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MOLDOVA

CASE STUDY

Parliament Passes Pro-Business Law

Law limits unwarranted state regulation of private sector



Photo: DAI/Ion Grosu

Igor Dodon, front left, Vice Minister of Economy and Commerce, explains the new law to citizens on a live broadcast of *Buna Seara*, a Moldovan talk show.

“We want the laws and only the laws, not governmental or ministerial decisions, but laws to clearly trace the limits the public authorities have when regulating business activity,” said Igor Dodon, Moldova’s Vice Minister of Economy and Commerce.

Telling Our Story
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Challenge

In 1991, Moldova became a newly independent country and began its transition towards a free market economy. With a long history of anti-business sentiment within the government, progress was slow. During the first decade of independence, many unwarranted business regulations and laws were passed by government agencies, often without consultation with investors and the business community. As a result, business newcomers were fearful, foreign investors were skeptical, and Moldova’s economic development was at risk.

Initiative

In 2004, USAID worked closely with the Moldovan government to pass a revolutionary law, dubbed the “Guillotine Law” to cut ineffective business regulations that impeded investment and enterprise development. As a result, public-private relationships began to flourish. The private sector joined the government to review business regulations and help drive implementation of the new law. The anti-business culture began to shift, and the government opened its doors for the first time to the private sector. USAID advanced reform further by supporting a technical team at the Ministry of Economy and working with government officials and the business community to develop a policy for state powers and prepare legislation for outlining a fair standard that all laws regulating the private sector should meet.

Results

On July 22, 2006 the Parliament unanimously passed the legislation, heralding a new era of public-private relations. The law establishes governance standards and ensures that all new business regulations are based on law, ending the practice of government bodies issuing unnecessary business restrictions. Additionally, the legacy of the “Guillotine Law” will continue by setting a timeline for all laws to be reviewed and modified based on the new standards. The legislation also establishes that government decisions must be made transparently and restricts the government from conducting abusive state inspections and controls in the private sector. Most importantly, the new law demonstrates Moldova’s progress in its transition toward a free market economy and eventual European integration.