodied in the concept of collaborative digital regulation.

Based on a broad notion of generations of ICT regulation (see Box 2), G5 regulation marks a fundamental shift in the way regulation is executed. The G5 holistic approach brings together a wide range of stakeholders from policy-makers to single-sector and cross-sector regulators, and a wide range of market players. In addition, the focus on regulatory behaviour and its impact on markets and development brings to the fore the need to harmonise policy priorities, regulatory rules, and existing institutional frameworks and underlines the importance of the interplay between digital infrastructure, services and content across industries and national borders.

¹ <https://www.worldbank.org/en/country/moldova/overview#3>

² ITU, The Economic Impact of Broadband and Digitization through the Covid-19 pandemic - Econometric Modelling, 2021

³ [World Bank keeps Moldova's 2021 GDP growth forecast at 3.8% \(seenews.com\)](#)

The objective of this case study is to analyse the current institutional and regulatory framework of Moldova to understand how it reflects the principles and nature of collaborative digital regulation. The case study also highlights areas of strength and possible improvements as Moldova journeys towards digital transformation and collaborative digital regulation, enabling it to seize opportunities and address challenges.

The analysis and results are based on publicly available information (reports, legal acts, studies) and information obtained during interviews with stakeholders from Moldova's public and private sector.

Gathering information from different perspectives spotlights strengths and opportunities in Moldova, while identifying areas for further consideration in view of accelerating digital transformation. These include a mixture of best practice collaborative digital regulation principles to enhance regulatory maturity, and collaborative digital regulation tools to improve digital market outcomes. While some of these are "quick wins" and can be achieved with relative ease, others will demand more reflection and time.

Box 1: G5 Case study methodology

To better understand the role and impact of collaboration and collaborative governance, ITU has launched a series of collaborative digital regulation case studies to focus on regulatory and institutional frameworks and collaborative governance across different regions. The case studies detail diverse experiences and policy and regulatory patterns, and set out challenges, new ideas and lessons learnt by regulators as they journey towards G5 regulation. Each case study follows a similar methodology, is tailored to regional needs and has been achieved through stakeholder involvement and cooperation. Each case study is built on two components:

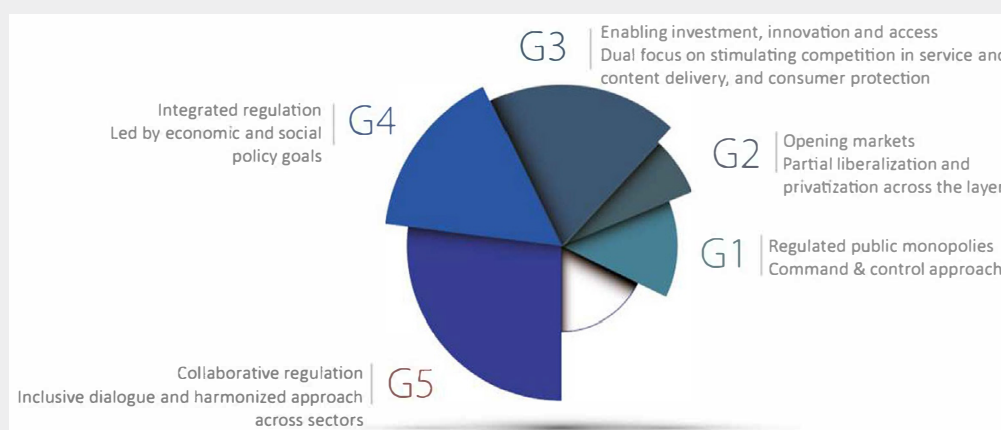
1. A 50-question survey on G5 regulation that explores collaboration across government agencies and ministries, the scope and patterns for collaboration, the involvement of other stakeholders and legal tools, policy tools and processes.
2. Multiple interviews with key national stakeholders, including representatives of the national regulatory authority, a relevant ministry, and a private sector player or consumer association. Interviews were flexible but structured to explore practical aspects of policy implementation and regulatory reform.

The case studies set out the current policy, regulatory and governance landscape in the country, with focus on current best practice and areas for future enhancement.

Section 2 of this study provides an overview of broadband market developments in Moldova, while section 3 analyses digital policies and strategies. Section 4 focuses on institutional framework and inter-agency collaboration and section 5 briefly describes vertical collaboration (i.e. collaboration between public and private sectors). Section 6 charts out the steps ahead on Moldova's journey towards G5 regulation and digital transformation, and the conclusion sums up key results.

Box 2: Collaborative digital regulation

The ability to successfully collaborate is one of the key building blocks of a digital economy, and a key marker of a fifth-generation regulator. Collaborative digital regulation is a key element of the ITU “generations-of-regulation” framework being used to reflect or benchmark the maturity of modern ICT regulatory regimes. The framework is based on criteria of collaboration, high-level principles, a focus on digital development, and the digital economy policy agenda.



- Collaboration is the dominant element: the benchmark for G5 collaborative governance. It measures the breadth and depth of cross-sector collaboration between the ICT regulator and stakeholders that play a role in the digital economy.
- Regulation is shifting from rules to principles: the design of regulatory frameworks and the rules and principles that keep them together have acquired special importance. While rules will and should not disappear soon, in some instances, principles are better suited for finding balanced, sound solutions to complex regulatory issues.
- New consumer needs, business models and market dynamics call for new regulatory tools and coherent, outcome-oriented policy instruments that will support digital development.
- Through disruption of markets and the rise of new technologies, building an inclusive digital economy is a priority in national policy agendas. The success of their implementation will have a multiplier effect on the digital transformation of economies and their sustainability in the future.

	1. Regulatory authority	2. Regulatory mandate	3. Regulatory regime	4. Competition framework
G1	• Consolidated with policy-maker and/or industry	• Business as usual	• Doing as we have always done	• State-owned monopoly
G2	• Separate agency	• First wave of regulatory reform	• Doing more	• Liberalization
G3	• Separate agency, autonomous in decision-making	• Advanced liberalization of ICT sector	• Doing the right things	• Partial competition
G4	• Separate agency with enforcement power	• Adjacent issues become core mandate	• Doing the things right	• Full competition
G5	• Separate agency as part of a network of partner regulators	• Separate agency as part of a network of partner regulators	• Doing things together	• Intra-modal competition

Source: ITU

2 Broadband market developments

Communications service providers are at the heart of the digital economy, which strongly depends on the coverage, capacity, quality, and reliability of networks. Digital transformation can only be realized if high quality networks are available at affordable prices. It is therefore important to understand the status of broadband developments in Moldova in terms of availability, affordability and quality.

Coverage and penetration. Mobile infrastructure is well-developed in Moldova, with a high penetration rate and near universal mobile broadband coverage. According to the National Regulatory Agency for Electronic Communications and Information Technology (ANRCETI), the mobile communication networks cover close to 100 per cent of Moldova's territory, with 4G networks reaching 97 per cent of the territory in the last few years. Mobile broadband penetration, calculated as active mobile broadband subscriptions per 100 inhabitants, reached 89.8 per cent at the end of 2020, an increase from 88.8 per cent in 2019.⁴ The mobile broadband market included three providers in 2020: Orange Moldova (61.8 per cent), Moldcell (29.9 per cent) and Moldtelecom (8.3 per cent).⁵

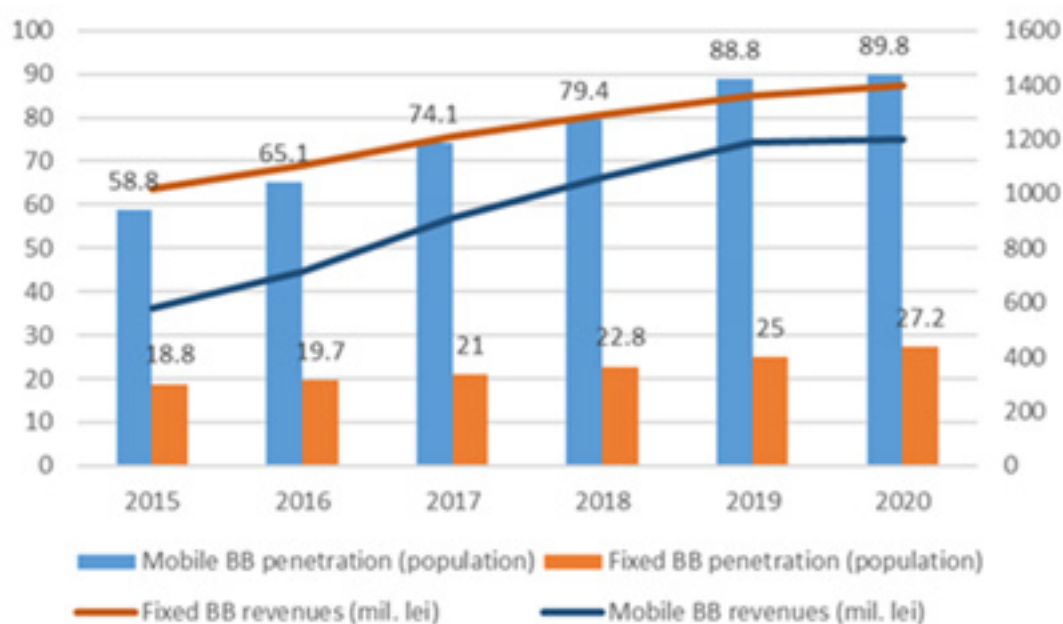
The total number of fixed broadband subscribers demonstrated stable and continued growth from 2015 to 2020 (see Figure 1), reaching a penetration rate of over three-quarters of households or 27 per cent, if calculated per 100 inhabitants, in 2020.⁶ Fixed broadband access is becoming increasingly accessible throughout the country, with intensive deployment of fibre optical networks (see Figure 2). According to data from ANRCETI, the number of fibre optical connections (FTTx) increased by 15.1 per cent in 2020, making up a share of 72.3 per cent of total subscriptions, followed by xDSL technology (9 per cent), and coaxial cable (8 per cent). Moldtelecom, a state-owned incumbent operator, enjoyed 61 per cent of the fixed broadband market.

⁴ https://anrceti.md/files/filefield/Anuar%20statistic_2020.pdf

⁵ https://anrceti.md/news_050421

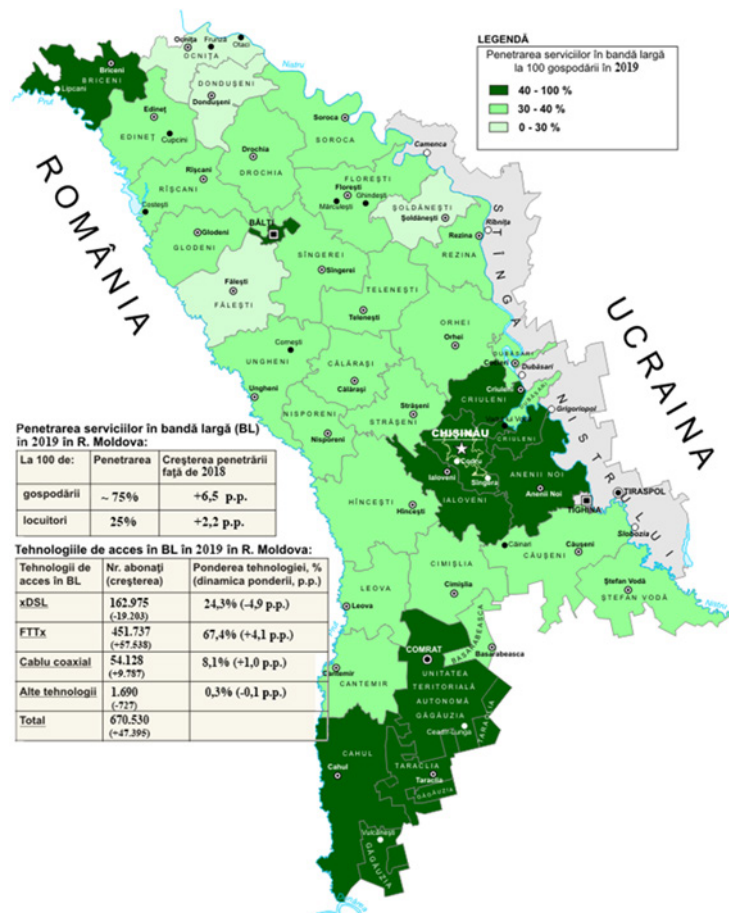
⁶ https://anrceti.md/news_090421

Figure 1: Fixed and mobile broadband revenues and penetration rates (2015-2020)



Source: ANRCETI

Figure 2: Geographical coverage of fixed broadband networks in Moldova, 2019

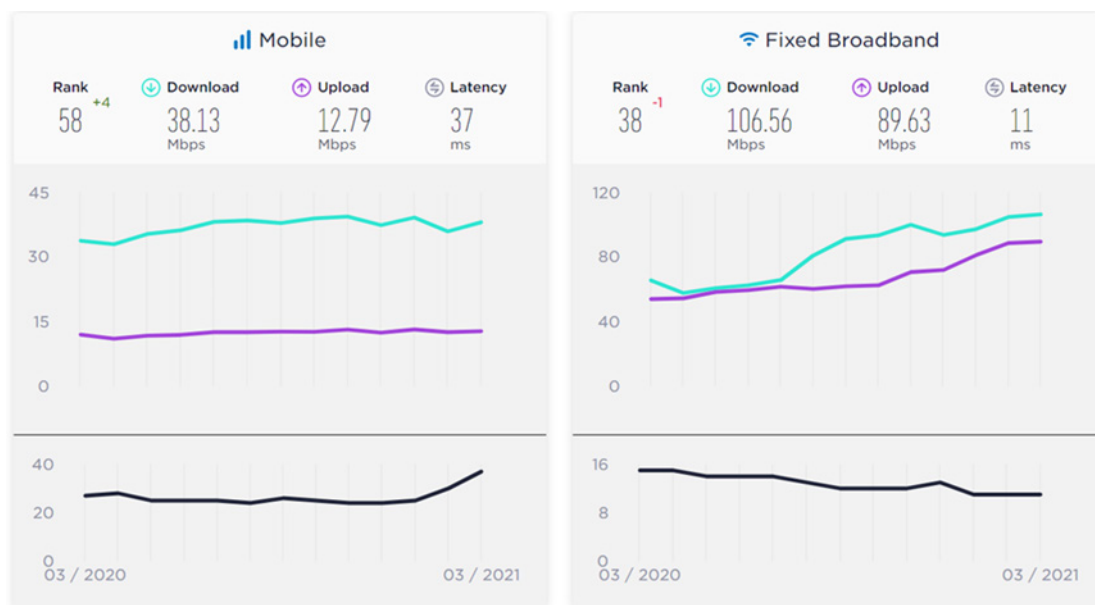


Source: ANRCETI

Note: The designations employed and the presentation of material on this map do not imply the expression of any opinion whatsoever on the part of ITU and of the Secretariat of the ITU concerning the legal status of the country, territory, city or area or its authorities, or concerning the delimitation of its frontiers or boundaries

Average speed. According to Speedtest Global Index, which provides a monthly comparison of Internet (data) speeds for a benchmark of 100 countries around the world, Moldova is ranked 58th in terms of mobile-broadband speed, with download speed averages of 38 Mbit/s compared to the global average of 48 Mbit/s, and ranked 38th in terms of fixed-broadband speed, with average download speeds of 106 Mbit/s, which places it higher than the global average of 98 Mbit/s.⁷

Figure 3: Average speeds of mobile and fixed broadband, March 2021



Source: Speedtest Global Index

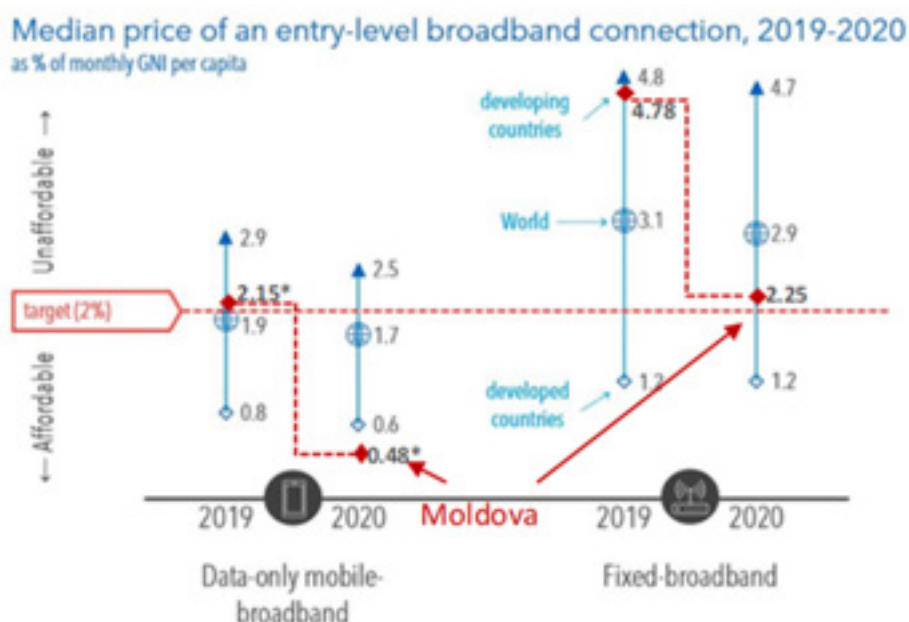
Affordability. According to data from ITU and the Alliance for Affordable Internet (A4AI) collected for the “The affordability of ICT services 2020”,⁸ Moldova experienced remarkable improvement in affordability of broadband access over the period of 2018-2020. Expressed as a percentage of median GNI per capita, prices for the data-only mobile-broadband basket have dropped drastically, moving significantly below the 2 per cent affordability target of the Broadband Commission for Sustainable Development. Despite having seen a large positive change in the past year, the fixed-broadband basket remains above the 2 per cent target.⁹

⁷ <https://www.speedtest.net/global-index>

⁸ <https://www.itu.int/en/ITU-D/Statistics/Pages/ICTprices/default.aspx>

⁹ <https://www.itu.int/en/mediacentre/Pages/pr02-2021-The-affordability-of-ICT-services-2020.aspx>

Figure 4: Broadband prices as a percentage of monthly GNI per capita (2019-2020)



Note.* Data for Moldova is from 2018 as data for 2019 is not available.

Source: ITU and the Alliance for Affordable Internet (A4AI), 2020

International perspective. International indicators cover different aspects of a country's preparedness to participate in the digitalization journey. Although various metrics have their own focus and take into consideration different quantitative and qualitative aspects, they still allow us to identify main strengths and weaknesses (as they come across in different metrics), and where a country stands in its digital transformation path. Moldova's position across eight international rankings is summarized in Table 1 and reveals the following:

- ICT adoption is the main strength of Moldova, for which it is usually highly ranked (demonstrating adequate availability, accessibility and use of ICTs in the country).
- Digitalization of public services and the engagement of citizens that they promote are on the right track.
- Some indicators that lower Moldova's position in comparison to other countries include:
 - insufficient innovation capacity and an immature innovation ecosystem;
 - lack of future orientation and flexibility in governmental decisions (this is usually understood as how quickly government reacts to a changing situation);
 - mismatch of skills of current workforce;
 - lack of transparency;
 - issues leading to a lack of trust in digital technologies (e.g. cybersecurity, data privacy and security).

Table 1: Moldova's position in some international indices

Index	Organization and year	Rank of Moldova	Strengths	Weaknesses
Global Competitiveness Index 4.0 ¹⁰	An annual assessment of the drivers of productivity and long-term economic growth. The pillars that cover broad socio-economic elements are: institutions, infrastructure, ICT adoption, macroeconomic stability, health, skills, product market, labour market, the financial system, market size, business dynamism and innovation capability.			
	WEF, 2019	86 of 141	ICT adoption (rank 48)	Transparency (rank 101) Future orientation of government (114) Skills of current workforce (109) Innovation capacity (130)
Europe 5G Readiness Index ¹¹	Evaluates European countries' readiness to deploy and adopt 5G networks. The Index comprises six factor categories with 35 criteria in total within those categories.			
	inCITES Consulting, 2020	36 of 39	Country's profile (e-gov services, competition in network services) and demand (penetration of new fixed and mobile technologies as well as the use of the Internet)	Innovation landscape (R&D expenditure, growth on innovative companies, university-industry cooperation and etc.), insufficient technological preparation (number and maturity of 5G trails, 5G spectrum auction plans), insufficient legal framework adaptivity to digital business models and mismatch of skills
E-Government Development Index ¹²	Reflects state of e-government development. It is a composite of three dimensions of e-government, namely: provision of online services, telecommunication connectivity and human capacity.			
	UN, 2020	79 of 193	Online service index	Human capital index
E-Participation Index ¹³	Focusing on the use of online services to facilitate provision of information by governments to citizens ("e-information sharing"), interaction with stakeholders ("e-consultation"), and engagement in decision-making processes ("e-decision making").			
	UN, 2020	55 of 193	Qualitative evaluation, no details available	
UNCTAD B2C E-commerce Index, 2020 ¹⁴	The UNCTAD B2C E-commerce Index measures an economy's preparedness to support online shopping. The index consists of four indicators that are highly related to online shopping and for which there is wide country coverage.			
	2020, UNCTAD	53 of 152	Individuals using the Internet (% of population) Postal Reliability Index	Account ownership at a financial institution or with a mobile-money-service provider (% of population age 15+) Secure Internet servers (per 1 million people)

¹⁰ http://www3.weforum.org/docs/WEF_TheGlobalCompetitivenessReport2019.pdf

¹¹ <https://www.incites.eu/index.php/europe-5g-readiness-index#>

¹² <https://publicadministration.un.org/egovkb/en-us/Data-Center>

¹³ *ibid.*

¹⁴ https://unctad.org/system/files/official-document/tn_unctad_ict4d17_en.pdf

Table 1: Moldova's position in some international indices (continued)

Index	Organization and year	Rank of Moldova	Strengths	Weaknesses
Global Innovation Index ¹⁵	Measures an economy's innovation performance.			
	2020 WIPO	59 of 131		
Global Cybersecurity Index ¹⁶	Measures the commitment of countries to cybersecurity.			
	2018 ITU	53 of 175		
Corruption Perception Index ¹⁷	Ranks 180 countries by their perceived levels of public sector corruption according to experts and the business community.			
	2020 Transparency International	115 of 180		

Source: ITU research

Although Moldova exhibits relatively strong core elements, some areas require further attention in view of maximizing the country's digital potential; collaborative digital regulation could have a key role to play in these efforts.

¹⁵ https://www.wipo.int/global_innovation_index/en/2020/

¹⁶ https://www.itu.int/dms_pub/itu-d/opb/str/D-STR-GCI.01-2018-PDF-E.pdf

¹⁷ <https://www.transparency.org/en/cpi/2020/index/nzl>

3 Overview of digital strategies and policies

This section summarizes existing digitalization or related strategies and policies, and provides an overview of the government priorities, strategic visions and guidelines.

National Development Strategy. Moldova has recently developed the National Development Strategy, “Moldova 2030,”¹⁸ aligned with both the European Union Association Agreement and the UN 2030 Agenda for Sustainable Development. The strategy groups objectives of national development into four pillars: sustainable and inclusive economy; strong human and social capital; fair and efficient institutions; and healthy environment.

Although the Strategy does not have specific targets for digitalization or digital transformation, it acknowledges ICTs as a key enabler for Moldova’s development and recognizes the necessity of an aligned sector-specific strategy.¹⁹

Roadmap for boosting the process of digitization of the Moldovan economy and the development of electronic commerce.²⁰ This roadmap, prepared by the Ministry of Economy and Infrastructure (MEI) in 2020, can be viewed as a first step towards the elaboration of a national digital transformation strategy. In the context of the COVID-19 pandemic, MEI carried out an analysis of constraints and identified immediate measures to be taken in order to boost the process of digitization of the national economy and the development of e-commerce. The roadmap provides for 37 actions to be taken in the short term to tackle the largest identified issues (e.g. low engagement of SMEs in e-commerce, challenges in the remote interaction between government and business, or business and consumers, complexity in customs and tax procedures, etc.). The document mainly addresses the problem of e-commerce (as a part of digital economy) rather than digital economy as whole.

Strategy for IT industry and digital innovation ecosystem development (2018-2023).²¹ This strategy and the associated action plan aim to increase ICT industry competitiveness at the regional level and improve the potential for digital innovation. The document, developed by MEI together with external partners, demonstrates that the ICT sector is one of the priority economic sectors of Moldova, and by which the government recognises the ICT sector potential to contribute to the country’s development. With this strategy, the government aims to facilitate the emergence of dynamic ecosystems through close collaboration with entrepreneurs, investors, corporations and other stakeholders – demonstrating a mindset very much in line with a collaborative digital regulation approach.

¹⁸ <https://mei.gov.md/en/content/national-development-strategy-moldova-2030>

¹⁹ *ibid.*

²⁰ https://mei.gov.md/sites/default/files/foia_de_parcuri.pdf, <https://mei.gov.md/ro/content/fost-prezentata-foaia-de-parcurs-pentru-impulsionarea-procesului-de-digitizare-economiei>

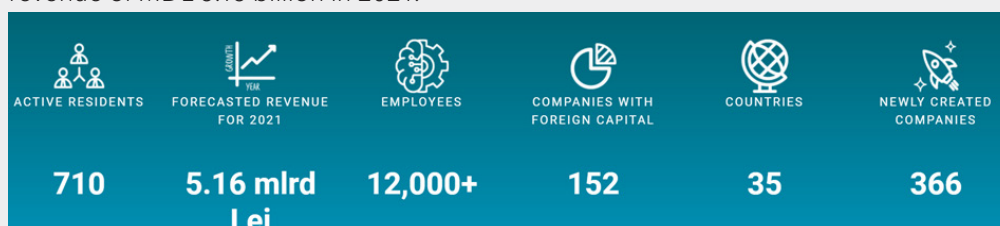
²¹ <https://mei.gov.md/ro/content/competitivitatea-industriei-it>

Box 3: IT Park Moldova

In January 2018, the first IT Park opened for activity in Moldova, set up as a government-created platform to stimulate investment and development of ICT businesses, research, development and digital innovation.

Moldova IT Park offers several advantages and incentives to its residents, including simplified interaction with public authorities, possibilities of attracting foreign specialists, etc. However, its most remarkable feature is a simplified tax model. Instead of paying different taxes (e.g. local, real estate, road, corporate income and other taxes), IT Park residents pay a single tax of 7 per cent applied to registered turnover.

According to IT Park Moldova, the platform currently has 710 active residents, which employs over 12 000 specialists. Residents of the IT Park are expected to generate a revenue of MDL 5.16 billion in 2021.



Source: Moldova IT Park, Ministry of Economy and Infrastructure

The vision of the ICT sector is further set out in three strategic documents:

- **Digital Moldova 2020 Strategy and Action Plan** were approved in 2013 to promote policies directed towards ensuring sustainable growth of the ICT sector.²² The strategy is structured around three pillars: infrastructure and access; digital content and electronic services; capacities and usage, with formulated objectives for each. The action plan provides an extensive list of actions to be taken to reach these objectives and identifies timelines and responsible institutions. The latest implementation evaluation reports that 90 actions out of the 95 initially planned have been completed,²³ and the main objectives of the strategy have been met. For activities that were not (fully) implemented, a lack of financial resources, together with a shortage of qualified human resources, and challenges in implementation (such as delays and failures to act) were identified as barriers. However, monitoring and reporting of the outcomes of the actions can be improved to provide a more accurate picture of the impact of the strategy. The report also notes that with a rapidly changing ICT environment, some actions lost their relevance or became obsolete. This provides a valuable lesson: while long lasting visions and long-term objectives are important, periodic review of actions, evaluation of their relevance and flexibility in modifying them are critical for successful implementation. It is considered best practice to have a long-term vision document accompanied with an action plan reviewed on an annual or biennial basis. Furthermore, the implementation report focuses on actions,

²² <https://eufordigital.eu/library/digital-moldova-2020-strategy/>

²³ https://mei.gov.md/sites/default/files/raport_de_evaluare_moldova_digitala_2020.semnat.pdf

but not on the indicators, reflecting the reach of the objectives (in terms of penetration, coverage, speed, usage).²⁴

- The overall objective of the **Broadband Network Development Programme 2018-2020**²⁵ is the development of broadband networks with greater data transfer capacity. More specifically, it aims at connecting all localities to broadband networks and increasing broadband access penetration to 60 per cent of total households. According to the implementation report, the Programme is mostly implemented in all localities, and has seen an acceleration in 2020, with few outstanding actions remaining to be completed. However, information on results achieved in terms of determined objectives is not available.
- **Radio Spectrum Management Programme for 2021-2025**²⁶ aims to ensure the necessary radio spectrum resources for the continued development of ICTs in Moldova. The document sets out recommendations for spectrum allocations over the next five years. The second annex of this document determines reserve prices of spectrum in upcoming allocation procedures (auctions). While the document provides some clarity to market players on intended spectrum allocations, some issues remain unclear concerning: provisional allocation dates, as the regulator is responsible for the organization of licensing process; licence obligations yet to be determined by the regulator; and methodology of reserve prices setting is somewhat opaque.

The government held a public consultation session with operators as well as the National Agency for Public Health, the National Radio Frequency Management Service and the National Regulatory Authority to discuss the draft programme, as well as the plans of mobile operators regarding 5G technologies, and the state of play regarding the protection of public health. A working group with all stakeholders is to be created to develop the regulatory framework for the implementation of 5G technology in Moldova.²⁷ This implies that remaining uncertainties will need to be settled.

Other documents that support the development of digital transformation in Moldova are the Strategic Program for Technological Modernization of Governance (Electronic Transformation), adopted in 2011 for the period until 2020;²⁸ National Strategy for Investment Attraction and Export Promotion 2016- 2020;²⁹ and the Cyber Security Programme 2016-2020.³⁰

²⁴ The strategy has listed the following goals for 2020:

- All localities of the country shall have at least one point of access to broadband with a minimum speed of 30 Mbit/s while at least 60% of households shall be connected to broadband Internet;
- At least 75% of citizens shall be Internet users;
- 100% of public services which may be provided electronically shall be available online;
- 100% of archives, civil status records, cultural and scientific heritage shall be digitized and available;
- At least 80% of citizens shall be satisfied with the quality of provided services;
- Public services shall be provided under the ID card, including electronic or through electronic or mobile identification;
- At least 70% of the population shall use electronic services;
- At least 60% of the population shall use digital signature;
- At least 20% of the population shall shop online;
- 100% of the population shall have access to digital terrestrial television.

²⁵ <https://mei.gov.md/en/content/communications-and-access-infrastructure>

²⁶ https://www.legis.md/cautare/getResults?doc_id=125169&lang=ro

²⁷ [MEI a consultat furnizorii de comunicații electronice mobile și instituțiile de sănătate publică privind implementarea tehnologiei 5G | Ministerul Economiei și Infrastructurii \(gov.md\)](#)

²⁸ <https://www.egov.md/en/resources/guides-and-documents/strategic-program-governance-technological-modernization-e>

²⁹ https://mei.gov.md/sites/default/files/snaipe_2016-2020_eng.pdf

³⁰ <https://mei.gov.md/en/content/cyber-security>

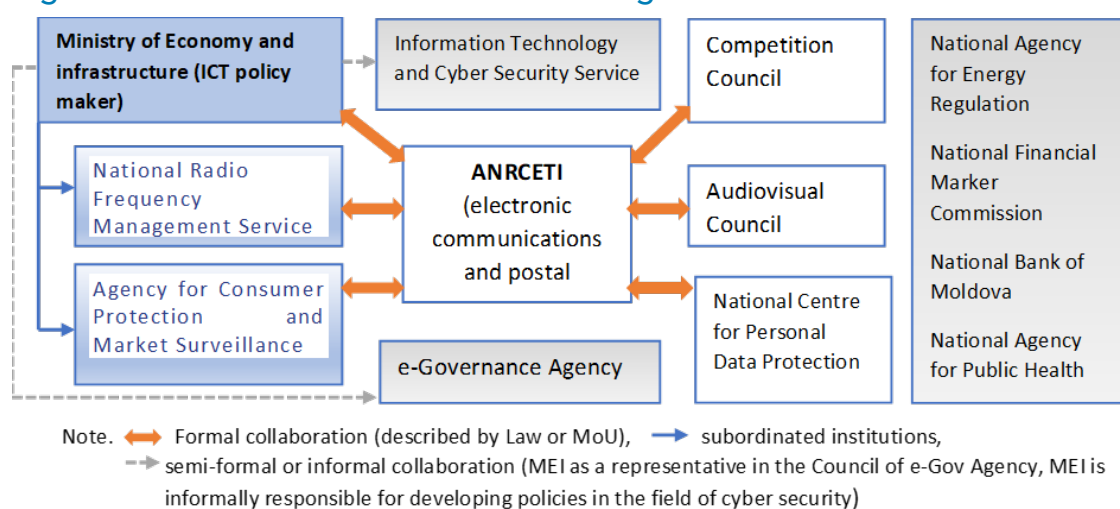
The need for holistic and comprehensive digital transformation strategy

To summarize, various elements of digital transformation are addressed in national policies and strategies and a collaborative approach is being used by government in the preparation process of these documents (consultations, discussions, interactions with different stakeholders). The missing link, however, appears to be the absence of a holistic and comprehensive vision towards digital transformation in the form of a single strategic document that brings all elements together, avoiding fragmentation and gaps in terms of content and timing. Furthermore, a better monitoring exercise is needed to assess the status and impact of planned actions and to allow for evaluation and modification, when necessary, to move closer to ultimate goals.

4 Institutional framework for ICT regulation

Institutional frameworks for ICT regulatory governance are usually determined by traditional areas of government and institutional responsibility. Even if such institutional designs are expected to largely continue in the digital environment,³¹ they have to be able to accommodate digital developments, mainly through increased coordination among various sector-specific agencies and government institutions. This section analyses the existing institutional framework in Moldova (summarized in Figure 5) and reflects on its collaborative nature.

Figure 5: Institutional framework for ICT regulation in Moldova



Source: ITU

Ministry of Economy and Infrastructure (MEI) covers a wide range of economic sectors, including industry, tourism, transport, and energy, and is responsible for policy development in the fields of the digital economy, and information and communication technology. It also promotes policies of cybersecurity and Internet governance.³² MEI coordinates the National Table of Frequency Allocations and supervises the National Radio Frequency Management

³¹ <https://digitalregulation.org/regulatory-governance-and-independence/>

³² <https://mei.gov.md/en/content/directorate-information-society-and-digital-economy-policies-and-regulations>

Service (SNMFR), which undertakes technical management of spectrum and certification of radio emitting devices.

The ministry also oversees the work of several related authorities, including:

- Energy Efficiency Agency;
- Agency for Consumer Protection and Market Surveillance;
- Agency for Technical Supervision;
- National Auto Transport Agency;
- Civil Aviation Authority.

Outreach to other potential stakeholders of the digital economy is also realized through collaboration and involvement within other organizations of which MEI is a founder or collaborator. Examples include the Organization for the Development of Small and Medium Enterprises (ODIMM), the Consolidated Unit for Implementation and Monitoring of Energy Projects (UCIPE), or other specialized organizations for implementation of projects with international development partners.

MEI is represented at the Council of Public Institution “E-Governance Agency,”³³ responsible for the modernization and digitalization of public services. Since its establishment in 2010, the E-Governance Agency has successfully introduced a number of products that help citizens and businesses better interact with government institutions and support government institutions to provide better services,³⁴ including the Public Services Portal, a one-stop-shop for accessing information about public services provided by the Government (including e-licensing).

MEI is represented at the Council of Public Institution “Information Technology and Cyber Security Service”, an important stakeholder in the field of cybersecurity, which not only administers, maintains and develops IT and communications infrastructure of public administration authorities, but is also responsible for the implementation of state policy in the field of cybersecurity. It also manages CERT-GOV-MD (computer emergency response team) responsible for the protection of governmental and public administration networks.³⁵

The responsibilities of MEI are broad enough to place the institution in a strong position to act as a facilitator of collaboration between many, if not all, stakeholders of the digital economy.

The National Agency for Regulation of Electronic Communications and Information Technology (ANRCETI) is the national regulatory authority that regulates activities in electronic communications, information technology and postal communication, ensures the implementation of sectors strategies, and supervises the compliance of electronic communications and postal service providers with the legislation governing these sectors.³⁶ ANRCETI also aims to protect the legitimate interests and rights of end users of electronic communications and postal services, to promote competition in these markets, ensure efficient use of limited resources, encourage efficient investment in infrastructure and innovation. ANRCETI is a legal entity with

³³ Council attributions include decision-making and supervision of the Agency’s activities, examination and approval of financial statements, credit contracting to sustain the Agency’s activities, as well as the examination and approval of the Agency’s annual budget, etc.

³⁴ [Public Services in Moldova in COVID era revised final.pdf \(un.org\)](#)

³⁵ National CERT, which would also cover other critical information infrastructure and serve as a national focus point for coordinating cybersecurity incident response to cyber attacks in the country is not yet present in Moldova.

³⁶ https://en.anrceti.md/informatie_sumara

an autonomous budget and is operationally independent of electronic communications and postal communications providers.

In fulfilling its tasks, ANRCETI collaborates with relevant institutions and agencies, for which the roles, responsibilities, and jurisdictions are set out in law.

According to the Electronic Communications Law,³⁷ the ICT regulator cooperates with the sector Ministry, the Competition Council, the data protection authority and other public authorities in order to implement the provisions of national legislation. Collaboration between the ICT regulator and listed authorities takes place by ensuring the delimitation of functions and powers as provided by law.

ANRCETI collaborates on a regular basis with the following institutions (summarized in Figure 5):

- **Ministry of Economy and Infrastructure.** Collaboration may be described as both close and frequent (once a week) on a broad spectrum of issues. MEI involves ANRCETI in the policy-making process, mainly by sending draft laws and policy documents for comment and opinion. Regular meetings, exchange of views, or participation in joint working groups are other forms of collaboration.
- **National Radio Frequency Management Service (SNMFR).** This authority, supervised by MEI and funded by market players, is responsible for technical spectrum management, spectrum monitoring and certification of electronic communications products. SNMFR provides technical assistance to the regulator.³⁸ The mandate of SNMFR is limited to technical assessments and calculations for spectrum allocations and although ANRCETI remains responsible for the organization of allocation procedures and setting licence obligations they work together on technical issues such as calculating spectrum amount for licences or quality of service measurements. Policy-making and law drafting, such as preparation of Radio Spectrum Management Programme for 2021-2025, is coordinated by MEI.
- **Competition Council.** In addition to formal collaboration with ANRCETI,³⁹ the two authorities signed a cooperation agreement in 2014 that extends the area of

³⁷ https://www.legis.md/cautare/getResults?doc_id=125279&lang=ro

³⁸ Pursuant to Law 241/2007, Art. 9 (1) u), u¹), u²), the ICT regulator shall regulate electronic communications by, inter alia :

u) monitoring and controlling the quality of electronic communications services, their compliance with the conditions of the general authorization or licence; control of the observance of the conditions of the general authorization or licence, of the provisions of the laws, of other normative acts and of the regulations regarding the activity in the field of electronic communications;

u¹) control of radio electronic facilities that produce electromagnetic waves and are intended for civil purposes;

u²) control of the conformity of electronic communications equipment placed on the internal market and/or put into operation with the essential requirements established in the applicable technical regulations.

³⁹ In accordance with the provisions of Article 58 paragraph (3) of the Law on Electronic Communications No. 241/2007, (republished in the Official Gazette of the Republic of Moldova, 2017, No. 399-410, art. 679), (hereinafter Law 241/2007), (<https://anrceti.md/fileupload/1?page=1>), ANRCETI publishes and submits to the Competition Council, within three working days from the date of adoption, its decisions on identification and analysis of relevant electronic communications markets and designation of SMP providers, special obligations imposed on SMP providers.

As well, pursuant to art. 39 and 54 of the Competition Law No. 183 of 11.07.2012, as well as pursuant to the provisions of Law 169 of 20.07.2017 for the approval of the National Program in the field of competition and State aid for the years 2017-2020, at the request of the Competition Council, ANRCETI annually fills in the questionnaire on the approved regulations in the fields of its competence. This is done in order to determine the main performance indicators, which show the extent to which the regulations approved by ANRCETI favour competition.

collaboration.⁴⁰ According to the Electronic Communications Law, ANRCETI must inform the Competition Council of all decisions taken with regard to market analysis and operators with significant market power (SMP). The cooperation agreement ensures efficient enforcement of competition law, preventing and discouraging anti-competitive practices aimed at distorting competition, with regular consultation and exchange of information. However, collaboration is mainly limited to the official provision of information on ex-ante regulation remedies. Cases of mergers and acquisitions are rare, and there are few investigations into the anti-competitive behaviour of market players.

- **Audiovisual Council.** Generally, collaboration with ANRCETI is formal, required by legislation, concerning licensing procedures.⁴¹ However, difficulties surrounding analogue TV switch-off in Moldova (due by March 2020, but has not yet happened) has led to relatively intense direct and indirect (coordinated by MEI) collaboration between authorities. Mismatches in legal texts and differences in interpretations of existing legislation are additional factors that have added to the challenge. This, according to representatives of ANRCETI, may have been easily avoided with timely alignment of legal acts, i.e. if all relevant parties had been involved in initial law drafting phase. As a temporary solution, a common position paper was issued by the authorities, however, amendments to the legislation still have to be introduced.
- **Agency for Consumer Protection and Market Surveillance.** This is a national consumer protection authority, supervised by MEI. As ANRCETI is entitled to consumer protection in the field of ICT and postal services, collaboration between the authorities is mainly limited to the exchange of information, readdressing cases received (ANRCETI takes several actions in consumer protection, including solving user complaints). The main aim of the national consumer protection authority is to streamline state activity in consumer protection by monitoring the market, informing and educating consumers, strengthening decision-making capacity, and boosting the capacity of individual and associative consumer self-protection. ANRCETI also collaborates with organizations that represent the interests of users and provides information regarding the activity of electronic communications providers to user protection organizations and users, except where the information is confidential.
- According to the Electronic Communications Law and Law on Personal Data Protection (2011), ANRCETI and the **National Centre for Personal Data Protection** (national data protection authority) cooperate to ensure the effective enforcement of data protection legislation. ANRCETI is also involved in the development of guidelines regarding processing of personal data in the electronic communications field.

In addition to the authorities listed above, and according to the Law on Electronic Communications, ANRCETI must notify the Intelligence Service, the General Inspectorate of Border Police, the Environmental Protection Inspectorate and local public administration authorities at the state border of applications for general authorization for activities of installation, operation, management, maintenance and/or liquidation of the electronic communications networks at the state border. This is to ensure that the applicant complies with the legislation provisions

⁴⁰ [Acorduri de colaborare | ANRCETI](#)

⁴¹ According to the Code of Audiovisual Media Services of the Republic of Moldova, No. 174 from 08.11.2018, Art-s 25, 26, 27 (<https://anrceti.md/fileupload/1>), ANRCETI and the broadcasting authority exchange information with reference to issuance, extension and withdrawal of emission licences and licences for the use of radio frequencies and channels. With reference to Art. 26 (21) b) Law 241/2007, when the requestor applies for issuance/extension of a licence for the use of radio frequencies and channels, they are required to present the emission licence, or the retransmission authorization, issued by the broadcasting authority.

for the type of activity requested. Additionally, the provisions of the cooperation agreement between ANRCETI and the Service for Prevention and Combatting Money Laundering signed in 2018 mainly covers exchange of information.

Authorities in the grey area of Figure 5 are those with which ANRCETI has no collaborative relationship. These institutions may be identified as potential collaboration partners in the future on various topics such as digital inclusion, cybersecurity, or public health issues.

Building block: flexibility and proactive regulatory approach needed

In summarizing inter-agency collaboration in Moldova, it is important to note that all public administrations rely exclusively on a legal, formally established collaboration framework. This, of course, provides a high degree of legal certainty, but at the same time does not allow for the flexibility often needed in the ICT regulatory environment, and leads towards a reactive, rather than proactive approach. As public authorities do not have the right to initiate law drafting processes (in the case of overlapping laws or when amendments in laws are required), they very much depend on lawmakers. With strict and rigid law-making requirements, it is also a very lengthy process.

5 Collaboration with the private sector

The concept of collaborative digital regulation covers not only inter-agency collaboration, but also other stakeholders, such as academia, end-user associations, non-governmental organizations, and the private sector. The involvement of the private sector is particularly important as the country's economic development largely depends on the alignment and common vision between state administrations and the private sector.

Collaboration with the private sector is embedded in the legal framework of Moldova, including tools for engagement with private partners are in place:

- **Regulatory impact assessment (RIA)** contributes to public-private dialogue in Moldova. According to the Law on Normative Acts (2017) and Government Decision no. 23/2019⁴² on the approval of the methodology for impact analysis in the process of substantiation of draft normative acts, the application of RIA for business-related legislation is mandatory, and whereby all business-related draft legislation accompanied by RIA are subject to public consultation and appraisal by the Working Group of the State Commission for the Regulation of Entrepreneurship, which consists of ten representatives of the public sector and ten representatives of the business environment (by the representatives of business associations)⁴³. Draft legislation and the impact analysis documents may be refined following public and expert opinions, including the private sector, before state registration of the normative acts and publication in the Official Monitor.⁴⁴ This process ensures high levels of transparency such as not only publishing final decisions of the working group, but also opinions of separate working group members, or making records or online streaming of meetings available. Finally, a systematic evaluation of the performance of such oversight

⁴² https://www.legis.md/cautare/getResults?doc_id=119960&lang=ro#

⁴³ <https://cancelaria.gov.md/ro/apc/activitatea-grupului-de-lucru-al-comisiei-de-stat-pentru-reglementarea-activitatii-de>

⁴⁴ With minor exceptions, no one wants to be regulated or restricted

bodies is also important. Such an evaluation process contributes to the understanding of emerging problems and of how to improve the practice of regulatory oversight.⁴⁵

- Moldova has an established practice of **public consultation**. According to the Law on Transparency in the Decision-Making Process (2008), public consultations are mandatory for each legislative and regulatory act that has social, economic or environmental impacts. In practice, the private sector (especially those that are not represented by any business association, as business associations play a significant role in the Working Group of the State Commission for the Regulation of Entrepreneurship, as discussed above) is only involved in the formal public consultation campaigns on draft legislation, and mechanisms for informal consultation during their initial drafting stages are lacking, a situation that fails to incorporate market player views in the core legal drafts. In effect, this leads to private sector players having a limited scope of influence on the direction of legal reforms and diminished confidence in the effectiveness of public-private dialogue. Indeed, international best practice is in favour of evidence-based discussions from the start of reform processes through to the adoption of new legislation, rather than relying on one-off procedural opportunities to provide feedback without the requirement to organize public hearings or justify the choice of legal instruments and specific measures. The current consultation model also fails to leverage the market and technology expertise of private sector players to inform policy direction and regulatory decisions.

6 G5 regulation and digital transformation: Future steps

Analysis of the institutional framework, policy formation and regulatory practices in Moldova identifies areas that could benefit from further refinement and retooling, in line with a collaborative regulatory approach. Seizing these opportunities would move Moldova forward in its efforts towards G5 regulation and help fast track its digital transformation. These areas may be grouped into two distinct categories:

- best practice principles of collaborative digital regulation targeted at improving regulatory maturity;
- best practice tools of collaborative digital regulation that can improve digital market outcomes.

Best practice collaborative digital regulation principles to improve regulatory maturity

Regulatory maturity embodies many dimensions. At the very core of this concept stands regulatory independence and accountability, transparency and predictability, followed by regulatory expertise, proactivity and future orientation.

a) Regulatory independence and regulatory accountability

As recognized in various international best practices, such as the GSR Best Practice Guidelines⁴⁶ and the OECD Guidelines on the Corporate Governance of State-Owned Enterprises,⁴⁷

⁴⁵ https://www.oecd-ilibrary.org/sites/7a9638cb-en/1/2/2/index.html?itemId=/content/publication/7a9638cb-en&_csp=619a2d489e8b70731fae862e094facd9&itemGO=oecd&itemContentType=book

⁴⁶ [GSR-19 Best Practice Guidelines](#) "The gold standard for digital regulation."

⁴⁷ <https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0337>

separate regulatory authorities need to have the ability to act with integrity and make objective, futureproof decisions while collaborating across sectors to foster digital transformation.

While national legislation in Moldova nominally provides for separation of policy functions, carried out by MEI, and regulatory functions, carried out by ANRCETI, Moldova should consider further strengthening ANRCETI independence if ANRCETI is to play an enhanced role in governance and in promoting collaborative digital regulation across government agencies and with the private sector. Likewise, there is an opportunity to further strengthen regulatory accountability. On one hand, the accountability framework for the ICT regulator appears to be different from those applicable to other national regulatory authorities (see Table 2). On the other hand, MEI supervises at least two authorities that ANRCETI engages with on a regular basis: the National Radio Frequency Management Service and the Agency for Consumer Protection and Market Surveillance. The three entities are thus all operating in close coordination with the sector ministry. The participation of state-owned enterprises in ICT markets has further augmented the probability and the perception of regulatory capture. Even though the majority of state-owned enterprises in Moldova (including Moldtelecom, the incumbent operator, Poșta Moldovei, the national postal operator, Radiocomunicații, the national radio and TV broadcaster) are managed through the Public Property Agency, the usual requirements for transparency of governmental and regulatory decisions deserve due diligence.⁴⁸

In particular, analysis of the national legal frameworks suggests that:

- **There is scope for strengthening regulatory independence.** The Board of ANRCETI is currently appointed by the government. Shifting the appointment function to Parliament would strengthen the independence and accountability of the regulator, putting it on the same level of accountability as that enjoyed by other national regulatory bodies. It is also important to ensure consultation with the private sector in the legislation making process (as discussed in section 5). The ability to find a balance between competing interests and the goals of society as a whole can improve institutional maturity and credibility.
- **There is scope for further strengthening regulatory accountability.** Having a range of governmental bodies deciding on the regulatory authority structure and funding, in addition to the Head or the Board of the regulatory authority, is considered a safeguard against concentration of power and influence of government in regulatory decision-making. Particularly where financial resources, the appointment of the Head of the regulator and reporting requirements are concerned, it is important to have another branch of the government to be able to review regulatory decisions in line with established principles of separation of powers. Such legal arrangements are consistent with international best practice and will protect the regulator from conflicts of interest and a perceived lack of accountability – while reinforcing regulatory stability, predictability and transparency.

⁴⁸ As the World Bank report *Support to state owned enterprises (SOE) preliminary diagnostics and reform assessment* suggests, there are many areas of improvement in implementing Corporate Governance in Moldova's SOEs. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/762831499412473409/moldova-support-to-state-owned-enterprises-soe-preliminary-diagnostics-and-reform-assessment-phase-1>

Table 2: Regulatory accountability among regulatory authorities in Moldova

	Head/ Board appointed by	Budget and financial resources	Budget approved by	Annual report submitted to
ANRCETI	Government	Industry	Head/Board	Government and public
Competition Council	Parliament	State budget and Industry	Head/Board	Parliament
Audiovisual Council	Parliament	State budget and Industry	Parliament	Parliament
Data protection authority NCPDP	Parliament	State budget	Parliament	Parliament, President and Government, public
Energy regulator	Parliament	Industry	Parliament	Parliament
Financial regulator	Parliament	Industry	Parliament	President, Parliament and Government

Source: ITU research

b) Regulatory predictability

The predictability of regulatory frameworks is one of the mainstays of thriving digital markets. Policy uncertainty or an excessive regulatory burden can lead to lower investments and economic growth. Therefore, regulatory predictability is especially important for market players aligning their business plans with regulatory requirements. Delays in providing certainty on policy, legislation and regulations, reduce the ability of businesses to plan, comply with legal requirements and invest for the long term.

In order to step up its regulatory predictability, the analysis behind this case study finds that a two-pronged approach could help Moldova reach this objective by putting in place an overarching strategy and reviewing the action plan process of ANRCETI.

An overarching strategy focused on the development of the digital economy is needed, with all stakeholder roles identified to coordinate efforts. As Digital Moldova 2020 recently expired and the National Development Strategy Moldova 2030 does not foresee objectives in the field of digitalization and digital transformation, there is a fragmentation of different elements (e.g. some documents foresee measures to support specific areas, such as ICT market or e-commerce, but no further vision for industry, agriculture, health or other sectors' digitalization), with no holistic vision at the national level.

Increased regulatory predictability at the level of ANRCETI would send a positive signal for investment in new technologies, services and business models. Having a mid-term strategy or roadmap and action plan for the regulator as announced in ANRCETI 2021 priorities⁴⁹ would go a long way to encouraging market players to roll out mid- and long-term market strategies.

⁴⁹ Currently only priorities for 2021 are announced.

In addition, regular discussions with a wide range of market players would be particularly useful to identify regulatory or legal framework gaps, understand their challenges and find optimal solutions. For example:

- **Anticipated investments in 5G networks:** At the European Union level, regulators and policy-makers are involved in fervent discussions on how to balance the need for investment with expectations for coverage and speed, how to reduce the cost of infrastructure development, and how to mobilize finance to close market gaps.⁵⁰ From today's perspective, the private sector in Moldova would benefit from more certainty with regard to 5G licensing (not only with regard to reserve prices, but also licence obligations, possible state aid, other support possibilities, etc.)
- **Arrangements for the number portability database (NPD) operator:** According to the conditions for implementing and carrying out number portability, it is mandatory for all telephony services providers in Moldova to pay a monthly fee per number.⁵¹ The fee, which is considerably higher than similar arrangements in other countries with comparable market characteristics, is paid to a company that develops and manages a centralized database for carrying out number portability. As the contract with the current NPD operator expires in 2023, a new public tender for a centralized database operator will be organized. As costs are a significant burden for operators, negatively influencing retail prices,⁵² preparation for the tender has become very important. International best practice implies that implementation of number portability should not bear excessive costs for operators or end users.
- **Planned market reviews:** As the case study on the ITU digital regulation platform⁵³ reveals, by the end of 2018 ANRCETI had successfully completed four cycles of its market analysis procedures and continues to do so. The case study illustrates the extensive work that is required if a regulatory authority is to undertake market analysis effectively. It also suggests that market analyses can be done in a timely manner and without requiring excessive regulatory resources, if the key decisions are taken in an objective and quantifiable manner from the beginning of the process. Therefore, discussions with market players on this question may be beneficial in prioritizing market reviews and appropriately allocating regulatory resources.

All of these elements could find their place in a mid-term regulatory roadmap that would inform and encourage investment decisions and facilitate the engagement of the private sector in regulatory processes where required.

c) Proactivity

Analysis has shown that authorities and policy-makers in Moldova rely on formal collaboration mandated by law. Sticking exclusively to formalized channels of collaboration, however, impedes regulatory proactivity, an important feature of modern regulation. Collaborating as prescribed by law, authorities may come to a dead end, when any unexpected, new question comes on board and is not covered by the law or is overlapping in mandates of both organizations. It leads authorities to a reactive approach, where in order to solve a market problem, they have

⁵⁰ <https://www.consilium.europa.eu/media/44389/st08711-en20.pdf>

⁵¹ The requirement is to pay 0.0308 € / monthly fee per telephone number allocated to the provider based on the licence, see https://fia.md/wp-content/uploads/2019/10/WHITE_BOOK_2019_ENG.pdf

⁵² *ibid.*

⁵³ <https://digitalregulation.org/market-analysis-in-moldova/>

to sort out their boundaries of responsibilities and relationship first, as the case of analogue TV switch-off demonstrates. The law-making process is collaborative by design and involves many stakeholders; however, it has to go through several stages of preparation (e.g. RIA, public consultation, anti-corruption evaluation, evaluation of compatibility with European Union legislation, parliamentary discussions), and takes a year or more to be completed. It is worth noting that this kind of collaboration comes at the cost of time spent to make it possible.

Furthermore, national regulatory authorities (including ANRCETI) do not have the right to initiate legislative initiatives. All legislative initiatives and modifications to the legal framework have to be carried out through MEI or the government. As discussed earlier, this situation does not remove the probability or perception of regulatory capture. On the contrary, the possibility for ANRCETI to work directly with Parliament on legislative initiatives could help streamline the process of legal framework improvement in a timely and consistent manner. It is also important to ensure the participation of all relevant parties from the initial stages of legal drafting.

Finally, other ways of effective collaboration may be found by complementing existing formal collaboration mechanisms with more flexibility and space for action within the existing arrangements (e.g. creation of project based working groups or topic-based workshops). Building a national regulatory community with greater levels of trust and collaboration could provide support to policy-makers and facilitate digital ecosystem development. The active engagement of private sector players remains critically important in this regard.

d) Collaborative governance

The ability to successfully collaborate is a key marker of a fifth generation (G5) regulator, and existing collaboration and consultation mechanisms in place do not always deliver the expected results. To remedy this, stakeholder engagement vehicles, such as public hearings, high-level roundtables and expert workshops, and hackathons, could be considered as a step forward in more engaged collaboration. On one hand, such engagement could complement existing formal collaboration practices between authorities; on the other, it could improve private sector perception of the effectiveness of public-private dialogue.

By and large, the ease of infrastructure development could be a valuable indicator of collaborative digital regulation in a country. It accounts for the outcome of the collaboration between central and local authorities and infrastructure owners, collaboration between regulators and market players, and ultimately the collaboration between market players themselves. The case of Moldova shows that tools for infrastructure sharing or co-deployment exist (e.g. the law on infrastructure sharing), but implementation struggles due to various reasons, local authorities and infrastructure owners engaging in polarized discussions rather than collaboration, enforcement mechanisms lacking efficiency and unproductive dispute resolution, and finally, unsatisfactory level of trust between government authorities and market players. Issues of transparency mentioned above also erode trust, which may become a barrier to realizing the benefits of collaborative digital regulation. Efforts to strengthen the collaborative culture among stakeholders and to elevate it to international standards would help resolve some of these issues.

e) Regulatory expertise and capacity building

Digital transformation is not only a technological effort. It is about changing mindsets as well, therefore, learning and training aspects to build capacity become crucial. Strengthening the capacity of regulators and policy-makers to understand, and be equipped to deal with, the

challenges emerging from digitalization is an essential part of the journey towards transformation. Regulatory expertise needs to be developed continuously to integrate new technologies, competencies and skills and allow for data and evidence-based decision-making.

Best practice collaborative digital regulation tools to improve digital market outcomes

a. Future orientation of policy and regulatory frameworks

There are a number of regulatory tools designed to improve digital market outcomes. The following tools, which form the core of collaborative digital regulation best practice, could significantly increase Moldova's digital competitiveness at the regional and global levels:

- **Pro-competition frameworks for digital transformation** should consider longer value chains, more diverse market players, services and devices, stakeholder partnerships and digital infrastructure layers. Such a framework should establish equal conditions for all market players at any point of the value-added chain to compete, create value for end users and complement social and economic growth. Improved transparency, the cornerstone of a well-functioning regulatory process, followed by the elimination of existing disproportionalities, could be the first steps forward in this journey. The "luxury tax"⁵⁴ introduced in 2000 and paid by mobile operators could be a starting point in reassessing the equality of market conditions. Although similar luxury taxes exist elsewhere, it is important to understand its implications. It puts mobile communications providers in a disproportional position, if compared to other market players (fixed communications providers or Internet service providers), as they all are competing in the same market of broadband access. In the context of COVID-19, when high-quality connectivity became a necessity, but investment capabilities shrank, the removal of such taxes could be an important incentive for market players to invest in the development of high-quality networks.
- **Regulatory incentives to innovate** can create a positive market dynamic and improve market outcomes with less regulatory effort, while maximizing benefits to consumers. The 2018 ITU report on the ICT-centric innovation ecosystem in Moldova⁵⁵ analysed Moldova's developments in this respect. The report identified the need for better coordination of different initiatives and institutional actions and recommended the appointment of an official coordination body. Such substantial changes require time, effort, and political decisions. Initial steps towards the facilitation of innovation in ICTs could, nevertheless, be taken by the regulator. For example, providing non-binding regulatory advice to innovators⁵⁶ or supporting the experimentation and testing of innovations⁵⁷ can be a one such step, especially in the aftermath of digital market strain induced by the global pandemic. It is important to note here that while institutions play an important role in unlocking innovation potential for a country, their role should be one of enabler, and the private sector should be given space to create new and innovative initiatives and to experiment safely.

⁵⁴ According to art. 4 of the Law No. 827 of 18.02.2000 on the Republican Fund for Population Support, one of the sources of raising financial means for the Fund would be the monthly transfers made by legal entities, providing mobile telephony services, in the amount of 2.5% of the gross income from the sale of these services. This tax was, being considered a "tax on luxury goods".

⁵⁵ <https://www.itu.int/myitu/-/media/Publications/2018-Publications/BDT-2018/ICT-centric-innovation-ecosystem-country-review--Republic-of-Moldova.pdf>

⁵⁶ Help innovators or businesses navigate the regulatory system, ensure new products, services or business models align with existing regulations

⁵⁷ By reducing or temporarily omitting regulatory of administration fees

- **Robust and enforceable mechanisms for consumer protection in the digital age,** including a set of rules on data protection, privacy and data portability, as well as accessible mechanisms for consumer redress, are essential to support digital transformation in economic sectors across the board and ensure consumer interests are safeguarded. With regard to creating a safe and trusted digital environment, the Government of Moldova has already taken important steps by implementing the Cyber Security Programme 2016-2020.⁵⁸ It is important to ensure the continuity of these actions, as well as transposing the EU Directive on security of network and information systems into national law to harmonize policies with neighbouring European Union countries, and not to be disadvantaged in the international arena. Updating existing legislation on data privacy would also improve Moldova's position significantly. A privacy legal framework has existed in Moldova since 2007, however, requirements for personal data protection have significantly increased since then, forming a gap between legislation in Moldova and European Union standards, namely the General Data Protection Regulation.

b. Monitoring and evaluation framework and leadership over implementation

The Government of Moldova recognizes the importance of digitalization in both the private sector and public services and has demonstrated its appreciation of the digital economy and its potential, as testified by several policies and strategies elaborated in the recent past (discussed in section 3.) However, Moldova could benefit from having a single holistic, comprehensive digitalization (digital transformation) strategy, with a detailed understanding of interdependencies and clear vision of desired outcomes. All elements being implemented systematically could lead to better market and consumer outcomes. A compelling vision formulated with the inclusion of all stakeholders has a better chance of being implemented. Nevertheless, as international best practice suggests, often ensuring smooth and outcome-oriented implementation of existing strategies becomes even more important. It must be recognized that digital transformation is a continuous process, that needs continual revision, adjustment and flexibility to adapt to a continually changing environment. Therefore, introducing an appropriate monitoring and evaluation framework gains extra value and may be considered by the government. Moreover, when it comes to monitoring and acting on broadband development policy, for example, the government and the National Regulatory Authority can be supported by the establishment of a broadband mapping system to underpin evidence based and data-driven monitoring of policy and regulatory implementation.

Finally, no strategy can be successful without strong leadership-driven implementation.⁵⁹ As international best practice suggests, a single body with strong coordination powers may be in a better position to drive the process. Such a coordination body, established at the level of government and equipped with the necessary tools, could guarantee successful implementation.

⁵⁸ <https://mei.gov.md/en/content/cyber-security>

⁵⁹ <https://ict.md/wp-content/uploads/2020/07/Moldova-Rapid-ECommerce-Review.pdf>

7 Conclusion

The research and analysis have established that Moldova's efforts towards a collaborative digital regulation framework and implementation could benefit from more agile and inclusive mechanisms for collaboration and a new approach to digital markets. If we take infrastructure development as an indicator of an outcome-oriented collaborative approach, the case in Moldova shows that multiple tools exist, but implementation could be greatly strengthened, such as in the case of infrastructure co-investment, co-deployment and sharing. This is a reminder that policies, laws and regulations are important, but not sufficient to deliver digital transformation. First, legal frameworks have to be accompanied by a holistic, whole-of-government approach to digitization and sustainable economic development as well as strong leadership in implementation. Second, the collaborative mindset should cut across all levels, sectors and institutions, and not limited to the ICT sector. With current and upcoming challenges, such as the digital switch-off, 5G licensing, and the transposition of European Union norms into national legislation, Moldova will have the opportunity to improve legislative mechanisms, institutional governance and collaborative digital regulation.

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