

MACRO 2016

Overcoming
the economic crisis:
time for action

ANNUAL INTERNATIONAL CONFERENCE, 4TH EDITION

Radisson Blu, September 30, 2016

*Chişinău,
Republic of Moldova*

MACRO: what is it about?

“MACRO” stands for “Moldova: Assessing Country Risks and Opportunities.” MACRO has been conceived as an annual event bringing together domestic and international policy experts and thinkers with the key purpose of discussing and advancing innovative ideas to support Moldova along its way of economic development and modernization. The annual Conference offers a high-level intellectual platform to dissect the factors influencing Moldova’s attractiveness as destination for international investments, new ideas and advanced technologies, to assess the country’s risks that need to be alleviated to make Moldova a better place for the capital and the labour and to identify the opportunities to harness, in order to foster Moldova’s economic development and competitiveness.

The MACRO Annual International Conference will not be approached as a stand-alone event, but rather as a logical component of the “Moldova 2016: State of the Country Report” process. MACRO will serve as a nation-wide platform for public debates among authorities, local businesses, civil society and international community in elaboration of policies and prioritization of the key public sectors, which need assistance for further development.

GOALS OF THE CONFERENCE

The goal of the 4th edition of MACRO Annual International Conference is to discuss feasible resolution strategies for the ongoing economic, financial and social crisis Moldova is currently facing. Particularly, the participants will be encouraged to discuss innovative, but applicable and relevant, policy recommendations that would set the Moldovan economy on a development path, ensure a macro-financial stabilization and alleviate the crisis repercussion on the poor population. The “Moldova 2016: State of the Country Report” findings provides intellectual stirring and analytical support for the discussions, especially in what concerns the financial sector, the social sector and the “human face” of the financial crisis, and last but not least, the human capital, as an instrument to bring back Moldova’s competitive advantage.

So “Moldova 2016: State of the Country Report” will address in a comprehensive manner the subject of overcoming the financial crisis, by analysing the economic, financial and social opportunities and solutions.

Is the Financial Non-Banking Sector Exposed to Similar Crisis as the Banking one?

The financial non-banking sector, in normal circumstances, is an essential component of a functional economy. On the one hand, it fulfils a series of important functions, such as ensuring firms with long term investments (the capital market), insuring against risks (the insurance sector) and undertaking financing activities that cannot be financed by banks (microfinancing). At the same time, this sector, normally, functions as an accumulator of households’ and firms’ savings (public placements securities, capital market transactions, investment and pension funds, life insurance etc.). Unfortunately, in Moldova, the functionality of the financial non-banking sector is limited, while its component of savings’ accumulation is almost non-existent. The key issues which the non-bank financial market struggles with are the following: a weak regulatory framework, slow implementation of the new legislation, issuers leaving the capital market and their low interest in registering with an organized market, the unclear statute of the central depository and of independent registrars, the use of non-bank financial market mechanisms when dealing with major frauds and risks related to the

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activity of the National Bureau of Motor Insurers (NBMI) and Moldova's right to issue green cards (international motor insurance certificates). All these issues pose a major threat to Moldova's financial stability and should be addressed by proper and urgent actions. Otherwise, the financial non-banking sector could easily find itself facing a similar crisis to that which has hit the banking sector.

Labour Market and Social Well-being

The key labour market indicators – employment rate, unemployment rate, under-employment rate – improved during 2015–2016. However, this improvement was accompanied by a worsening quality of employment, with many employees migrating from salary-based jobs to jobs with uncertain remuneration and working conditions, self-employment and unremunerated agricultural work within their own household. To put it in other words, the labour market is getting more informal, which is bad news both for the well-being of the employed population and for the fiscal solidity of the state budget. In 2014–2016 we saw a dynamic improvement in the poverty indicators. In particular, the incidence of absolute poverty decreased to less than 10%, whereas extreme poverty (food poverty) was practically eradicated. However, these “objective” accomplishments cannot hide the general discontentment of the society with the current socio-economic situation, the ludicrously low level of people's income and the acute vulnerability of families exposed to possible shocks. This report shows that this ever increasing gap between the objectively measured degree of poverty and the day-to-day experience poses major risks. The rehabilitation of the socio-economic situation must include, thus, a conceptual review of the official poverty estimation methodology. Ideally, this review should provide for the transition from the estimation of poverty on the basis of “basic needs” to an estimation on the basis of economic and social integration and reduction of vulnerabilities.

Human Capital

The state of the country's human capital has suffered throughout the entire transition period of the Republic of Moldova, and the reforms launched in the past years are

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still not producing results. The gap between the supply of the educational system and the demand in regard to the labour force remains significant. In the World Economic Forum ranking, the Republic of Moldova scores 3.09 out of 7 points for the “Ease of finding skilled employees” indicator. Moreover, the share of overqualified employees has decreased over recent years, while the share of underemployed employees has increased. This reveals both the weaknesses of the educational system and the distortions in the labour market, which is unable to attract and retain human capital. According to the World Economic Forum index for “Country capacity to retain talent”, the Republic of Moldova scores only 1.88 out of 7.

The economic and political situation in the country has made this situation even worse. Meanwhile, the recent external developments, especially in European countries that are facing rising unemployment and the refugee crisis, represent additional risks and challenges for the Republic of Moldova. Nevertheless, on the positive side, the Republic of Moldova is in the close proximity of the European Union (EU) – a knowledge-based economy, which offers many opportunities for human capital development. This requires a higher degree of flexibility in the educational system, so as to respond promptly to the needs of the economy, connecting educational policies to the trends, opportunities and current risks affecting the economy of the Republic Moldova, promoting talented and competent people in civil service positions, increasing teachers’ salaries and promoting creativity throughout the educational cycle.

AGENDA

08:30 Registration, coffee and networking

09:00 Welcoming remarks on behalf of the organizers
Ana MIHAILOV, Programme Coordinator, Friedrich-Ebert-Stiftung in Moldova

09:05 Keynote address
Pavel Filip, Prime Minister of the Republic of Moldova(tbc)

09:15 Key findings and messages of the State of the Country Report 2016
Adrian LUPUȘOR, Executive Director of the Independent Think-Tank Expert-Grup

09:30 **PANEL 1: How to restore the credibility of the banking sector and prevent a storm in the financial non- banking sector?**

Moderator: **Natalia MORARI**, journalist, Media Sapiens

Speakers:

Sergiu CIOCLEA, Governor of the National Bank of Moldova

Armine KHACHATRYAN, International Monetary Fund Representative in Moldova

Dimitri GVINDADZE, European Bank for Reconstruction and Development Representative in Moldova

Ridha TEKAIA, President of CB" MOBIASBANCĂ – Groupe Société Générale " S.A.

Natan GARȘTEA, Chief-economist, Advisor of National Bank of Moldova Governor



Key questions:

How to speed up the banking sector reform and what are the main challenges in this regard?

Is there enough political will and central bank independence in order to push for an effective banking sector reform?

What are the main risks in the financial non-banking sector? How to avoid a crisis in the sector similar to that of the banking sector?

11:15 Coffee break and networking

AGENDA

11:45 **PANEL 2: Poverty risks amid economic and financial crisis**

Moderator: **Constanta POPESCU-MEREACRE**, Program Director "Political Economy and Advocacy", Expert-Grup

Speakers:

Mircea BUGA, Senior State advisor to the Prime-minister in health and social development

Veronica SANDU, Social Policy Consultant

Valeriu PROHNITCHI, Program Director at Expert-Grup Independent Think-Tank

Sergiu SAINCIUC, Vice president of the National Trade Union Confederation of Moldova



Key questions:

What are the social costs of the economic and financial crisis and how to diminish them for the poor? Discussing the social consequences of the GDP decline, currency depreciation and inflation.

How to mitigate the social costs of the budgetary austerity?

How to make the social assistance better targeted for those in need?

13:20 **Break for buffet lunch and networking**

14:10 **PANEL 3: Human capital: how to leverage Moldova's key competitive advantage?**

Moderator: **Arcadie BARBAROȘIE**, Dr., Executive Director, Institute for Public Policy

Speakers:

Cristina BOAGHI, Deputy Minister of Education of the Republic of Moldova

Alex KREMER, World Bank Country Manager in Moldova

Ligia DECA, State Advisor in the Field of Education at the President Office of Romania

Ion STURZA, President, Fribourg Capital



Key questions:

Why human capital is instrumental for Moldova's competitiveness and long-term development?

What are the key industrial and technological changes in the region and in the country and how does the educational sector respond to these changes?

How to make the educational sector forward-looking and better tailored to the future demand for skills?

15:45 **Key conclusions of the event** **Adrian LUPUȘOR**, Executive Director at Expert-Grup Independent Think-Tank

16:00 **Reception**

PANEL 1

How to restore the credibility of the banking sector and prevent a storm in the financial non-banking sector?

Moderator: **Natalia MORARI**, journalist, Media Sapiens



Sergiu CIOCLEA
Governor of the National
Bank of Moldova

Restructuring the financial sector

Sergiu Cioclea was born in 1974, Chisinau, Republic of Moldova. He holds a Master's Degree in Economic Sciences, specialized in International Economics, University of Pantheon-Assas, France and a Post-Graduate Diploma in International Economics and Development, University of Pantheon-Assas, Paris, France. Mr. Sergiu Cioclea has over 17 years of professional experience in the financial-banking sector. Before becoming the Governor of the NBM, he exercised the function of Managing Director, Head of Corporate Finance Department of BNP Paribas Group for Russia and the former URSS area (2008-2015).

Sergiu Cioclea started his professional activity in 1997 as Senior economist in charge of Central and East Europe, Russia and Turkey, Country Risk Division – Economic Research Department, Paris. In 1998, he served as Bonds analyst in charge of Central and East Europe, Emerging Market Desk, Fixed Income Department, London. During the period 2000-2007, he exercised the function of Associate, Vice President and Director, Central and Eastern Europe Division, Corporate Finance Department, BNP Paribas, Paris. During his activity, Sergiu Cioclea was Member of the Executive Committee of BNP Paribas ZAO, Moscow and Member of the European Management Department of the Corporate Finance Department within the BNP Paribas Group, Paris.

Sergiu Cioclea has acquired substantial experience and expertise in the economic and financial-banking sector. He published a large number of articles and participated in various economic conferences.

PANEL 1

How to restore the credibility of the banking sector and prevent a storm in the financial non-banking sector?



Armine KHACHATRYAN
International Monetary Fund
Representative in Moldova

Enhancing financial sector governance and restructuring

Armine Khachatryan, a national of Armenia, has worked in international development economics since 2002, including in different capacities at the WB and IMF.

She joined the IMF in 2007 and in August 2013 assumed duties of Resident Representative in Moldova. Her professional/research interests include monetary and exchange rate policies, financial sector development, trade finance, macroeconomic policies in resource-rich countries.

Her country experience covers South Asia, East Africa and Balkans, countries of Middle East and Central Asia. Prior to 2002, Armine Khachatryan headed monetary policy department at the central bank of Armenia. She holds degree from Yerevan Institute of National Economy (currently state university of economics).



Dimitri GVINDADZE
European Bank for
Reconstruction and
Development Representative
in Moldova

EBRD's work in Moldova, Moldova's growth prospects and what must be done to enhance them

After almost 10 years in Georgia's Foreign Service, **Dimitri Gvindadze** worked in 2005 - 2012 as Deputy Minister and then Minister of Finance of Georgia, spearheading public finance and various structural reforms. He then worked as director of the national investment agency, and first deputy CEO of Georgia's sovereign private equity fund. After exiting the public sector, Dimitri Gvindadze spent almost a year in economic research and international consultancy before starting career in EBRD first as Lead Economist for the East Europe and the Caucasus region and since May 2016 as Country Manager for Moldova. Dimitri Gvindadze holds master's degrees in engineering from the Georgian Technical University and in economic Development from the Harvard Kennedy School. At various times, he undertook advance studies in international politics, development and financial programming and policies in France, the Netherlands and the United States.

PANEL 1

How to restore the credibility of the banking sector and prevent a storm in the financial non-banking sector?



Ridha TEKAIA
President of CB
"MOBIASBANCA" - Groupe
Société Générale" S.A.

Banking industry - how to harvest a success

Ridha Tekaia is a graduate of the University of Paris 7 Denis Diderot. Being 54 years old, and having spent 30 years in the Banking Sector the President started the work activity in 1987 in one of the most important financial institutions in Europe, Groupe Société Générale. During his career he has held various positions both in the French network and in different subdivisions of the Group in: Cameroon, Czech Republic and Algeria.

Being at the helm of Mobiasbanca since May 2012, he managed to bring the institution into a top position in the banking market in terms of profitability and efficiency, today being a bank that enjoys financial stability, customer confidence and support of international development partners.

Today, as the President of the Association of Foreign Investors, Ridha Tekaia contributes to the development of investment climate and the economy of the country. He is a true promoter of Moldovan culture and authentic local talents, being a supporter of the community in which he operates.



Natan GARȘTEA
Chief-economist, Advisor of
National Bank of Moldova
Governor

Reforming the banking system in Moldova: reality and prospects

Natan Garștea is the Advisor of the National Bank of Moldova Governor, before that, he has been the "Financial-Banking Sector" Program Director at the Independent Think-Tank Expert-Grup. Previously, he has worked as the director of the rating agency "Estimator-VM" SA, and as financial adviser to the Prime Minister of Moldova. He has also been an Advisor to the President of the National Securities Commission.

During his activity, Natan Garștea has worked in capital markets and banking. As advisor to the Prime Minister, he was also charged with the management of the crisis in the banking system.

PANEL 2

Human capital: how to leverage Moldova's key competitive advantage?

Moderator: **Constanta POPESCU-MEREACRE**,
Program Director "Political Economy and Advocacy", Expert-Grup



Veronica SANDU
Social Policy Consultant

Reforming the social system under budgetary austerity

Veronica Sandu is a social policy expert specialized in social safety net (cash benefit systems, means tested benefit schemes, social payments impact evaluation, assessment of the safety net) and social services (deinstitutionalisation reforms, independent living approach, specialised social services, costing of social services). Monitoring and evaluation of social protection related projects. Researcher experienced in quantitative and qualitative data collection and data analysis. Experienced in undertaking functional and system analysis of social protection in developing countries. Areas of expertise: Central and Eastern Europe, Commonwealth of Independent States.



Mircea BUGA
Senior State advisor to the
Prime-minister in health and
social development

The State's interventions to mitigate the social impact of the economic and financial crisis

Mircea Buga has previously served as Minister of Health, Minister of Labour, Social Protection and Family, General Director of the National Health Insurance Company. He graduated in medicine (UMF Cluj-Napoca) and right (USM), has graduate studies in economics (University of York, UK) and business (Grenoble Graduate School of Business, France). He is a medical doctor (PhD), associate professor at the Medical University "N. Testemițanu". Topics of interest: health system management and the social, health and social insurance, pension system, social assistance.

PANEL 2

Human capital: how to leverage Moldova's key competitive advantage?



Valeriu PROHNIȚCHI

Program Director at
Expert-Grup Independent
Think-Tank

Official poverty versus individual perceptions: two universes apart

Valeriu Prohnițchi was executive director of the Expert-Grup between 2005 and 2013. From June 2013 to February 2015 he served as Economic Advisor to the Prime-Minister of the Republic of Moldova. Valeriu Prohnițchi is currently doing his PhD in Economics at the Moldovan Academy of Economic Studies. His main area of research is macroeconomic modelling and financial planning based on General Equilibrium Models.



Sergiu SAINCIUC

Vice President of the
National Trade Union
Confederation of Moldova

Labour motivation, subsistence and decent work concept

Sergiu Sainciuc is the vice President of the National Confederation of Trade Unions of Moldova, State Councillor, 1st class, Master in Public Administration.

He studied at the Academy of Public Administration under the President of the Republic of Moldova, defending his Master thesis in 2004 in "Place and role of government in developing and promoting social policies". He graduated in Labour economics, in 1976 from Polytechnic State Institute. For over 16 consecutive years, till August 2015 he held the position of First Deputy Minister, Deputy Minister of Labour, Social Protection and Family and Deputy Minister of Economy and Trade, during which labour and employment relations were managed by this Ministry. His Professional skills include the development and promotion of policies in labour legislation, employment, labour migration, human resources, payroll, demography and social dialogue. He coordinated the cooperation activities with the International Labour Organisation (ILO), and is responsible for drafting reports on ratified and non-ratified conventions, and the IOM projects and programs in Moldova. He led the working group responsible for drafting the new Labour Code.

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Poverty risks amid economic and financial crisis

Moderator: **Arcadie BARBAROȘIE**, Dr., Executive Director, Institute for Public Policy



Cristina BOAGHI
Deputy Minister of Education

Reforming the education system: the realities of change

Cristina Boaghi holds a Master in International and Institutional Law from the Free International University of Moldova, and is licensed in Law at the same university

From 2010 till 2015 she was a main consultant in environmental law, and then constitutional and administrative departments of the Parliament. Starting with 2011, she is the Country Manager for the Women's Democracy Network Moldova Chapter. She has extensive experience in promoting the women's rights and leadership.



Alex KREMER
World Bank Country
Manager in Moldova

Building skills to bring jobs back to Moldova

Alex Kremer has served as Country Manager for Moldova since August 2014. He is based in Chisinau.

Alex Kremer joined the World Bank in 2005. Before coming to Moldova, he was Country Manager for the Kyrgyz Republic and Turkmenistan (2010-14), living in Bishkek. Immediately after joining the World Bank in 2005, he worked in the Middle East and North Africa region of the World Bank as a Senior Sector Economist, based in Washington. During that time, he published several works of research on agriculture, the impact of the 2006 war in Lebanon, energy efficiency and lagging regions. He was the lead author of the publication "Poor places, thriving people: how the Middle East and North Africa can overcome spatial disparities" (2010).

Before joining the Bank, Alex Kremer worked for the UK Department for International Development in India as National Program Manager and as an EU official, most recently as Economic and Political Counsellor in Harare, Zimbabwe. His first job was in Swaziland at age 22, where he was the tutor of King Mswati III. He has also lived in Mali, Bangladesh and Belgium.

Alex Kremer holds degrees in economics from Cambridge and London Universities, a Ph.D. in economics from London University and a Diploma in Business Administration from Edinburgh Business School. He was born in Kettering, England in 1964. He has been married for 25 years and has 3 children. His hobbies are singing, playing the tenor guitar, writing, visiting mountains and foil fencing.

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Poverty risks amid economic and financial crisis



Ligia DECA

State Advisor in the Field of
Education at the President
Office of Romania

“România Educată” - a country project. Investing in human capital and education in response to future challenges

Ligia Deca holds a PhD in Political Science (policies in higher education and internationalization), she received from the University of Luxembourg.

In 2008 she coordinated the Coalition for Clean Universities pilot project, implemented by the Academic Society of Romania, which consisted in assessing the integrity of higher education institutions in Romania. She was President of the European Students Union (2008-2010), ensuring representation of the interests of over 11 million students in 37 states, the relationship with the European Union, Council of Europe, UNESCO and other European structures responsible for tertiary education policy. Between 2010 - 2012 she coordinated the Bologna Process Secretariat, coordinating the organization of the Conference of Education Ministers of the Member States of the European Higher Education Area (April 2012). During 2012 - 2015, she was a public policy expert within the Executive Unit for Financing Higher Education, Research, Development and Innovation.

She coordinated the international conference “Future of Higher Education - Bologna Process Researchers Conference” (editions 2011 and 2014) and in 2014 she was a member of Science in Education Expert Group - SEEG.

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Poverty risks amid economic and financial crisis



Ion STURZA
President, Fribourg Capital

The challenge of the moment: passing from “feudalism” to a digital era

Ion Sturza is currently Founder and Chairman of the Board of the investment group “Fribourg Capital”, with presence in several countries in Europe, with extending business in private equity.

Ion Sturza is co-founder of the Foreign Policy Association of Moldova (APE), a leader in community of experts in “Foreign Policy Issues”.

In addition, he is the founder and honorary chairman of the charity fund “Foundation Family Sturza”, with the charitable activities in the field of Education, and scholarship programs for high school students, social programs (including child protection), supporting cultural programs.

Ion Sturza is part of the Board of Directors of several foundations and international companies.

Over the period since 1977 until present, Ion Sturza has held various functions such as: Director and Deputy-Director of the Foreign Trade Company “Moldex”(1987-1991); President and General Manager of the company “Incon”(1992-1997); Member of Parliament, Minister of Economy, Deputy Prime Minister, Prime Minister of The Republic of Moldova(1998-1999); General Manager of “Romp petrol Moldova”(2001-2004); Vice President, Deputy CEO and member of the Board of “Romp petrol Group”, Netherlands (2004-2009).

Ion Sturza was born the 9th of May in Pirjolteni village, Republic of Moldova. He has graduated the Faculty of Economy from the State University of Republic of Moldova. He is married and has two children.

NOTES

NOTES

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