

2023

# Business Services Sector in Moldova





# Contents

<b>Executive Summary.....</b>	<b>3</b>
Key findings .....	4
Current situation in the BPO/SSC industry .....	4
Services in scope.....	5
Employees and Talent Pool.....	5
Financial performance .....	8
Business environment.....	9
Methodology.....	10
 <b>Current situation in the BPO/SSC sector .....</b>	 <b>11</b>
Sector Overview.....	12
Company information .....	13
 <b>Services in scope .....</b>	 <b>16</b>
Type of services delivered .....	17
Geographical spread of the services.....	20
Languages, technologies, and innovations.....	22
 <b>Employees and talent pool.....</b>	 <b>26</b>
Employee information .....	27
Workforce and educations statistics .....	31
 <b>Financial performance .....</b>	 <b>39</b>
Salaries.....	41
Cost of Living and Quality of Life .....	44
 <b>Business environment.....</b>	 <b>46</b>
Key Facts.....	47
Communication infrastructure and access.....	50
Regulatory framework .....	54
<b>Contacts.....</b>	<b>60</b>



## List of abbreviations

ABSL – Association of Business Service Leaders

BFSI - Banking, Financial Services, Insurance

BPO - Business Process Outsourcing

CEO - Chief Executive Officer

COO - Chief operations officer

CTO - Chief technology officer

F&A - Financial and Accounting

GDP - Gross Domestic Product

HR - Human Resources

ICT - Information and Communication Technology

IPA - Intelligent Process Automation

IT - Information Technology

MDL - Moldovan Leu

MLN - Million N - number of respondents

PwC - PricewaterhouseCoopers

SSC - Shared Service Center

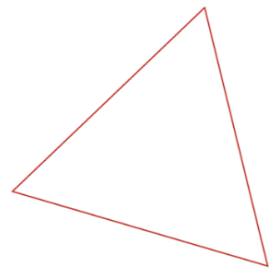
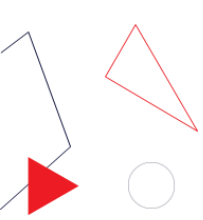
UK - United Kingdom

US - United States

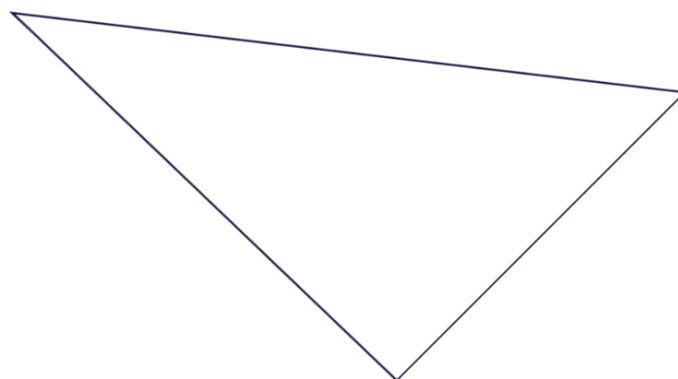
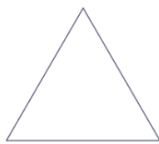
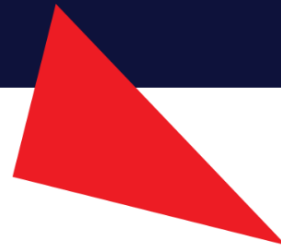
USD - United States Dollar

R&D - Research & Development

The study was conducted for ABSL Moldova with support of the "Strong Business and Communities for Moldova" project, funded by the German and Swiss Governments, implemented by GIZ Moldova.



# Executive Summary





## EXECUTIVE SUMMARY

### Key Findings

This report contains the results of the market research in the business services sector.

The study was conducted for ABSL Moldova with support of the "Strong Business and Communities for Moldova" project, funded by the German and Swiss Governments, implemented by GIZ Moldova. The study was performed by PricewaterhouseCoopers Moldova (PwC Moldova).

For this study 40 Business Process outsourcing / Shared Service Center companies were interviewed. The survey questionnaire was provided by ABSL Moldova and was amended, tested, and improved by PwC Moldova.

### Current situation in the BPO/ SSC industry

Moldova's business services sector has a high potential, given the advantages offered by the country both in terms of talented human resources and competitive costs.

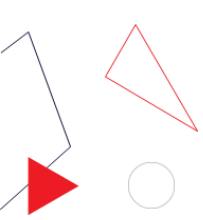
According to the report of Invest Moldova Agency 2021/2022 the BPO segment accounts for approximately 12% of the outsourcing market. An IDC\* the report estimates that it will increase significantly, reaching \$ 30.42 million by 2024, compared to \$ 17.66 million in 2019.

**4,795 companies** operating in the relevant outsourcing sectors of activity, mostly providing IT related services

**799,5 million USD** turnover

**32,000 people** on average are employed in the outsourcing sectors

Source: National Bureau of Statistics, 2021



Most of the companies participating in the survey operate in the Information Technology sector and have one centre in Moldova. 10 of the interviewed companies have a multi-function operating model, 23 companies have all-in house shared services operating model, and the majority of participants are focused on knowledge intensive work.

## Services in scope

A majority of the surveyed enterprises specialise in the IT sector, with additional focus on Research and Development (R&D) and Shared Service Centers (SSC). Over the next year, half of these companies express their intent to broaden their range of activities. The primary markets served by these entities, according to participant feedback, are predominantly in Europe and the United States. Notably mentioned countries include the UK, Romania, USA, Germany, Belgium, Poland, and Canada.

English takes the lead as the most utilised language within these companies, followed by six other languages driven by customer requirements: Romanian, French, Russian, German, Italian, and Spanish. Among the programming languages and technologies currently in use, JavaScript, Java, and React.js are notably prevalent. The most frequently employed IT services come from Google Cloud and AWS Cloud.

Around 70% of the companies incorporate Intelligent Process Automation (IPA) into their operations, with Machine Learning and Chat GPT/similar tools being the most frequently adopted IPA technologies. Representatives from these companies project that the influence of IPA on employment dynamics will not manifest significant changes until the fourth quarter of 2023.

## Employees and Talent Pool

Approximately 40% of the companies in the survey have a workforce of up to 50 employees. During the first half of 2023, 20 companies experienced a growth in their employees' number, while 8 companies maintained a stable workforce without any changes. Conversely, 8 companies faced a reduction in the number of employees during this period.



## Employees split by processes, position and gender



Source: Survey among companies

65% of companies' employees are involved in IT processes, 81% are specialists and 62% are men while women constitute 38% of the total employees.

In the first-line management, women account for 38.20%, and in senior management, their representation is at 35.85%.

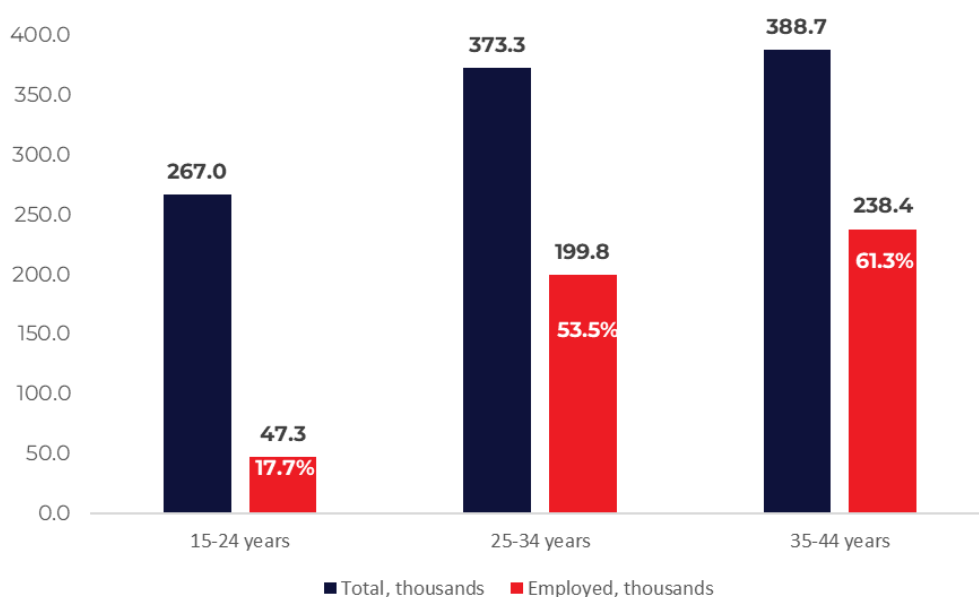
Approximately 1/4 of the interviewed companies have implemented a diversity and inclusion policy, with a primary emphasis on gender and gender identity.

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

- Coffee and/or refreshments
- Medical insurance
- Meal tickets
- Foreign language trainings
- Team buildings and entertainment benefits
- Special occasion bonus
- Sport subscription
- Study leave possibilities
- Coaching and other trainings
- Additional annual leave days
- Mobile communication
- Special occasion gift
- Flex time / Shorter Friday

In terms of human capital, currently, there are 1,03 million people aged between 15-44, The national employment rate was 41,8% in 2022.

### Population employment rate by ages, 2022



Source: National Bureau of Statistics

The employment rate analysis by age groups reveals a progressive trend. The 15-24 age group shows an employment rate of 17.7%, while the 25-34 and 35-44 groups reach 53.5% and 61.3%, respectively.

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 a specialty in a foreign language, the most popular being Russian and English.

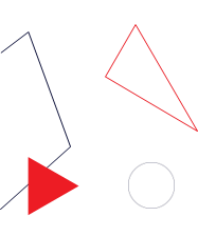


**42<sup>nd</sup> out of 111**

**30<sup>th</sup> out of 35**

Source: [EF English Proficiency Index \(EX EPI\)](#), 2022





Moldova is positioned at 42nd out of 111 countries globally in the EF English Proficiency Index (EPI) 2022. Within Europe, it holds the 30th spot out of 35 nations in terms of English proficiency among the adult population.

## 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 82.2 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

Moldova leads the region with the **lowest rates** for most taxes.

Country	Corporate Income Tax Rate (%)	Personal Income Tax rate (%)	VAT
<b>Moldova</b>	<b>12</b>	<b>12</b>	<b>20</b>
Albania	15	23	20
Romania	16	10	19
Ukraine	18	18	20
Poland	19	32, plus 4%*	23

Source: [PWC, worldwide tax summaries, 2023](https://www.pwc.com/worldwide-tax-summaries)

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, in 2022, the interviewed companies reported an average total turnover of 2,36 million USD, demonstrating a consistent upward trend compared to previous years. In 2021 compared to 2022, the total turnover was 7.89% lower at 2,17 million USD, while in 2020 compared to 2022, it was 28.46% lower at 1,69 million USD.



## Business environment

**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. It retained this superior position for the second consecutive year.

**Ease of doing business score (0-100), 2020 - 74.4**, it increased by 1.3% compared to 2019, and notably, it reached the highest level when compared to the preceding years of 2016-2019.

Source: Doing business 2020, World Bank

Moldova's economic freedom score stands at 58.5, positioning its economy as the 96th freest in the 2023 Index. The score has experienced a decrease of 2.8 points in comparison to the previous year. Within the European region, Moldova ranks 40th out of 44 countries, with its overall score falling below both regional and global averages. (Heritage.org, 2023)

Regarding communication infrastructure and accessibility in 2022, approximately 68% of households enjoy internet access within their homes, and the entire population benefits from full coverage within a mobile-cellular network. In the year 2021, 61% of individuals were engaged in internet usage. (ITU Report, 2022)

As per the SpeedTest Global Index, Moldova recorded a fixed broadband speed of 119.89 Mbps, securing the 32nd position out of 181 countries. Despite a decrease in internet speed by 49.61 Mbps, Moldova managed to advance two positions in the rankings compared to the previous year. (SpeedTest.net, Sept.2023)

The representatives of the surveyed companies express a higher degree of satisfaction with various aspects pertaining to the business environment, including:

- Availability of modern office space;
- Overall satisfaction with the city as a place for your business activity;
- The level of wages in the location;
- Cooperation with local universities;
- Quality of public transport in the city;
- Perception of the general quality of life.



## Methodology

The study was conducted for ABSL Moldova with support of the "Strong Business and Communities for Moldova" project, funded by the German and Swiss Governments, implemented by GIZ Moldova. The research was conducted by PwC Moldova. PwC Moldova collected and analysed both primary (survey) and secondary data to provide a deeper understanding of Moldova's business services sector. For this research 40 companies, and representatives of the business services sector from Moldova were interviewed. Interviews were carried out through the Google Meet platform and google forms. Persons from the top management and HR of the companies were selected as respondents. Most of the respondents were Heads of HR, and executive positions – CEO, CTO and COO. The survey questionnaire was provided by the ABSL Moldova and adjusted and tested by PwC Moldova. The approved beneficiary questionnaire included 48 questions and was used for interviews.

Also, PwC Moldova used 2 additional PayWell questionnaires, namely Compensation and Benefits questionnaire, that includes 2 compartments with more than 24 questions, and salary sheet template, that includes 22 questions per each employee. PayWell Moldova is a Compensation & Benefits Survey conducted each year by PwC Moldova

Data collection period: August – October 2023. 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/SSC sector









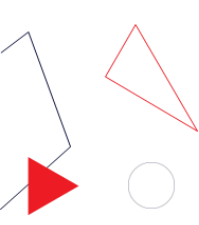
## CURRENT SITUATION IN THE BPO/ SSC INDUSTRY

### Sector Overview

As per the Moldova Invest Agency's report for the 2021/2022 edition, the Business Process Outsourcing (BPO) segment constitutes roughly 12% of the overall outsourcing market. BPO firms in Moldova offer services in 14 languages, with English being the predominant working language for the majority of these companies. The existing workforce within Moldova's BPO industry primarily caters to the European and US markets.

#### Number of companies by relevant sectors of activity, 2021

	Number	Employees	Turnover
 IT activities	2305	21375	617.3
 Legal & accounting	1067	2669	48.6
 Management & consultancy	606	1821	1.2
 Marketing	277	2370	43.8
 HR & recruiting	88	2470	26.5
 Other activities	452	1251	370.4
Source: Survey among companies			(mil USD)



In 2021, 4,795 companies operated in the relevant outsourcing sectors of activity. Most of them provided IT services (2,305 enterprises), Legal and Accounting activities (1,067 companies), Management and business consultancy (606 enterprises) and Marketing services (277 companies).

On average, in 2021, the collective workforce of companies operating in the business services sector averaged at 31,956 individuals. Predominantly, the IT sector represented the majority, having 21,375 professionals. Other sectors, namely Legal and Accounting Activities, Marketing, Administrative and Support Services, as well as HR & Recruiting, each sustained a workforce of approximately 2,000 employees.

From the financial perspective, the respective companies had an overall turnover of 1,108 billion USD in 2021. The IT services sector registered a turnover of roughly 617.3 million USD. Enterprises in the Marketing sector counted for a turnover of about 43.8 million USD.

## Company information

Out of the 38 companies interviewed, 13 first started their operations in Moldova between 2003 and 2010. Another 6 companies initiated their activities between 2011 and 2015, while 17 companies were founded between 2016 and 2022.

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



Source: Survey among companies

30 companies have a multi-function operating model, while 10 of them have a single operating model.

### Companies operating model, N=40, in number of companies



23 companies have an all-in-house operating model and 17 have a hybrid Shared Services operating model.

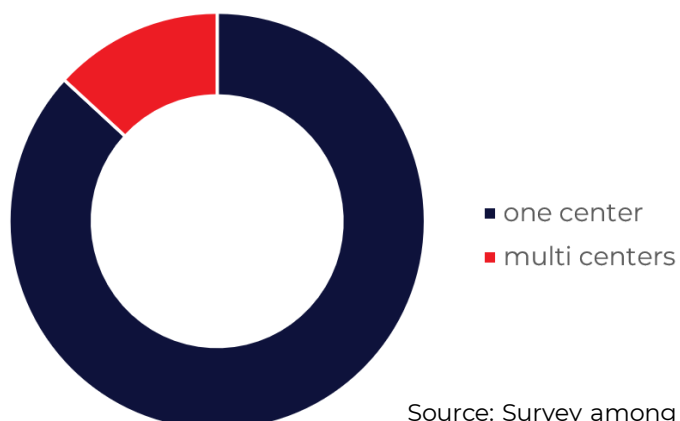
### Shared Services operating model, N=40, in number of companies



Source: Survey among companies

33 out of 38 interviewed companies have one centre that is currently operating in Moldova, and other 5 companies have 2 centres in Moldova.

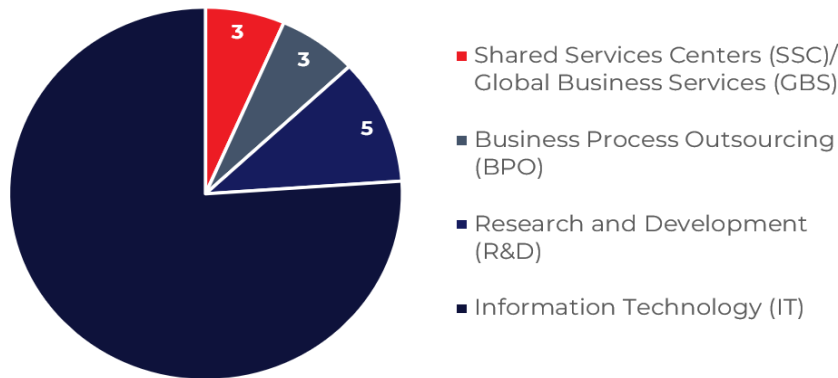
### Number of centres that are currently operating in Moldova, N=38, in number of companies



Source: Survey among companies

33 interviewed companies operate in the category of Information Technology. 5 of them are Business Process Outsourcing centres, and 3 are Research and Development centres.

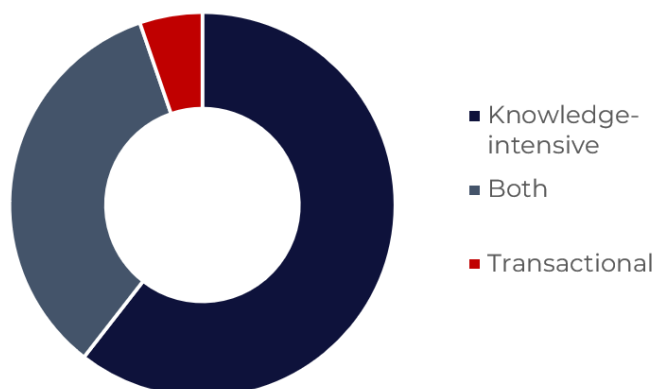
### Companies split by category, N=40, in number of companies



Source: Survey among companies

The majority of company representatives, specifically 23 out of 38, highlighted the presence of knowledge-intensive work in their centres. Additionally, 13 companies focus both on knowledge-intensive work and transactional operations, while 2 centres concentrate predominantly on transactional tasks.

### Transactional / Knowledge intensive work ratio, N=38, in number of companies



Source: Survey among companies





# **Services** in scope



## SERVICES IN SCOPE

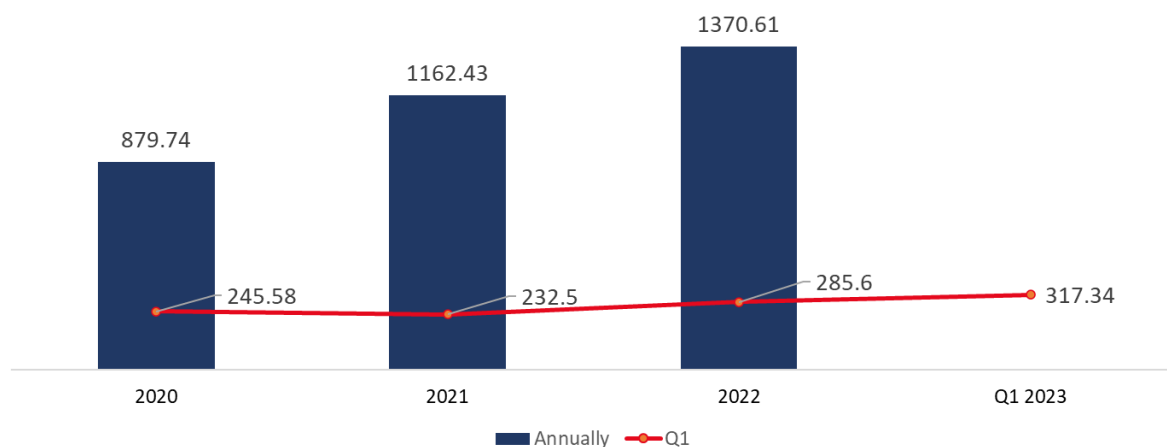
### Type of services delivered

The business services sector includes a wide range of services.



Based on public available information the export of services increased during the last three years at annual level as well as at quarter level.

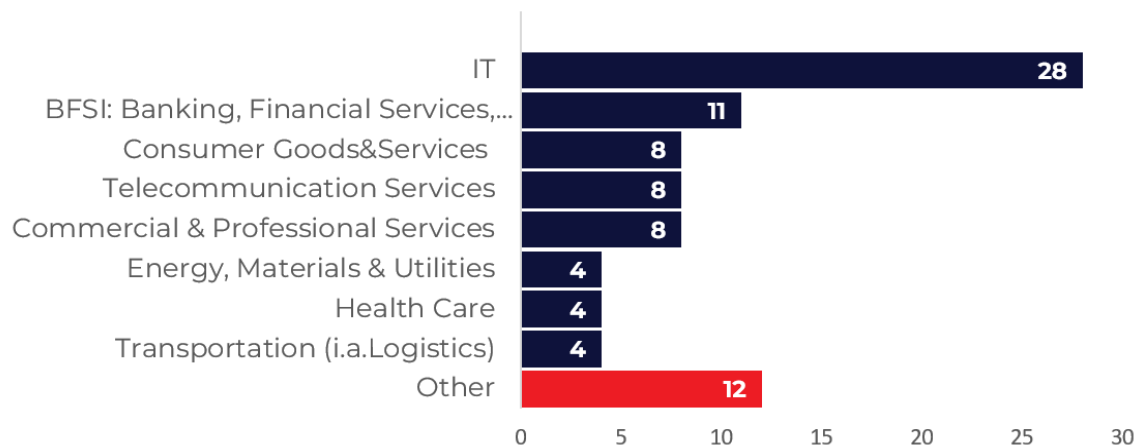
### Export of services, mln USD



Source: National Bank of Moldova

The interviewed companies predominantly offer services in the following sectors: Information Technology (IT) with 28 companies, followed by BFSI (Banking, Financial Services, Insurance Commercial & Professional Services) with 11 companies, Telecommunication Services with 8 companies, and Commercial & Professional Services with 8 companies.

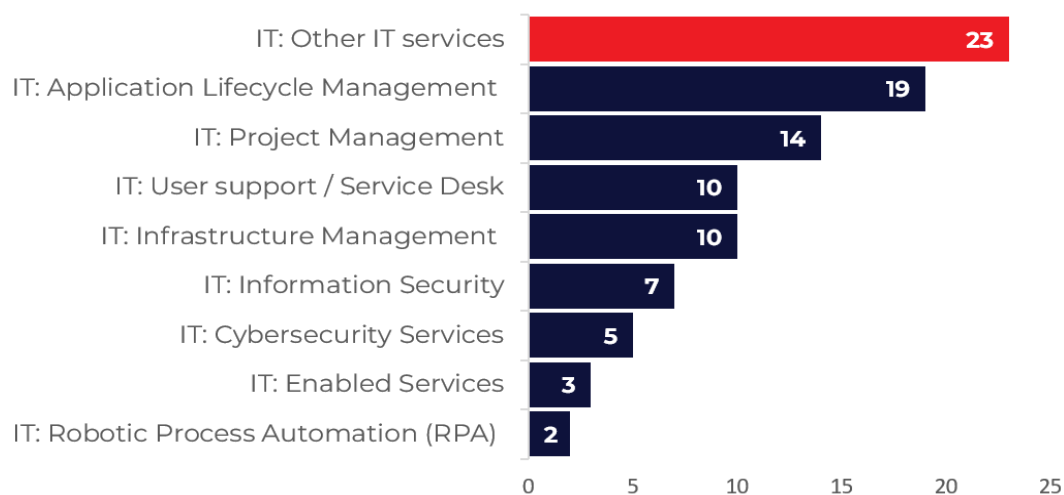
### Companies split by sectors of activity, N=40, in number of companies



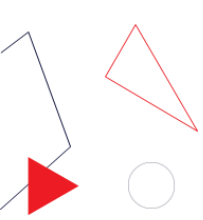
Source: Survey among companies

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

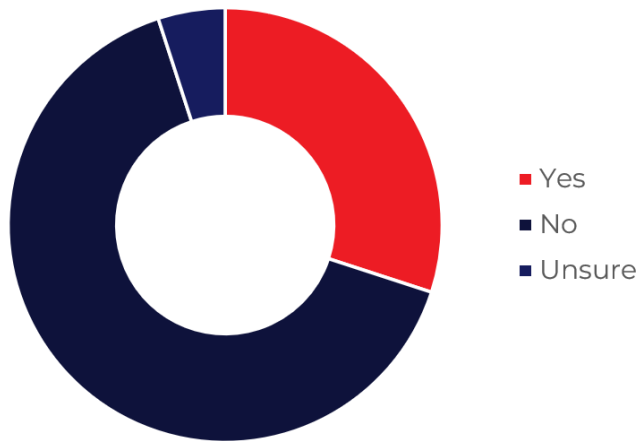


Source: Survey among companies



Among the surveyed companies, 12 out of 40 have definite or likely plans to expand their scope of activities in the coming 12 months. In contrast, 26 companies do not currently have such expansion plans.

**Intention to expand scope of activities over the next 12 months, N=40, in number of companies**



Source: Survey among companies

## Geographical spread of the services

The interviewed companies predominantly work for customers in the following regions: states that are members of the European Union (14 companies), both the United States and Europe (9 companies), the United States (13 companies). Additionally, the interviewed companies serve customers in other regions.

However, there is a comparatively lower number of companies with customers in Asia.

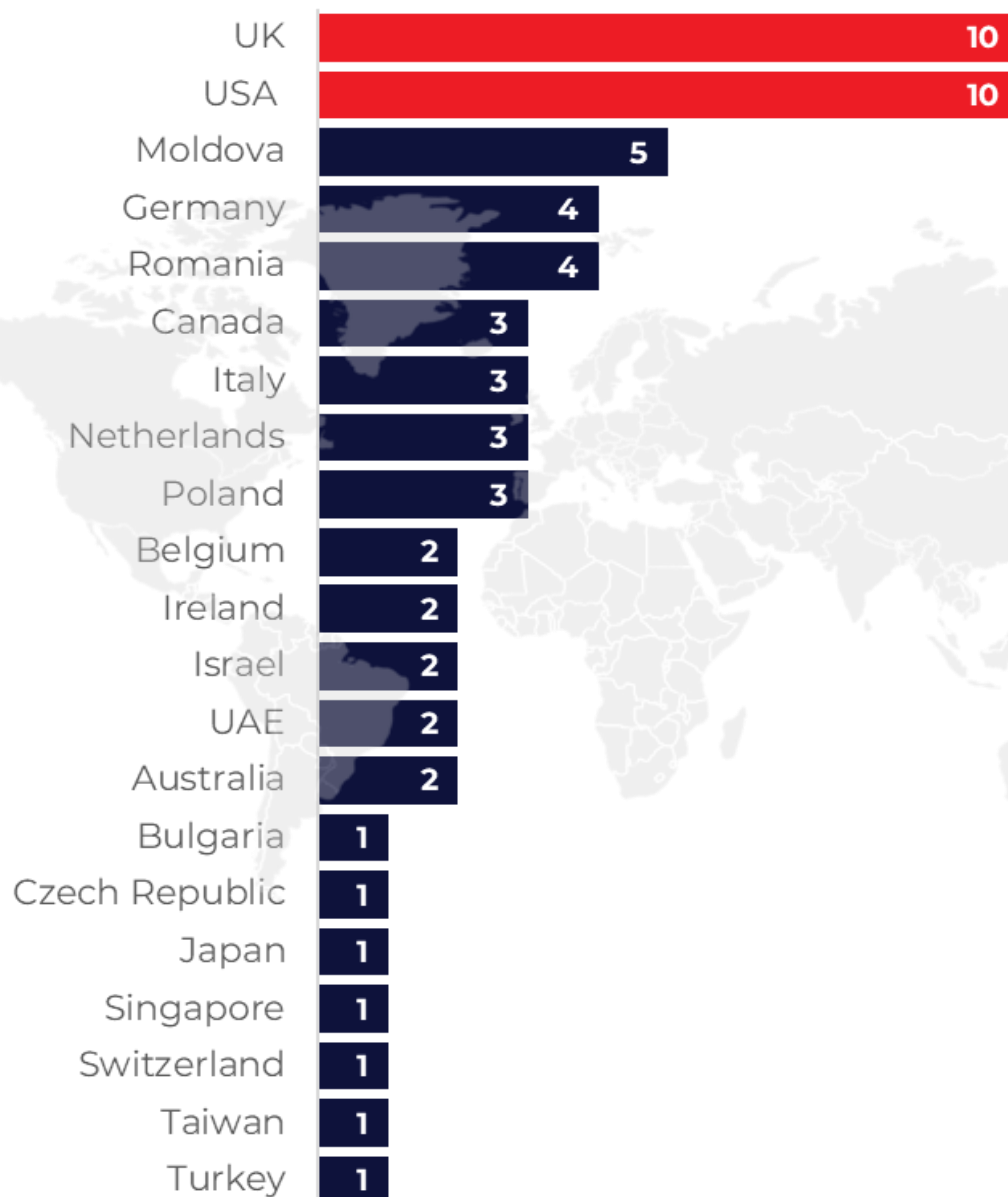
### Geographical spread of the services, N=40, in number of companies



Source: Survey among companies

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

**Most important countries serviced from Moldova, N=40, in number of companies**

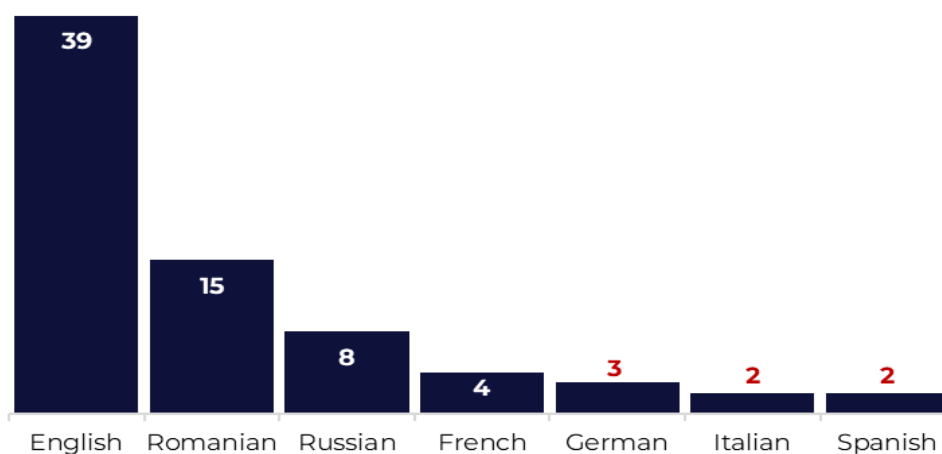


Source: Survey among companies

## Languages, technologies, and innovations

English takes the lead as the most commonly used language in these companies. In addition to English, other languages that are predominantly required by customers include Romanian, French, Russian, German, and Italian.

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



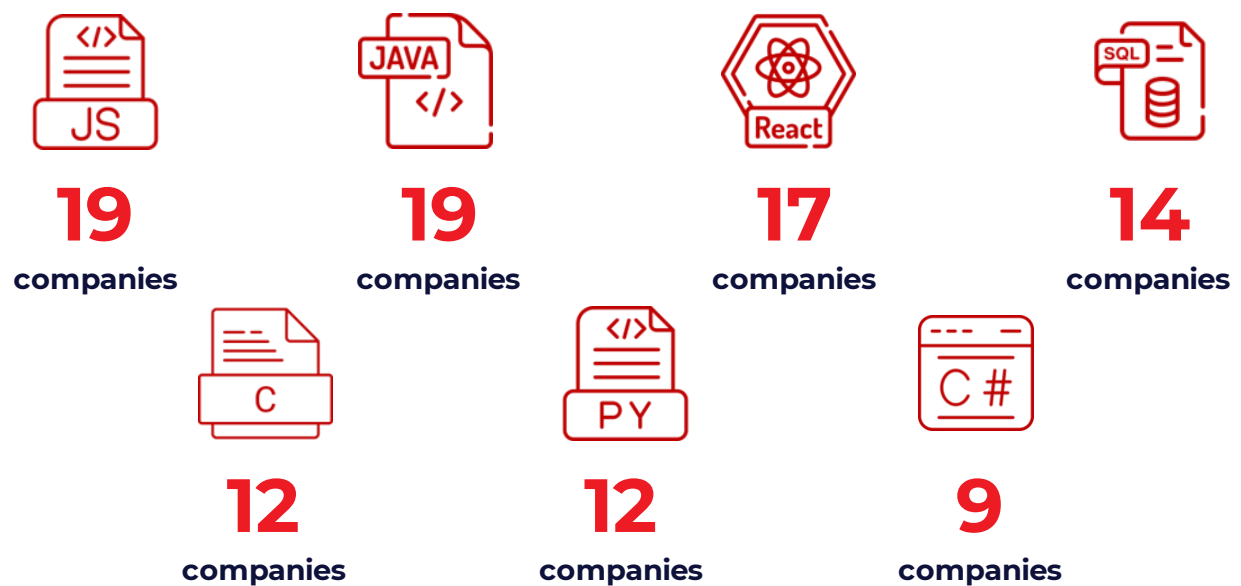
Source: Survey among companies

According to the respondents, the prevalent programming languages and technologies currently used in their companies include JavaScript, Java, SQL, and React.js.

Looking ahead to the next 6 months, the majority of companies believe that the demand for these same programming languages and technologies will remain stable, reflecting a continuity in their technological preferences and requirements.

Companies are currently relying more frequently on specific IT services, including Google Cloud, AWS Cloud, Apache HBase, and Chatbots. These services play a significant role in supporting various aspects of their operations and technological infrastructure.

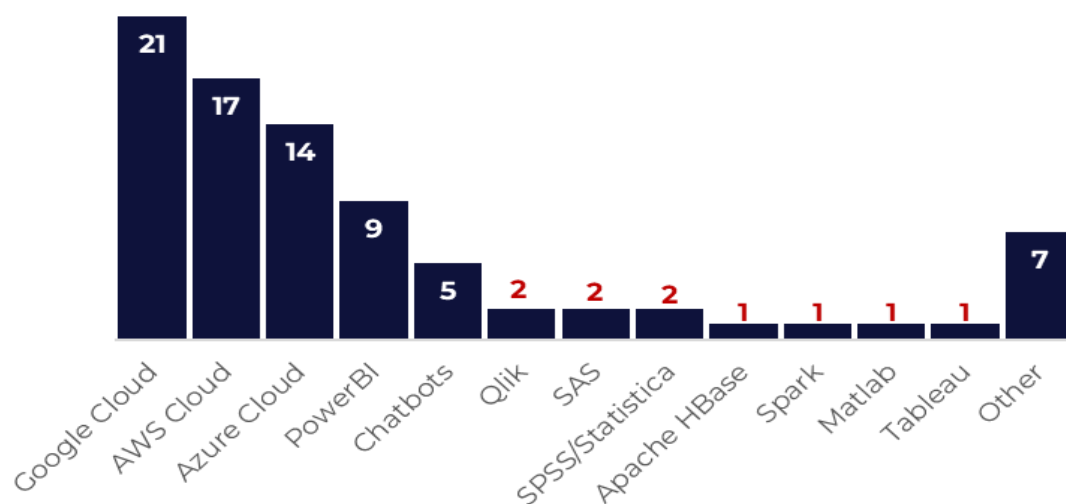
## Most utilised programming languages/ technologies, N=40, in number of companies



Source: Survey among companies

Companies are currently relying more frequently on specific IT services, including Google Cloud, AWS Cloud, Azure Cloud, Power BI and Chatbots. These services play a significant role in supporting various aspects of their operations and technological infrastructure.

## IT services currently utilised, N=40, in number of companies

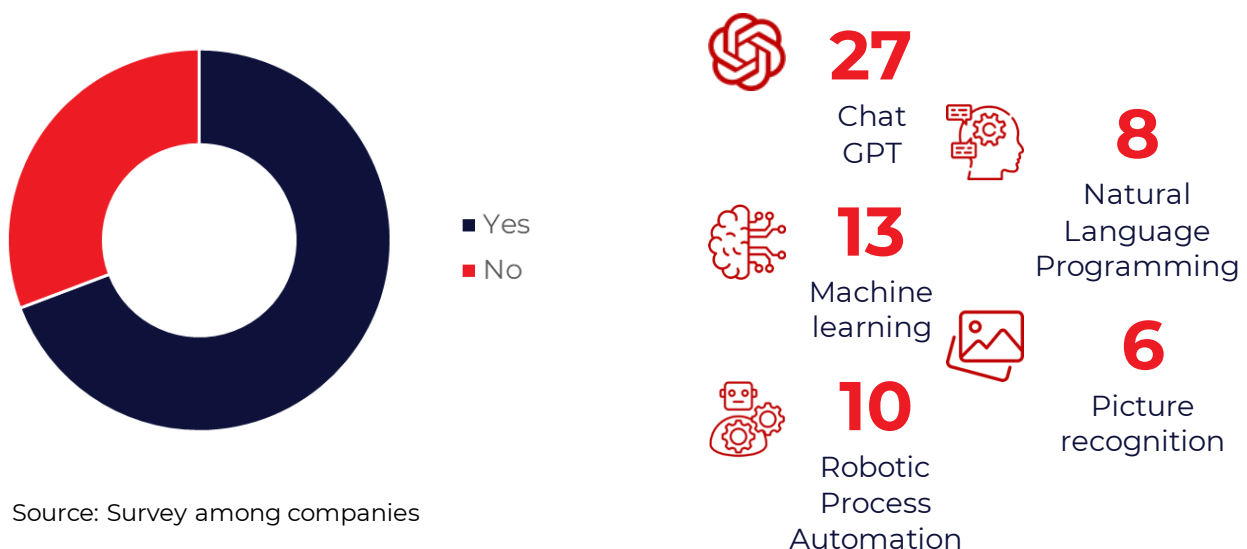


Source: Survey among companies



In 27 out of the 40 companies, Intelligent Process Automation (IPA) is an integral part of their operations. The companies highlighted several IPA technologies currently in use in their offices located in Moldova. These technologies include Robotic Process Automation, Machine Learning, Natural Language Programming, Chat GPT and Video/Picture recognition. The incorporation of these advanced technologies underscores a commitment to automation and innovation within their operational frameworks.

### Implementation of Intelligence Process Automation technologies, N=40, in number of companies



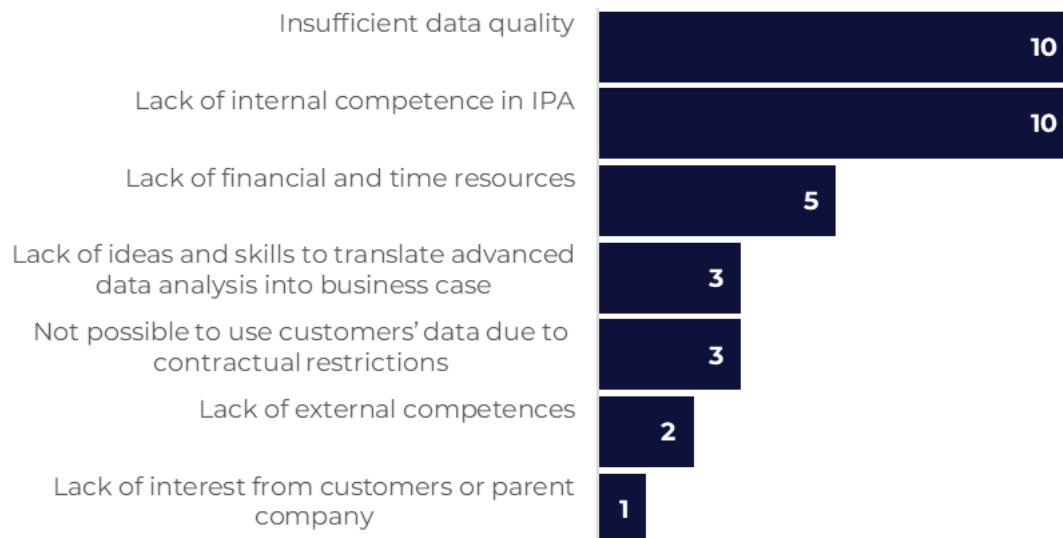
**13 out of 27** companies that use Intelligent Process Automation, have a board-approved long-term strategic plan for an Intelligent Process Automation.

The primary barrier in implementing Intelligent Process Automation in Moldovan companies is attributed to a lack of internal competence and insufficient data quality. Other frequently cited challenges include limited financial and time resources and constraints on utilising customer data due to contractual or regulatory restrictions.

**7 companies** don't have any barriers to implementing IPA.



## Barriers in implementing IPA in centres located in Moldova, N=20, in number of companies



Source: Survey among companies



# **Employees** and talent pool

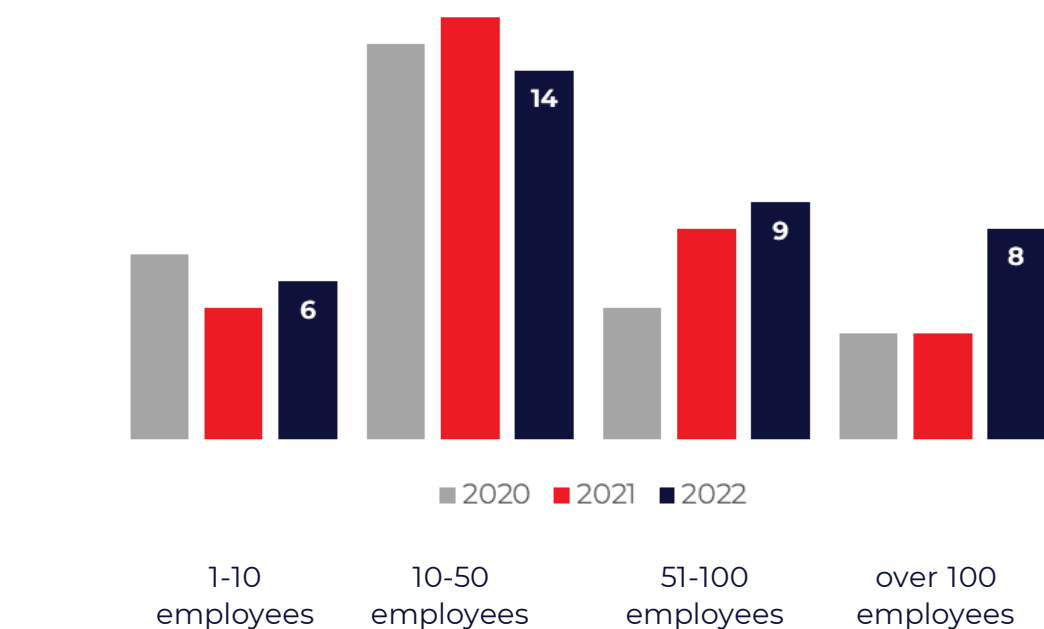


## EMPLOYEES AND TALENT POOL

### Employee information

14 out of 37 companies have currently between 11 and 50 employees. 6 of them have up to 10 employees and 8 companies have more than 100 employees.

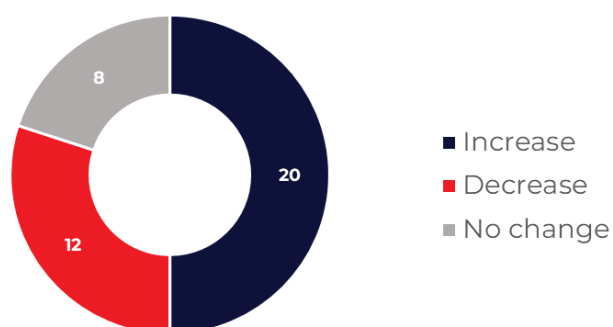
#### Number of employees, N=40, in number of companies



Source: Survey among companies

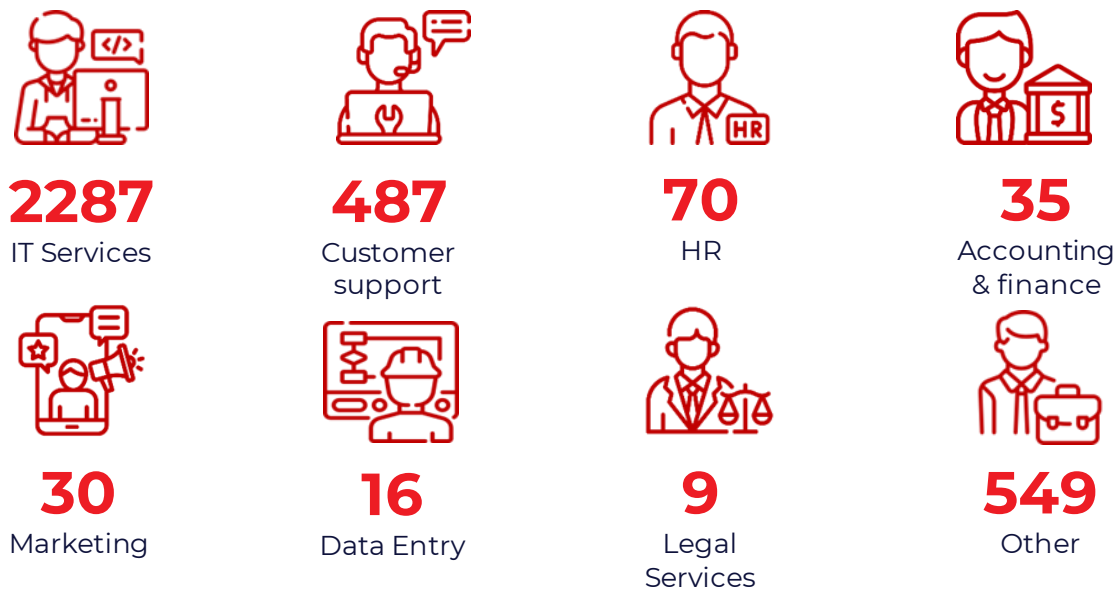
**20 out of 40** experienced an employee number increase during the first six months of 2023. In the case of 8 centres, the forecast is that the number of employees will remain the same.

#### Changes in the number of employees in the first 6 months of 2023, N=40, in number of companies



Source: Survey among companies

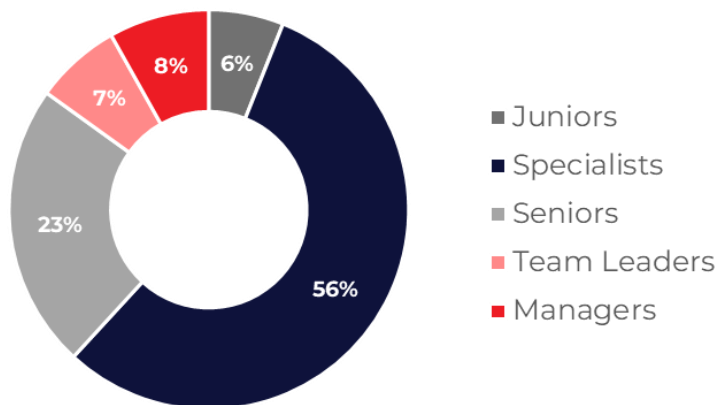
### Employees split by processes, N=3483



Source: Survey among companies

More than half of the employees of interviewed companies are involved in IT processes (65%). Less are part of HR processes (2%), Finance & Accounting (1%), and other processes.

### Employees split by categories of positions, N=3483



Source: Survey among companies

Over half of employees work in Specialists positions (56%), and 23% of them are in senior positions. About 7% work as Team Leaders and 8% are part of an Executive team.

## In interviewed companies, women constitute:



**38.52%** of employees.

**38.20%** of first-line management.

**35.85%** of the senior management team.

**15 companies have non-Moldovan citizens** among their employees (within the 40 companies surveyed).

The most frequently mentioned countries of origin, based on the survey, include Ukraine, Belgium, Russia, Estonia, and the USA.

**20 of 40** companies have implemented a diversity and inclusion policy. This policy predominantly addresses aspects such as gender and gender identity, age & generation, as well as race & ethnicity, along with a focus on disability.

## Focus of diversity and inclusion policy, N=40, in number of companies



**16**

Gender  
identity



**11**

Age &  
generation



**7**

Race &  
ethnicity



**8**

Disability  
& ability

Source: Survey among companies

**11 out of 40** companies operate on rotating time shifts. Most of the employees of the company that operate on rotating time shifts, work in the afternoon shift.

## Non-wage benefits offered by companies, N=31, in number of companies

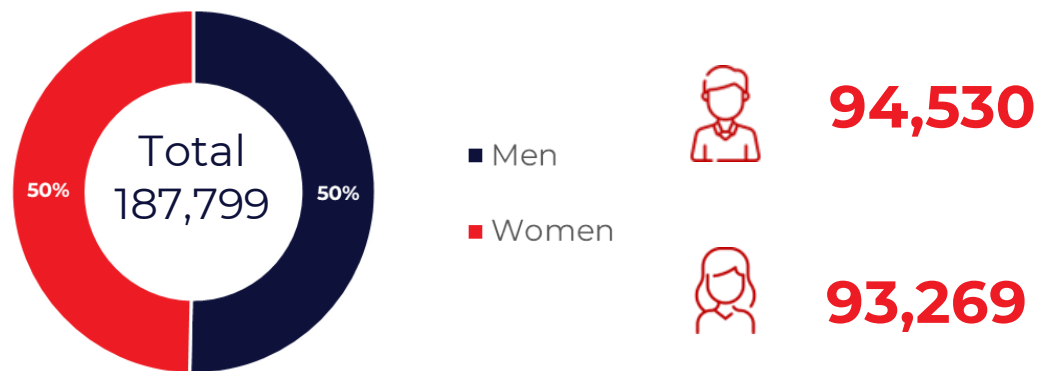


Source: Survey among companies

Companies from the services sector industry offer to a great extent the following non-wage benefits to their staff: language courses, internal training, flexible working hours, the possibility of working from home, subsidised further education, sport subscriptions and fresh fruit in the office.

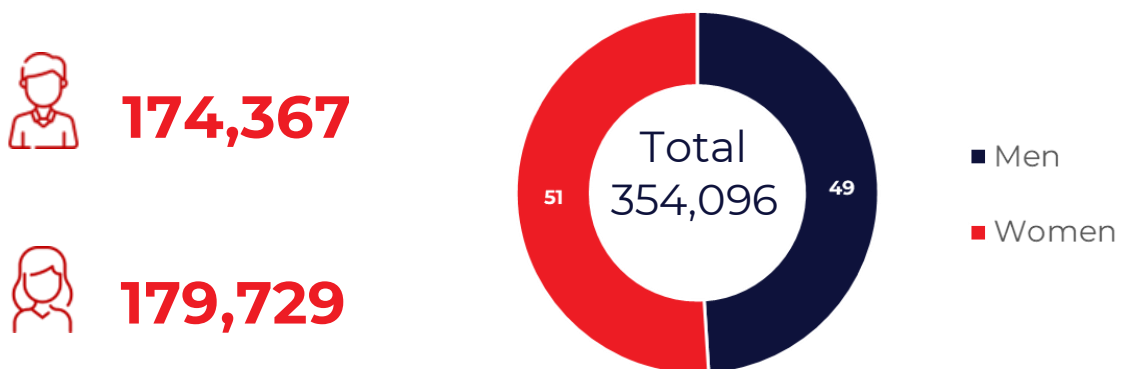
## Workforce and education statistics

### Statistics of 18-25 years old population by gender, 2023



Source: National Bureau of Statistics

### Statistics of 26-35 years old population by gender, 2023



Source: National Bureau of Statistics

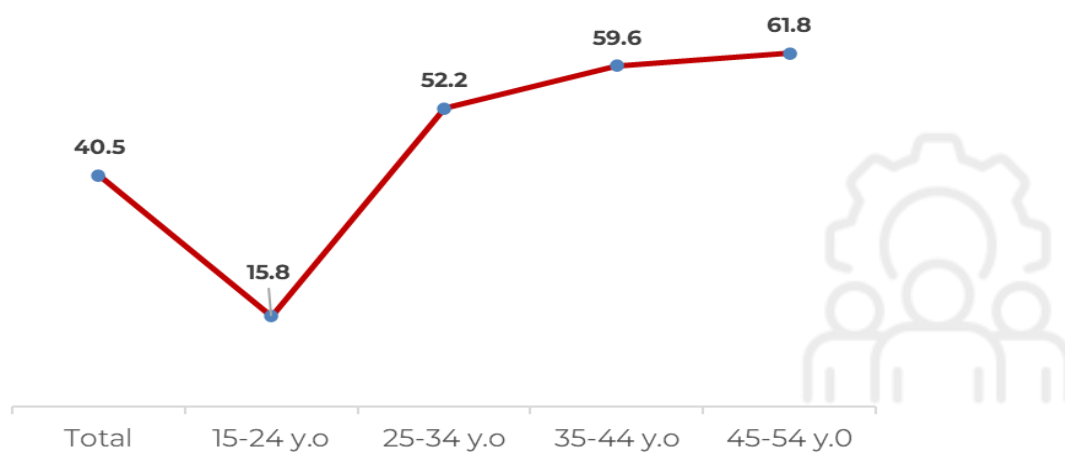


**43,7%** Employment rate, 2<sup>nd</sup> trimester 2023

**3,8%** Unemployment, total, 2<sup>nd</sup> trimester 2023, (% of total labour force)

Source: National Bureau of Statistics, 2023

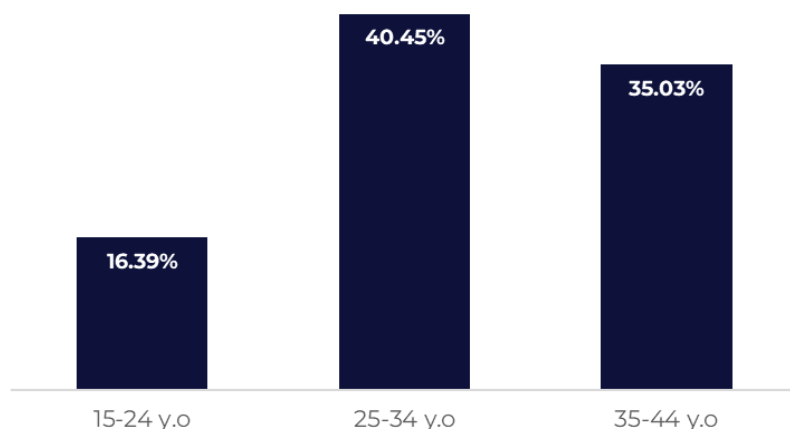
### Employment rate by age categories, 2022 (%)



Source: National Bureau of Statistics, 2022

The National Bureau of Statistics informs that, according to the results of the Labour Force Survey (LFS), in 2022 the labour force (active population of 15 years and over) of the Republic of Moldova, which includes the employed population and unemployed population, was 890,0 thousand persons, increasing with 2,1% compared to 2021 (871,6 thousand).

## Employed workforce with completed higher education by age categories, 2022



Source: National Bureau of Statistics

The employed population of 15 years and over is estimated to 862,3 thousand persons, increasing with 2,2% compared to 2021 (843,4 thousand).

Unemployment rate (share of ILO unemployment in the labour force) at the country level was 3,1%, practically at the 2021 level (3,2%).

Within the labour force, the share of men (51.2%) was higher than that of women (48.8%), and the share of economically active persons in rural areas was higher than the share of those in urban areas (51.5% and 48.5%, respectively).

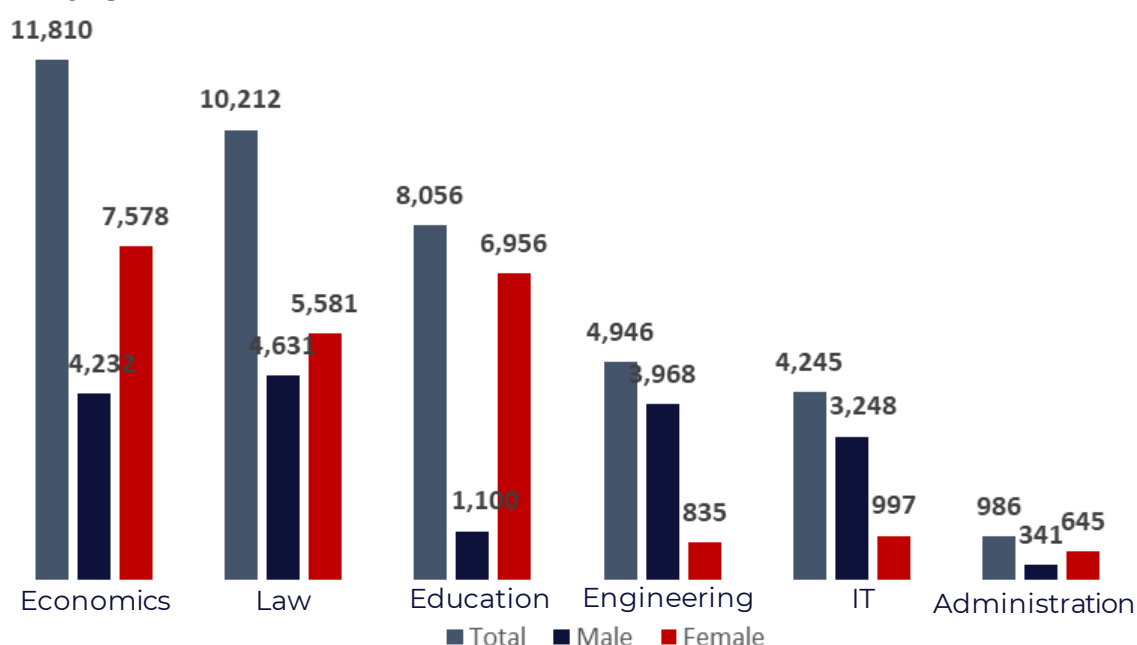
There are 21 higher education institutions in Moldova, with 56,758 students in 2022-2023 and 13,847 graduates in 2023.



**21** Higher Education Institutions  
**13,847** Graduates in 2023

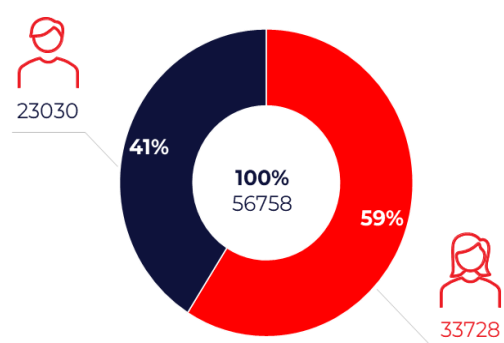
The enrolment data for 2022-2023 reveals a distinct gender proportion among higher education students. The Economics speciality registers the highest number of students with 64 % women followed by the Law and Education specialties. The Engineering, Architecture and Construction specialty records 4,946 students, with a notable male majority at 78%. Also, the IT speciality has enrolled 4,245 students, out of which 77% are males.

### Students in the higher education institutions by specialty and gender, 2022-2023



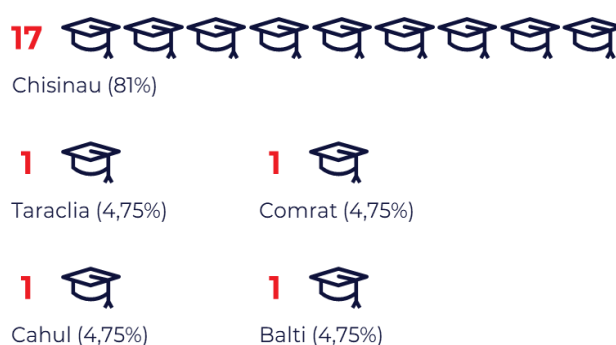
Source: National Bureau of Statistics

### Students in the higher education institutions by gender 2022-2023








Source: National Bureau of Statistics

### Number of universities by region



In the 2022-2023 academic year, the higher education system was composed of 21 institutions, reflecting a reduction of 3 compared to the previous academic year. This decrease resulted from the reorganisation through mergers of certain public higher education institutions. The predominant concentration of these institutions is found in Chisinau, with 17 units (including 9 public and 8 private institutions). Additionally, there is one unit each in Balti, Cahul, Comrat, and Taraclia.

### Students of higher education institutions by language of instruction

	Language	Students	Rate(%)
Romanian		46,234	81,5%
Russian		8,990	15,8%
English		1,184	2,1%
French		216	0,4%
Other		134	0,2%

Source: National Bureau of Statistics

In higher education institutions, the number of total students is 56,758. The primary language of instruction is Romanian, with 81.5% of students. Russian follows at 15.8%, English at 2.1%, and French at 0.4%. A small percentage, 0.2%, study in other languages.

## Number of institutions in which foreign languages are taught

Languages	Number of institutions
Total	1211
English	917
French	791
Russian	751
German	79
Spanish	6
Other languages	17

Source: National Bureau of Statistics

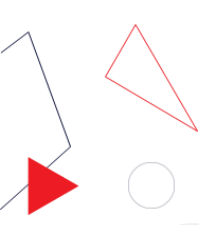
A total of 1,211 institutions teach foreign languages. English is the most widely taught, with 917 institutions, followed by French (791), Russian (751), German (79), Spanish (6), and other languages (17).

## Pupils studying foreign languages 2022-2023

Languages	Students	Rate, % of the total number of students
Total	300,739	90%
English	250,944	75%
French	98,134	29%
Russian	87,714	26%
German	12,225	4%
Spanish	1,185	0.4%
Other languages	4,888	1.5%

Source: National Bureau of Statistics

A total of 300,739 pupils are engaged in studying foreign languages across various institutions. English is the predominant foreign language being learned by 75% of pupils, followed by French (29%), Russian (26%), German (4%), Spanish (0.4%), and other languages (2%).



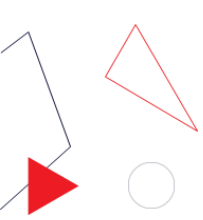
According to the **EF English Proficiency Index (EX EPI) 2022**, Moldova ranks **42st out of 111** worldwide and has the **30th position of 35 in Europe** at the level of English proficiency for the adult population.

Talents grow in higher education facilities and development centres across the country. A successful example is spreading the new technology, learning programs and digital skills through local IT hubs, in the northern region via the **Center for Innovation and Technology Transfer in Balti**, and in the south - **Start up City Cahul** and **Comrat KIT Hub**. Regional hubs will become an efficient ecosystem to develop the local IT community and young talents. The centres offer a wide range of facilities and services such as:

- Training rooms
- Laboratories
- Co-working spaces
- Offices for startups and private companies
- Programs to develop entrepreneurial skills and abilities in engineering, IT, creative fields
- Participation in various acceleration programs, specialised courses, mentoring programs and internships at private companies, etc.

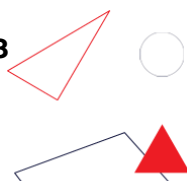
EU support in higher education and vocational training is provided through the Erasmus+ program. In 2022, the following results were achieved concerning Moldova's participation: 663 mobilities granted for students and staff in higher education (in both directions), 3 capacity-building projects in higher education, 6 organisations involved in projects selected for capacity-building in education and vocational training, and 5 Jean Monnet projects.

A new phase of the Erasmus+ program for 2021-2027 continues the opportunities for cooperation and mobility in higher education that were open to Moldova in the period 2014-2020. Additionally, 12 organisations from Moldova have benefited from their participation in Marie Skłodowska-Curie Actions (MSCA), the EU's flagship program for doctoral education and postdoctoral training under Horizon 2020, while 9 Moldovan organisations are already participating in MSCA projects under Horizon Europe.



Furthermore, 79 Moldovan fellows have been funded to conduct their research in EU Member States and Horizon 2020 associated countries, and 48 foreign researchers have undertaken their fellowships in Moldova.

Source: European Union External Action





# **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 labour 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

### Tax rates, 2023

Country	Corporate Income Tax Rate (%)	Personal Income Tax rate (%)	VAT
<b>Moldova</b>	<b>12</b>	<b>12</b>	<b>20</b>
Albania	15	23	20
Romania	16	10	19
Ukraine	18	18	20
Poland	19	32 plus 4%*	23

Source: [PWC, worldwide tax summaries, 2023](#)

The average monthly gross salary in the 1st quarter of 2023 – **11,486.20 MDL (~ EUR 590)**.

The forecasted average monthly wage for 2023 – **11,700 MDL (~ EUR 600)**.

The average monthly wage in IT park companies, in the 1st quarter of 2023 – **29,841.8 MDL (~ EUR 1,530)**.

Source: National Bureau of Statistics



## Salaries

30 companies out of 40 have provided salary data for a total number of 3483 employees.

The salary data was collected within PayWell Moldova survey that comprises two questionnaires, namely Compensation and Benefit questionnaire and salary sheet. The information requested included the general compensation policy of companies as well as salary related information per each employee, without collecting any personal data information.

PwC Moldova is conducting PayWell survey each year by following the survey methodology and phases, namely:



1. **Data collection** - is the process in which each participant company submits data required for calculation of salary statistics and reports. Data is collected using PwC online platform (data collection module).



2. **Job matching** - In order to ensure a high level of accuracy within the report, PwC developed a set of benchmark job structures and job descriptions according to international standards and supported by its experience on similar projects.

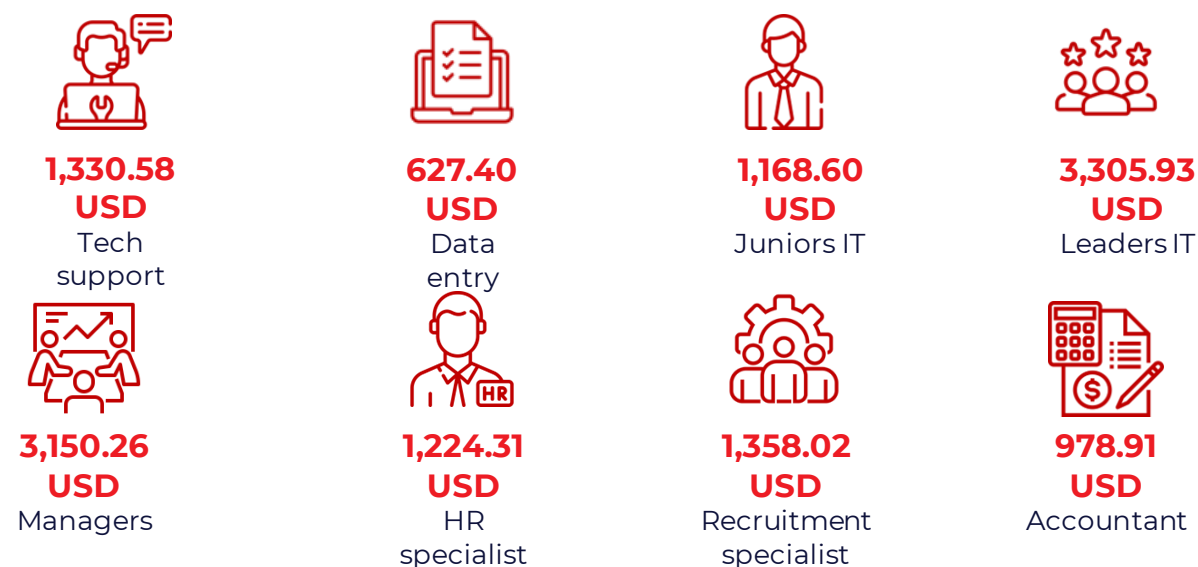


3. **Salary data processing** - In order to control the influence of the different number of data points reported by participating companies within the same benchmark job, an intermediary statistics computation algorithm is applied.



4. **Confidentiality of information** - The data collected during the survey is and will be treated as strictly confidential.

Based on the data collected from 40 participants, the **average salary** for the following positions was quantified:



Based on the 2022 PayWell Moldova Survey, the **average salary** for the following positions is available:

### Customer Service

Position	Average salary (USD)
Call Centre Operator	520.9
Complaints Officer	677.1
Customer Service Officer	562.2

### Financial & Accounting

Position	Average salary (USD)
Accountant	771.5
Billing Officer	513.6
Bookkeeper	480.4
Finance Analyst	1,024.9
Tax Specialist	1,137.4



## Human resources

Position	Average salary (USD)
Hr Officer / Generalist	865.3
L&D specialist	723.0
Recruitment Specialist	869.0

## Legal

Position	Average salary (USD)
Legal Advisor	983.1
Sr Legal Advisor	1,545.0

## Marketing

Position	Average salary (USD)
Business Analyst	1109.1
Copywriter	897.6
Market Research Specialist	1012.3
Marketing Specialist	982.1

## Information Technologies

Position	Average salary (USD)
Data Entry Operator	643.3
Help Desk Officer	854.8
System Administrator	1154.5
Web/ Graphic Designer	958.6

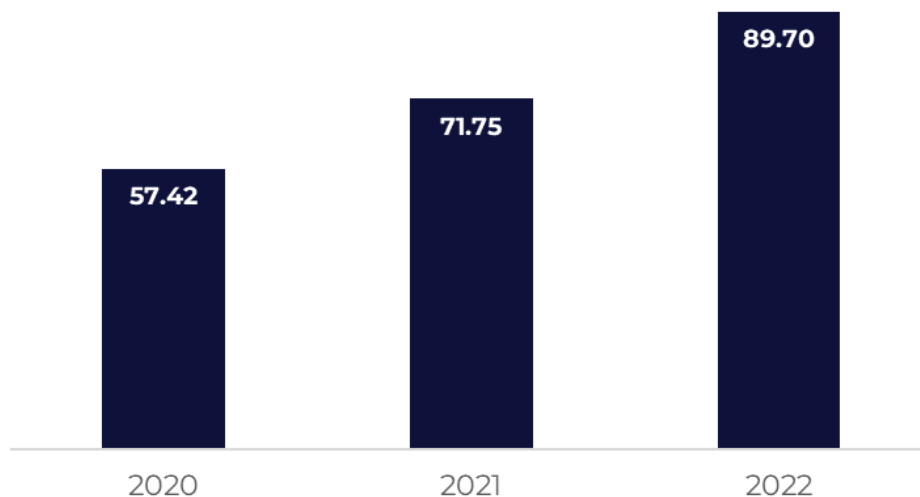
## Logistic

Position	Average salary (USD)
Customs Officer	714.5
Logistic Manager	1800
Logistic Specialist	789.0

## Sales

Position	Average salary (USD)
Technical Support Officer	733.4
Telesales Specialist/ Telemarketing Officer	306.7

## Companies' turnover in 2020-2022, average, in mln USD



Source: [InfoBiz](#), 2023

On average between 2020-2022 the interviewed companies experienced a steady increase in average turnover, measured in million USD. In 2020, the turnover was 57.42 million USD, followed by 71.75 million USD in 2021, and a further rise to 89.70 million USD in 2022.

## Cost of Living and Quality of Life

Moldova is a developing country that currently offers an international level healthcare system, internationally accredited university courses and studies. Also, it offers all of the necessary services for a comfortable life.

Compared to the rest of the European countries it has lower rent and bill prices. Internet prices are really low, and the speed is great. These conditions make the cost of living not as high as its European neighbours. And even though the global economic events affect the country, things are looking better for Moldova's economy as its situation is becoming clearer and more stable. Due to the conditions mentioned we can say that Moldovans also enjoy a good quality of life due to the cost-of-living conditions and companies' effort to make work life balance better.

## Cost of Living in Moldova



**364.75  
USD**

Rent  
apartment  
(1 bedroom)



**201.50  
USD**

Utilities  
(monthly)  
85 sqm apt.



**33.27  
USD**

Fitness  
Club  
(monthly)



**6.75  
USD**

Cinema,  
theatre  
ticket 1 pers.



**33.74  
USD**

Mid-range  
Restaurant (3-  
course for 2 pers)



**0.34  
USD**

One-way ticket  
for public  
transport



**1.69  
USD**

Taxi Start  
(Normal Tariff)



**0.28  
USD**

Taxi 1 km  
(Normal Tariff)



**1979.67  
USD**

A family of four estimated monthly costs without rent.



**599.05  
USD**

A single person estimated monthly costs without rent.

Consumer price in Chisinau (incl. rent) are:



**19.7%** lower than in Bucharest

**40.5%** lower than in Budapest

**43.1%** lower than in Krakow

**222.6%** lower than in London

Source: Numbeo.com (last update Nov. 2023)



# **Business** environment



# BUSINESS ENVIRONMENT

## Key Facts

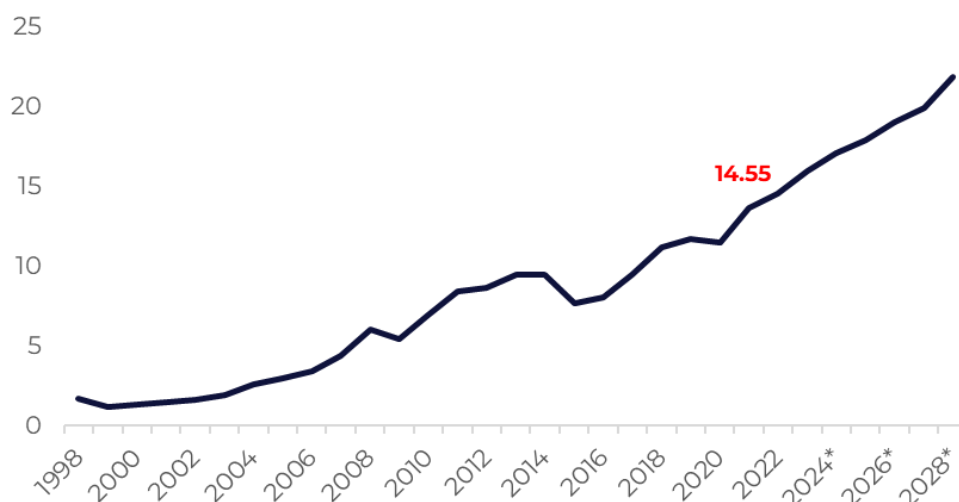
Moldova GDP (2022) - **\$ 14,5 billion**

Moldova GDP per capita (2022) - **\$ 5,714**



Source: [World Bank](#), 2022

## Gross domestic product of Moldova, billion USD



Source: [Statista](#), 2023

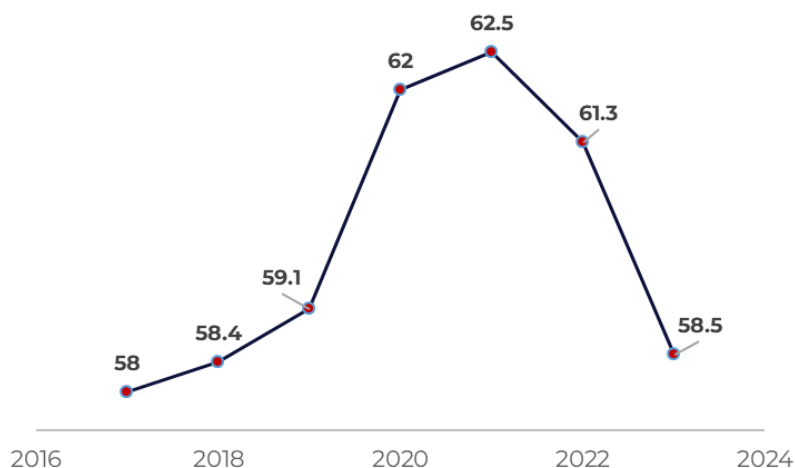
According to the recent Statista publications, between 2023 and 2028, Moldova's gross domestic product (GDP) in current prices is anticipated to experience a continuous upswing, projecting an increase of 5.9 billion U.S. dollars (+36.88 %). After the eighth consecutive increasing year, the GDP is estimated to reach 21.9 billion U.S. dollars and therefore a new peak in 2028.

This indicator describes the gross domestic product at current prices, consistent with the definition given by the International Monetary Fund. This means that the values are based upon the GDP in national currency converted to U.S. dollars using market exchange rates (yearly average). The



GDP represents the total value of final goods and services produced during a year.

### Moldova`s index of economic freedom, 2017-2023



Source: [Heritage, 2023](#)

The Index of Economic Freedom measures the economic freedom of 176 countries based on trade freedom, business freedom, investment freedom, and property rights. Moldova's economic freedom score is 58.5, making its economy the 96th freest in the 2023 Index. Its score has decreased by 2.8 points since last year. Moldova ranks 40th among 44 countries in the Europe region, and its overall score is below the regional and world averages.

In recent years, important steps have been taken to improve the entrepreneurial climate in Moldova and make the country more attractive to foreign direct investors.

**RANKED 61 OUT OF 180** COUNTRIES IN THE GLOBAL  
SUSTAINABLE COMPETITIVENESS INDEX

Source: Global Sustainable Competitiveness Index, 2023

**Investor protection** Both foreign and domestic investors have equal protection under the Moldovan law. Moldova legislation is being



rapidly harmonised with the laws of the European Union countries, as conditions for opening and running a business must be to achieve the world's best performance.



**E-Governance excellence** The e-Government public services provide a series of operations such as online fiscal declarations systems, automated border crossing systems based on electronic passports, digital maps, mobile digital signature, and other online services. The country is recognized as a benchmark for its advancements and innovative developments in e-Government.



**Special government incentives:** Law on IT Parks. Some BPO & SSC activities such as data processing and web-services are eligible for coverage under IT Parks legislation, offering a special fiscal regime of only 7% tax from turnover.

**Ranked 72 out of 193** countries according to the E-Government Development Index - **0.7251**

**Ranked 47 out of 193** countries according to the E-participation Index - **0.6818**

Source: [United Nations Report](#), 2022

**Based on the Level of online service index and E-participation Index, Moldova is positioned in the “very high” group, along with countries like Denmark, Estonia, Finland, Germany.**



**Internet Connection.** Moldova has one of the best internet connections in the world, some of the lowest costs in terms of price per Mbit.



**World Wide Web.** The largest providers of xDSL and FTTx cover almost the entire country with the World Wide Web which provides fast and reliable internet connection.



**Internet.** Fiber optic and wireless broadband internet, including mobile internet, is available in most urban and rural areas of the country (PoP-98%) at some of the highest speeds in Europe.

## Communication Infrastructure and Access

Population covered by a mobile-cellular network (2022) – **100%**

Households with internet access at home (2022), national – **68%**

- Rural – **58%**
- Urban – **80%**

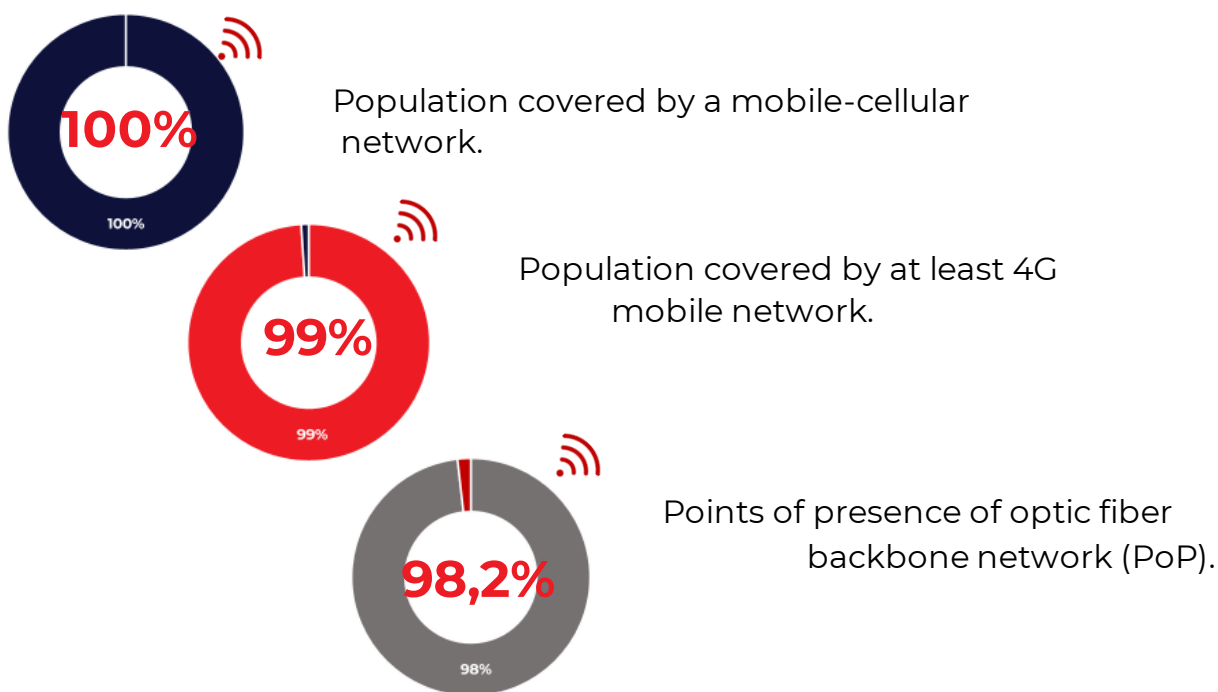
Households with a computer at home (2022) – **60%**

Mobile-cellular subscriptions per 100 inhabitants (2022) – **127**

Individuals using the Internet, total (2021) – **61%**

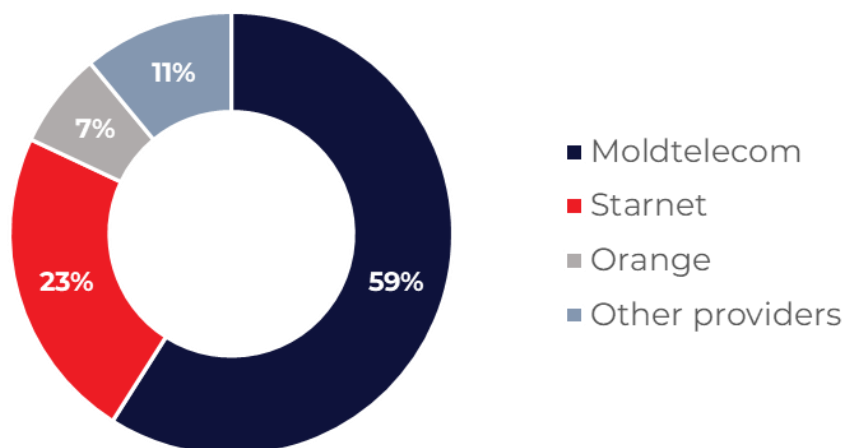
Source: [ITU Report](#), 2022

The IT industry is undoubtedly the most dynamic and one of the fastest-growing economic sectors in Moldova. At the same time, the country's rising position in international ICT ranking plays an instrumental role in building a regionally and globally competitive economy.



Source: [ITU Report](#), 2022

### Main Internet service providers:



Source: ICT OVERVIEW, Invest Moldova 2021

In Moldova, the internet service provider landscape is led by Moldtelecom, serving 59% of users, followed by Starnet at 23%, and Orange at 7%. The remaining 11% is distributed among various other providers in the region.

### Ranking fixed broadband speeds, Mbps, 2023

Country	Speed (Mbps)	Rank
Romania	178.90	12
Poland	124.96	31
<b>Moldova</b>	<b>119.89</b>	<b>32</b>
Germany	87.03	54
Estonia	75.26	65
Czech Republic	63.50	77

Source: [Speedtest Global Index](#), Sep. 2023

**Ranked 62 out of 176** countries according to the Cyber Security Index

## Cyber Security Ranking, 2023

Country	Cyber Security Index (1-100)	Rank
Romania	89.61	6
Poland	87.01	11
Czech Republic	85.71	12
<b>Moldova</b>	<b>57.14</b>	<b>62</b>
Belarus	53.25	73
Malta	50.65	76

Source: [NCSI](#), 2023

The survey participants were asked to evaluate their level of satisfaction with some aspects related to the business environment. On a scale of 1 to 5, where 1 means “not satisfied at all” and 5 – “extremely satisfied”, representatives of 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:**

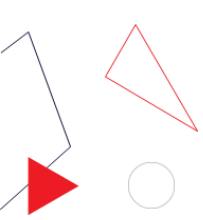
**4.05 Availability of modern office space**

**3.72 Overall satisfaction with the city as a place for your business activity**

**3.67 The level of wages in the location**

**3.46 Cooperation with local universities**

**3.44 Quality of public transport in the city**



**3.38 Perception of the general quality of life**

**3.24 Cooperation with local investor support office**

**3.21 Quality of local universities**

**3.21 City accessibility by airport**

**3.21 City accessibility by car**

**2.9 Availability of talent pool / highly qualified staff**

**2.9 The cost of renting office space**

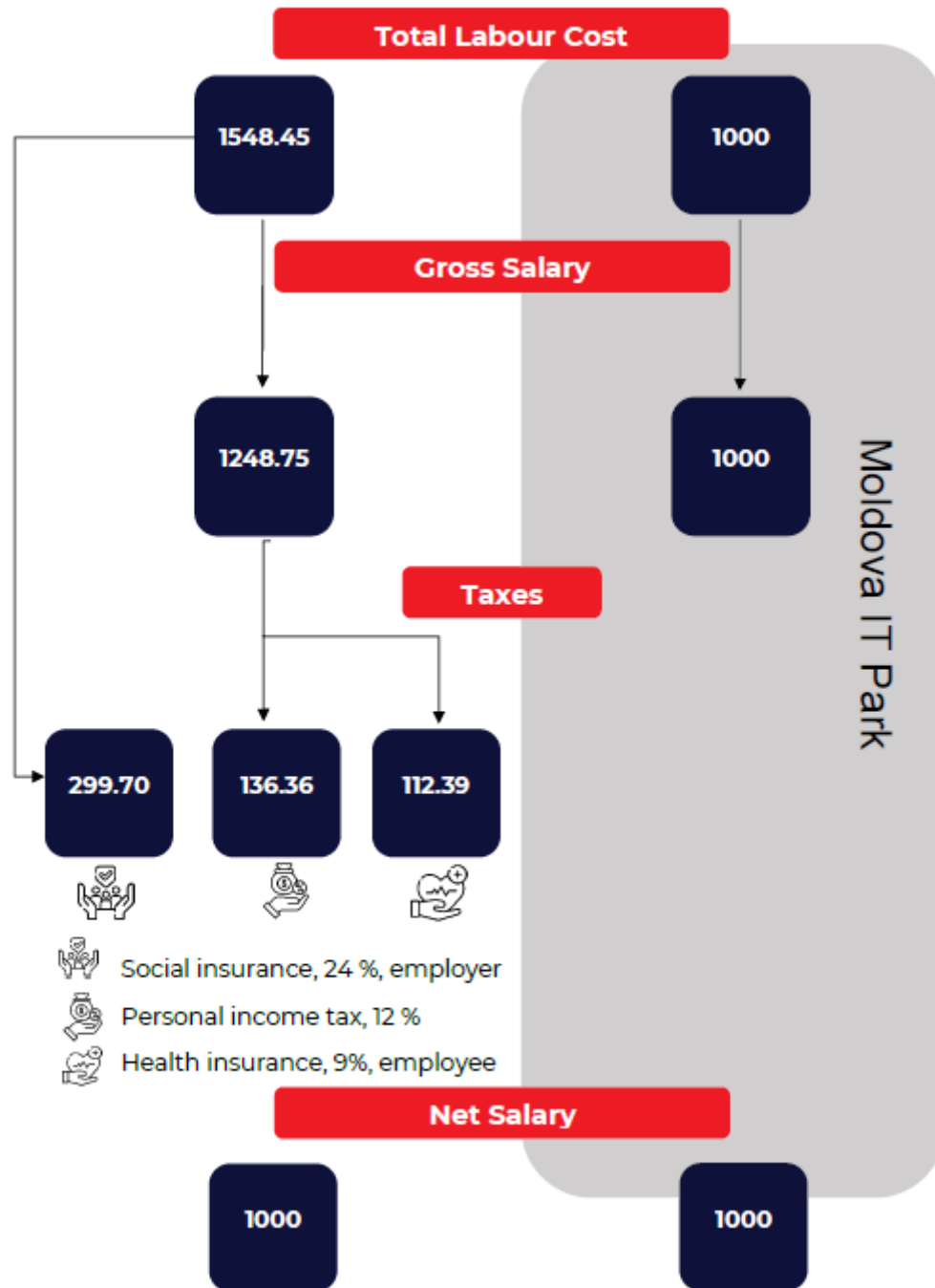
Source: Survey among companies

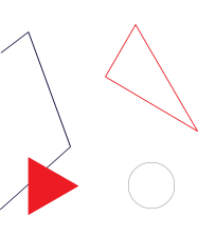


## Regulatory framework

Those who are part of IT Park are satisfied with the current legislation.

### Structure of salaries in Moldova, 2023 (USD)





The other companies consider that the following changes in national legislation would motivate them to expand their companies' activity in Moldova:

- Tax incentives for business services sector;
- Clear law provisions;
- Predictable changes planned ahead in the tax framework;.
- Decreasing the number of reports presented to public institutions.

### **Business services providers, prospective residents of IT Park**

This legal initiative is included in a package of amendments to the Law on Information Technology Parks, work on which has been completed, and the document has been sent for consideration by the government. This was announced by the Minister of Economic Development, expressing hope that the parliament will be able to approve the amendments by the end of 2023.

This will provide the business services sector with the tax incentives that will develop the activities. The Minister of Economic Development believes that this will stimulate the creation of new, well-paid jobs in companies focused on exporting services.

The project provides the opportunity for call centres and contact centres, as well as providers of other employment services, to work within the IT park. It was also proposed to establish a park council - a collegial body responsible for approving the park administration's activity plan and its development strategy, approving reporting and budgets, managing the risk system for park management, etc.

Even earlier, a year ago, the ministry also promoted a separate project on the International Business Services Park to provide special tax treatment to companies from 22 BPO areas (accounting and financial audit, tax consulting, business consulting, market analysis and public opinion polls, written and oral translations, scientific, professional and technical activities, employment activities, secretariat services, photocopying and documentation preparation, call centres, business support services, engineering and technical consulting services, research in the field of social sciences and humanities, testing and technical analysis), but this project was not approved.

Source: Infomarket.md



## MOLDOVA IT PARK

The primary legal framework governing the single tax regime in Moldova comprises the Law on information technology parks, known as Law 77/2016, enacted on April 21, 2016, and Chapter X of the Moldovan Tax Code. Although Law 77/2016, which outlines the concept of the single tax regime, officially came into effect on January 1, 2017, the inaugural Information Technology Park, "Moldova IT Park," was established for a ten-year term and commenced operations on January 1, 2018.

Moldova IT Park has witnessed remarkable growth since its inception. It currently boasts more than 1500 active residents, and this number continues to rise. Notably, approximately 15% of these IT Park residents are companies with foreign shareholders.

Moreover, the Information Technology Park has become a vital source of employment in Moldova. Over 19,700 individuals are gainfully employed by IT Park residents. This underscores the significant impact of Moldova IT Park on both the country's economy and the international tech community.

### Moldova IT Park in numbers (2023)



Moldova IT Park Residents' **benefits** are:



**Virtual presence:** Residents can carry out their activity anywhere in the territory of the Republic of Moldova without being limited to a specific location.



**Reduced tax burden:** The tax facility IT residents enjoy is unique worldwide, offering the most optimal level of taxation in Central and Eastern Europe.



**Simplified administration:** A single monthly transfer to the Ministry of Finance reduces expenses and saves time calculating taxes.



**IT Visa fast and easy:** IT residents can employ foreign nationals, having the opportunity to easily and quickly obtain work permits under the IT Visa Program.



**State guarantee:** The state guarantees the maintenance of the single tax rate of 7% and its composition until January 1, 2026.

## SINGLE TAX REGIME

Residents of the IT park are subject to a **single tax** that covers the following taxes:

- Corporate income tax
- Personal income tax
- Social security
- Health insurance
- Local taxes
- Real estate tax
- Road tax



The calculation of the single tax for companies in Moldova IT Park is based on a monthly rate of 7% of the company's sales revenue. However, it should not fall below 30% of the average salary projected for the entire economy per employee. For the year 2023, the Moldovan Government set the average projected salary at 11,700 MDL (around 640 USD). This means that, for 2023, the minimum single tax per employee amounts to 3,510 MDL (around 190 USD).

It's important to note that the single tax regime exclusively applies to the taxes specified by law, and all other tax obligations must be met in accordance with general tax laws.

## Not included in single tax



- Excises
- Withholding tax
- Value added tax

Additionally, Law 77/2016 ensures that existing IT Park residents will have the right to apply its provisions, including the structure and rate of the single tax, even if new laws altering or cancelling the single tax are introduced.

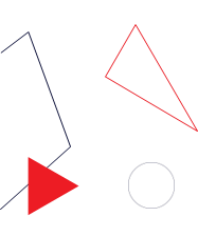
## Approved Activities in IT Park:

The most important eligibility criteria for IT Park residents relates to their **main activity**, which must be the source of **at least 70% of the company's sales income**.



The range of activities that can be conducted within the IT Park is classified according to the Nomenclature of Economic Activities in the Moldovan Economy (CAEM-2) and the Statistical Classification of Goods and Services of Moldova (CSPM-2). These activities encompass various sectors, including:

- Custom software development, specifically client-oriented software (62.01).
- Editing of computer games (58.21).
- Editing activities related to other software products (58.29).
- Management activities, including the management and exploitation of computing resources (62.03).
- Data processing, website administration, and related tasks (63.11).
- Web portal activities (63.12).
- IT consulting services (62.02).
- Other IT-related services (62.09).
- Other educational activities (85.59), with a focus on computer training.
- Research and development in natural sciences and engineering (72.19), particularly those utilising high-performance computers, limited to specific areas.
- Research and development activities in biotechnology (72.11), also limited to specific areas.
- Manufacturing of electronic components (26.11), restricted to microprocessors and integrated circuits.

- 
- Cinematography, video, and television program post-production activities (59.12) involving the use of high-performance computers but limited to specific services.
  - Specialised design activities (74.10) that employ high-performance computers.
  - Cinematography, video, and television program post-production activities (59.12) exclusively for the computer game industry.
  - Activities of audio recording and music editing (59.20), exclusively for the computer games industry, limited to original sound recordings (59.20.13).

It's crucial for companies in the IT Park to be aware of and adhere to these guidelines regarding main activities, as they impact eligibility for the single tax regime and other benefits offered by Law 77/2016. Compliance with these criteria is monitored on an ongoing basis.

## CONTACTS

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ABSL Moldova is a non-governmental, non-profit business association created to be the voice of the outsourcing industry in Moldova. It brings together firms who conduct business in Shared Service Center (SSC), Business Process Outsourcing (BPO), Information Technology Outsourcing (ITO), Research & Development (R&D), and companies contributing to the sector's evolution.

The association aims to develop the potential of the modern business services sector and create conditions for its continued growth in the Republic of Moldova.

ABSL supports the expansion and further development of the outsourcing industry in Moldova. The association acts as a government relations adviser, an accelerator in building meaningful relations with the government representatives and business community on key aspects to enhance the outsourcing sector.