

Programmatic Cooperation Framework for
Armenia, Azerbaijan, Georgia, Republic of Moldova, Ukraine and Belarus



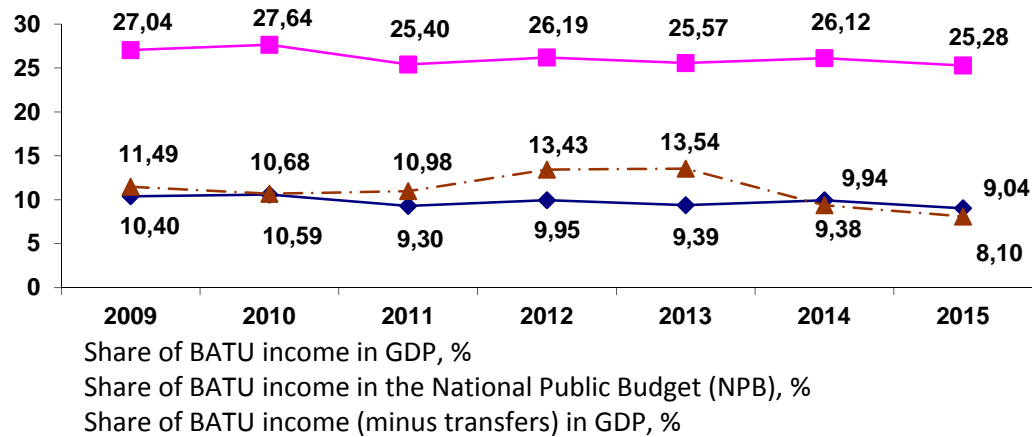
Local Public Finance Database: The Experience of Moldova and Potential Collaboration in its Implementation in the Eastern Partnership states

Angela SECRIERU,
Expert at IDIS Viitorul, Moldova

Content:

- **Scope, structure and trends of local public finance in the Republic of Moldova**
- **Ensuring the transparency of local public finance through the development of the “Budget Transparency of Towns, Villages and Districts in Moldova” Portal**

Local Public Finance Development Trends in the Republic of Moldova: Budget Income of Administrative and Territorial Units (BATU)

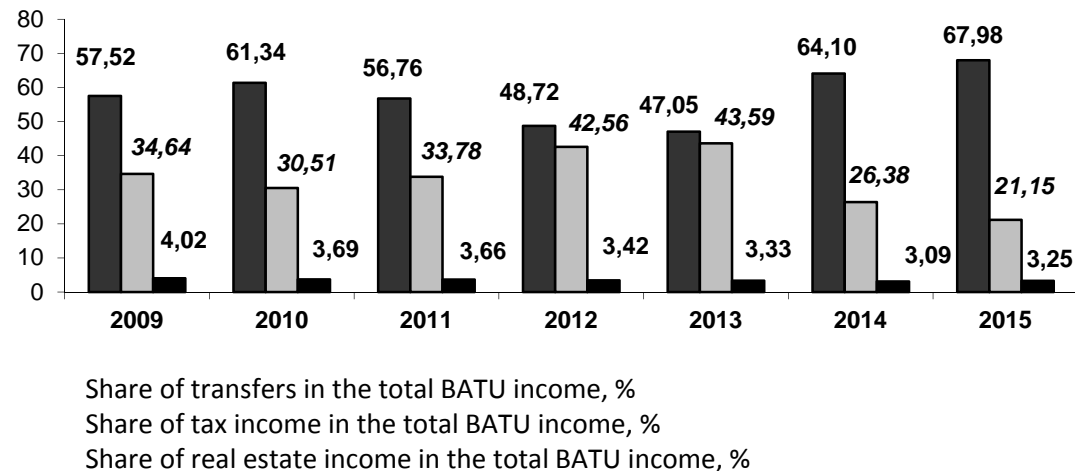


1. Despite the fact that BATU occupy a relatively stable share of the GDP and NPB, they exhibited a steady decline in 2013-2015.

The evolution of BATU income is of critical importance. Its share in the total budget income fell from 14% in 2013 to 8% in 2015.

2. The period 2014-2015 is characterized by the increased role of transfers in the formation of local public revenues.

However, the role of property tax in the financing of local public services is insufficient.



ATU Budget Income in the Republic of Moldova

For Basarabeasca, Ocnita, Riscani and Chisinau – from January 1, 2014

For other ATUs – from January 1, 2015

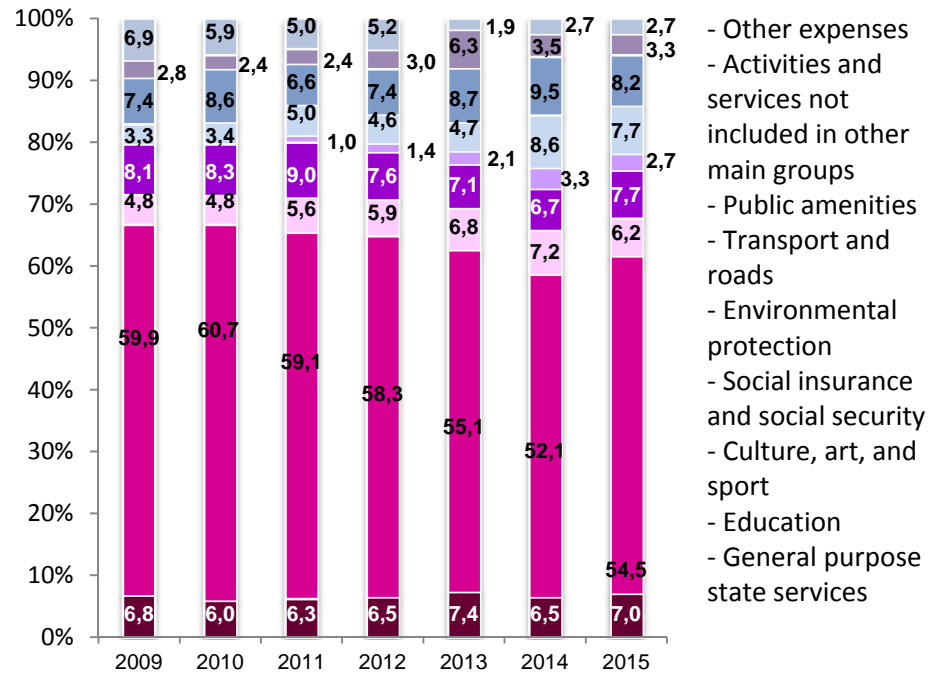
Law on Local Public Finance (LLPF)

Article 4. ATU budget incomes:

- a) individual income;
- b) special capital;
- c) deductions from state taxes and fees in accordance with interest rates set out by LLPF;
- d) general purpose transfers;
- e) special purpose transfers;
- f) grants;
- g) special funds.

Criteria	2014		2015	
	MDL, million	% of the total	MDL, million	% of the total
Individual income	1,198.9	10.8	1,304.2	11.8
Special capital	277.9	2,5	295.1	2.7
Deductions from state taxes and fees	2,289.5	20.7	1,612.5	14.6
Transfers	7,106.5	64.1	7,503.9	68.0
Grants	197.7	1.8	304.9	2.8
Special funds	16.4	0.1	18.5	0.2
Total income	11,086.9	100.0	11,039.1	100.0

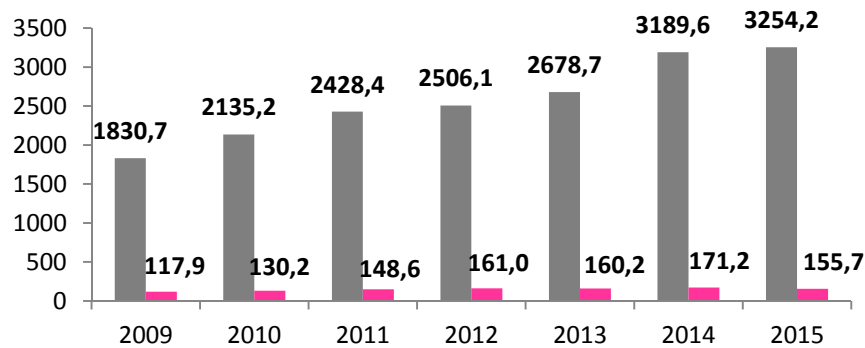
Local Public Finance Development Trends in the Republic of Moldova: BATU Expenses



The main share in the structure of local public finance belongs to education (over 50%).

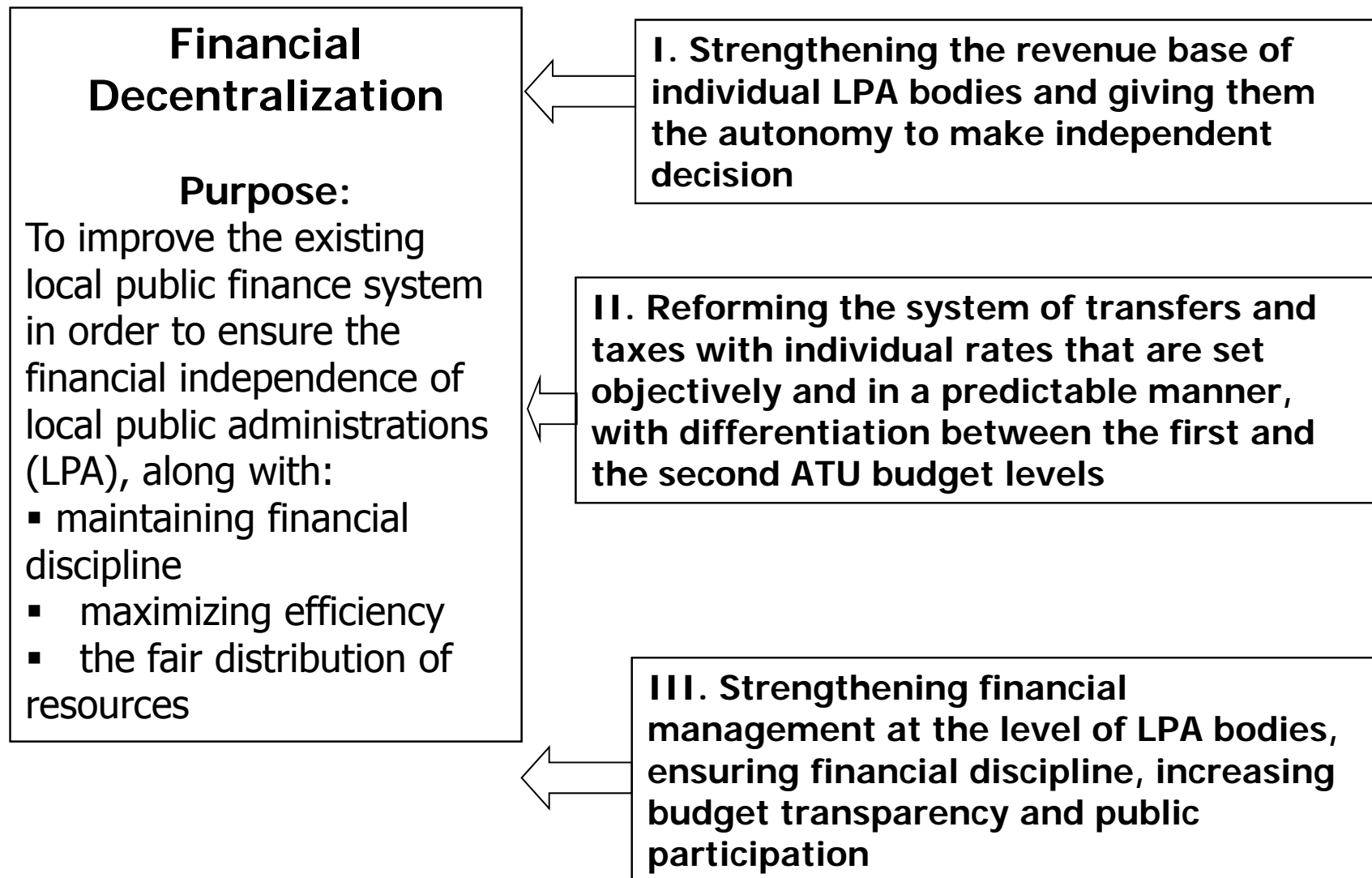
In general, the social component tends to dominate the structure local budgets (about 65%), as opposed to the investment elements.

The amount of local public financing in the Republic of Moldova is critically insufficient for local budgets to execute their functions properly (EUR 156 per capita in 2015).



Local public expenses per capita, MDL
Local public expenses per capita, EUR

Local Budget Income in the Context of the National Decentralization Strategy (introduced in 2012)



Financial decentralization: main purpose and 3 blocks of measures

National Decentralization Strategy: Measures Taken

1. Reforming the system of transfers and individual tax rates, with differentiation between the first and the second ATU budget levels;
2. Encouraging LPA bodies to increase budget income by using their own local income sources by eliminating the correlation between transfers from state budgets and individual income amounts;
3. Removing the upper limit for local charges;
4. The introduction of first (villages, communities, cities and municipalities) and second (districts, Chisinau, Balti) LPA levels in 2016 on the basis of programmes and performance, etc.

National Decentralization Strategy:

**The third block of measures - increasing
budget transparency and public
participation**

The IDIS & INEKO Project

- **Name:** Improvement of control over the activities of LPA bodies in Moldova
- **With the support of** the National Endowment for Democracy (NED)
- **Partners, NGOs:**
 - IDIS Viitorul, Moldova
 - Institute for Economic and Social Reforms (INEKO), Slovakia
- **Aim:** to increase the financial accountability of LPA bodies in 50 Moldovan municipalities
- **Tools:**
 - transfer practical data in order to assess the financial status of municipalities by INEKO;
 - develop a portal/collection of data based on the financial indicators of at least 50 major cities in Moldova.

INEKO Portal

Home Page

HOSPODÁRENIE MIEST, OBCÍ A VÚC

PODPORTE NÁS

INEKO

používateľ: petergolias

Profil

Odhlásiť sa

Úvod

Údaje o hospodárení

Nástroje

Viac o projekte

Recommend 448

Zadajte názov obce, mesta alebo VÚC



Aby ste videli všetky údaje a za všetky roky,
je potrebné sa zaregistrovať.

Registrácia

Aké výhody ponúka registrácia?

NAJLEPŠIE HOSPODÁRIACE MESTÁ

1 Kysucké Nové Mesto ★★★★★ 5,6

☰ Základná bilancia

2 Strážske ★★★★★ 5,5

3 Nová Baňa ★★★★★ 5,5

☰ Základná bilancia

4 Leopoldov ★★★★★ 5,4

5 Svätý Jur ★★★★★ 5,4

☰ Základná bilancia

Zobrazíť celý rebríček

NAJHORŠIE HOSPODÁRIACE MESTÁ

1 Myjava ★★★☆☆ 2,5

⊕ Dlhová služba ☰ Závazky aspoň 60 dní po splatnosti

2 Spišské Vlachy ★★★☆☆ 2,8

3 Veľký Šariš ★★★☆☆ 2,9

⊕ Celkový dlh ☰ Závazky aspoň 60 dní po splatnosti

4 Gelnica ★★★☆☆ 3,1

⊕ Dlhová služba ☰ Okamžitá likvidita

5 Nové Zámky ★★★☆☆ 3,1

⊕ Celkový dlh ☰ Závazky aspoň 60 dní po splatnosti

Zobrazíť celý rebríček

HOSPODÁRENIE VYŠŠÍCH ÚZEMNOSPRAVNÝCH CELKOV (VÚC)



Banskobystrický

★★★★☆ 3,3



Bratislavský

★★★★★ 4,6



Košický

★★★★★ 3,9



Nitriansky

★★★★★ 5,0

INEKO PORTAL

Profile of Municipalities and Higher Territorial Units (HTUs)

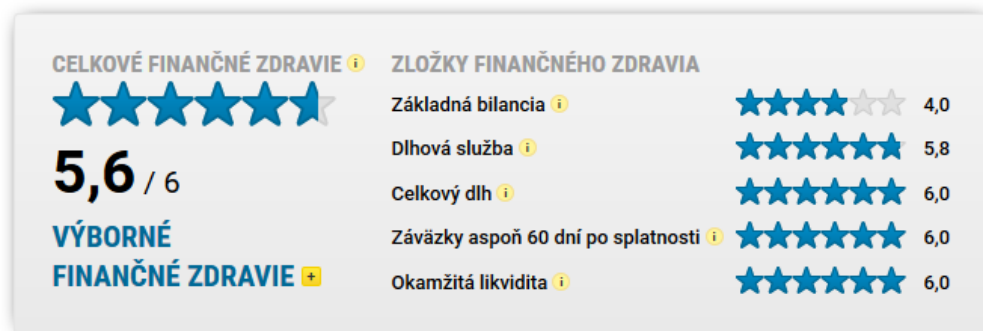
HOSPODÁRENIE MIEST, OBCÍ A VÚC PODPORTE NÁS **INEKO** používateľ: petergoliás
Profil Odhlásiť sa

Úvod Údaje o hospodárení Nástroje Viac o projekte Recommend 449

Kysucké Nové Mesto

2006 2007 2008 2009 2010 2011 2012 **2013**

HODNOTENIE FINANČNÉHO ZDRAVIA (2010 - 2013)



HLAVNÉ INDIKÁTORY (2013)

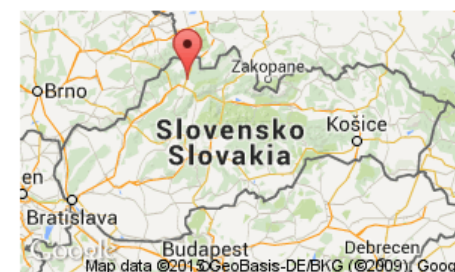
			priemer obcí SR
+ Základná bilancia	3,1 %	★★★★☆	3,0 %
+ Dlhová služba	0,6 %	★★★★★	6,5 %
+ Celkový dlh	0,0 %	★★★★★	25,0 %
+ Závazky aspoň 60 dní po splatnosti	0,0 %	★★★★★	0,7 %
+ Okamžitá likvidita	588,5 %	★★★★★	141,7 %

OSTATNÉ INDIKÁTORY (2013)

priemer obcí SR

ZÁKLADNÉ ÚDAJE

Štatút: mesto
Počet obyvateľov: 16 264
Okres: Kysucké Nové Mesto
Kraj: Žilinský
E-mail: primator@kysuckenovemesto.sk



HOSPODÁRENIE NAJBLIŽŠÍCH OBCÍ

1	Radofa	★★★★☆
2	Povina	★★★★★
3	Rudinka	★★★★★
4	Nesluša	★★★★☆

INEKO Portal

Financial Status Rankings

HOSPODÁRENIE MIEST, OBCÍ A VÚC

PODPORTE NÁS

INEKO

používateľ: petergolias

Profil

Odhlásiť sa

Úvod

Údaje o hospodárení

Nástroje

Viac o projekte

Recommend 449

SAMOSPRÁVY

- VÚC
- mestá
- obce

FINANČNÉ ZDRAVIE

- Celkové finančné zdravie *i*
- Základná bilancia *i*
- Dlhová služba *i*
- Celkový dlh *i*
- Závazky aspoň 60 dní po splatnosti *i*
- Okamžitá likvidita *i*

ROK

2013

ĎALŠIE NASTAVENIA REBRÍČKA

Ďalšie ukazovatele o hospodárení

Špecifický výber okresov a krajov

- Ukotviť tento panel

	samospráva	Celkové finančné zdravie	Základná bilancia	Dlhová služba	Celkový dlh	Závazky aspoň 60 dní po splatnosti	Okamžitá likvidita
1	Kysucké Nové Mesto Žilinský kraj	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
2	Strážske okres Michalovce, kraj: KE	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
3	Nová Baňa okres Žarnovica, kraj: BB	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
4	Leopoldov okres Hlohovec, kraj: TT	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
5	Svätý Jur okres Pezinok, kraj: BA	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
6	Topoľčany Nitriansky kraj	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
7	Hlohovec Trnavský kraj	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
8	Modra okres Pezinok, kraj: BA	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
9	Poprad Prešovský kraj	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★
10	Sereď okres Galanta, kraj: TT	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★	★★★★★

INEKO: Financial Indicators

Criteria for the final rating	Ratio
Total debt compared with current income	2
Debt service (interest plus principal amount) compared with current income	1
Balance of current and capital operations compared with current and capital income	1
Obligations that are at least 60 days overdue compared with current income	1
Short-term liquidity of financial accounts compared with short-term obligations	1

- All criteria are converted to a $\{0, 6\}$ scale
- Total debt is calculated on the basis of available data for the last year
- The other four criteria are calculated on the basis of data for the last four years with the following ratios:
 - Year t : 4
 - Year $t-1$: 3
 - Year $t-2$: 2
 - Year $t-3$: 1

INEKO portal: Basic Data

1. Current account income
2. Current account expenses
3. Capital account income
4. Capital account expenses
5. Debt service – principal amount
6. Debt service – interest
7. Short-term obligations
8. Long-term obligations
9. Bank loans
10. State loans
11. Overdue obligations
12. Obligations that are at least 60 days overdue
13. Short-term accounts receivable
14. Financial assets (e.g. funds, bank deposits)
15. Number of citizens

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: General Information

- In January 2016, IDIS Viitorul, in conjunction with INEKO, launched a portal showing financial data on all Moldovan municipalities (<http://localbudgets.viitorul.org/>).
- The purpose of the portal is to increase financial transparency at the local level, thus getting the people involved in the control over public spending, and to reducing the risk of corruption.
- The internet portal contains over 130,000 items of data and an interactive map. It displays the transparency of local public finance management in 898 municipalities and 32 districts.

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Specific Features

In Accordance with the Law on Local Public Finance (LLPF):

Article 12. Budget Balance

- Annual ATU budgets cannot be approved and executed when there is a budget deficit.
- This provision shall not apply to loans received under the LLPF, the financing of expenses from the sale and privatization of the public property of ATUs, and the cash balances of the previous year’s budget.
- Local public authorities should take all necessary measures to maintain the budget balance.

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Specific Features

- The Moldovan financial system is underdeveloped and does not encourage the LPAs to issue financial debt instruments.
- Taking the low financial potential of LPAs, the lack of experience among local state officials in using and managing bank loans, and the trend of the banks of the Republic of Moldova to grant short-term loans into account, the role of bank loans in financing local public services is minor (except for in Chisinau, Balti and several other cities).

Therefore, the methodology used by INEKO to calculate ratings on the basis of debt criteria should be reconsidered for the Republic of Moldova.

Thus, the content of the system of indicators to assess Moldovan BATUs becomes much simpler and, to a certain extent, rudimentary.

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Basic Data

The portal is based on the following categories of initial financial data:

- Total BATU income,
incl. by categories;
- Total BATU expenses,
incl. by items;
- General deficit/surplus
incl. resources for covering budget deficits;
- Population.

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: System of Indicators

This development stage includes:

- dynamic criteria;
- structural criteria;
- initial budget deficit;
- per capita budget criteria.

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Home Page

<http://localbudgets.viitorul.org/>

Home Rankings Map Comparison 2 Search Activities Analyses Help About

BETA VERSION

Budget transparency of towns, villages and districts in Moldova

More than 130 000 data for more than 930 municipalities

Search for a city or municipality

Rankings

Which towns and cities care about their budget the most? What is the structure of their budget expenditure? You can find the answers to your questions with the help of your own chart.

CREATE OWN RANKING

Profiles

Besides the information on structure of the budget, the profile enables you to see a timeline that shows whether the mayor is doing a good job or not.

SELECT PROFILE

Comparison

Compare the economy of several cities or villages or compare the economy of your municipality with district or country average

COMPARE MUNICIPALITIES

Map

How do the towns near you manage their budget? Find them on the map to see all about their budget and other available information in a transparent way.

SHOW MAP

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Financial Status Rankings

<http://localbudgets.viitorul.org/rankings>

Home Rankings Map Comparison 0 Search Activities Analyses Help About

2012 2013 2014 BETA VERSION

Columns

- Number of inhabitants
- Total revenues
- Total expenditures
- Total balance

ADD NEW

Area

- Moldova

ADD NEW

Status

- City

ADD NEW

	Name	Total revenues	Total expenditures	Total balance	Number of inhabitants
1	Municipiul Chişinău	2 661 552 476 lei	2 761 354 440 lei	-3,6 %	638 815
2	Municipiul Bălţi	340 777 776 lei	349 372 910 lei	-2,5 %	122 565
3	Oraşul Cahul	61 347 216 lei	57 106 780 lei	7,4 %	37 217
4	Oraşul Soroca	28 364 925 lei	28 884 402 lei	-1,8 %	35 276
5	Oraşul Ungheni	76 183 140 lei	79 238 148 lei	-3,9 %	32 807
6	Oraşul Orhei	43 455 664 lei	42 990 726 lei	1,1 %	25 638
7	Municipiul Comrat	48 178 664 lei	50 474 168 lei	-4,5 %	23 709
8	Oraşul Strasenii	48 822 655 lei	43 374 110 lei	12,6 %	20 406
9	Oraşul Edinet	25 111 792 lei	26 614 720 lei	-5,6 %	20 121
10	Oraşul Ceadir-Lunga	21 104 069 lei	21 901 511 lei	-3,6 %	19 622
11	Oraşul Durlesti	38 774 331 lei	30 784 208 lei	26,0 %	18 952
12	Oraşul Causeni	14 567 516 lei	15 939 723 lei	-8,6 %	17 611
13	Oraşul Drochia	17 092 392 lei	18 824 949 lei	-9,2 %	17 302
14	Oraşul Falesti	16 824 158 lei	17 215 040 lei	-2,3 %	16 542
15	Oraşul Ialoveni	31 827 282 lei	35 863 465 lei	-11,3 %	15 826
16	Oraşul Vulcanesti	15 815 515 lei	16 764 608 lei	-5,7 %	15 598
17	Oraşul Codru	18 740 734 lei	22 969 221 lei	-18,4 %	15 425
18	Oraşul Hincesti	21 643 763 lei	27 583 112 lei	-21,5 %	15 133
19	Oraşul Calarasi	18 228 799 lei	19 004 158 lei	-4,1 %	14 671
20	Oraşul Rezina	36 874 718 lei	35 856 749 lei	2,8 %	14 314

1 2 3 > LAST PAGE

Home Rankings Map Comparison Activities Analyses Help About

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: ATU Profiles

http://localbudgets.viitorul.org/profile

The screenshot shows the 'Local Budgets' portal interface. At the top, there is a navigation bar with links for Home, Rankings, Map, Comparison, Search, Activities, Analyses, Help, and About. A 'BETA VERSION' badge is visible in the top right corner. The main content area is titled 'Municipalities by name' and features a search input field with a magnifying glass icon. Below the search field, there is a horizontal list of letters from A to Z, and a button labeled 'SHOW ALL TOWNS AND VILLAGES'. A dashed horizontal line separates this section from the 'Municipalities by region' section. This section displays a grid of 28 entries, each representing a municipality or region. The entry 'Region Riscani' is circled in red. The bottom of the page features a footer with the same navigation links as the top bar.

Municipalities by region			
Municipality Balti	Municipality Chisinau	Region Anenii Noi	Region Basarabeasca
Region Briceni	Region Cahul	Region Calarasi	Region Cantemir
Region Causeni	Region Cimislia	Region Criuleni	Region Donduseni
Region Drochia	Region Dubasari	Region Edinet	Region Falesti
Region Floresti	Region Glodeni	Region Hincesti	Region Ialoveni
Region Leova	Region Nisporeni	Region Ochnita	Region Orhei
Region Rezina	Region Riscani	Region Singerei	Region Soldanesti
Region Soroca	Region Stefan-Voda	Region Straseni	Region Taraclia
Region Telenesti	Region U.t.a. Gagauzia	Region Ungheni	

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: ATU Profiles

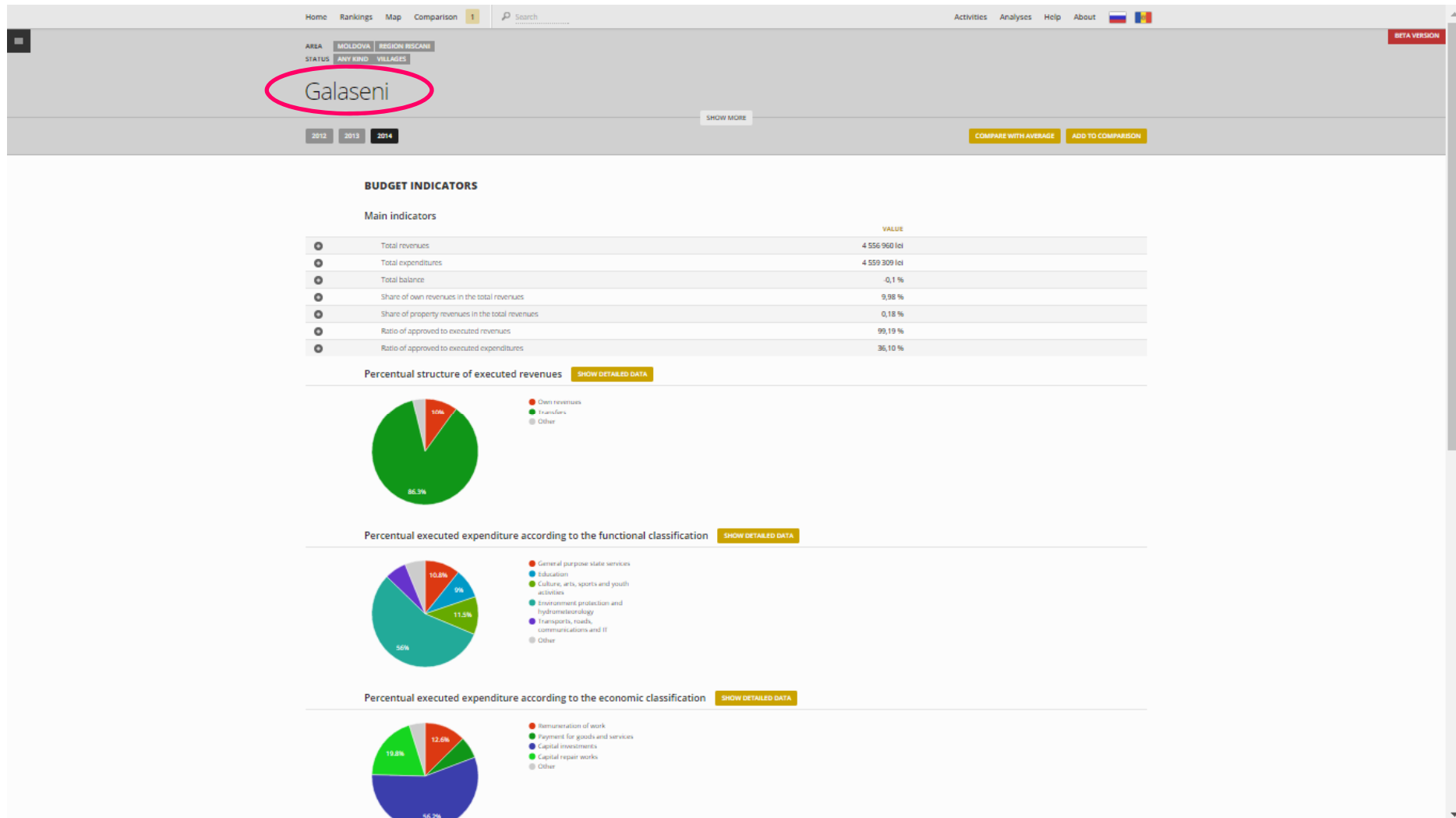
<http://localbudgets.viitorul.org/search/spec/079-0>

The screenshot shows the 'Region Riscani' page on the portal. It features a navigation bar at the top with links for Home, Rankings, Map, Comparison, and a search bar. The main content is a list of 29 ATU profiles, each with a rank, name, and location. The 'Galaseni' entry is highlighted with a red circle.

Rank	ATU Name	Location
1	Alexandresti	Village, Region Riscani
2	Alunis	Village, Region Riscani
3	Boroseni Noi	Village, Region Riscani
4	Braniste	Village, Region Riscani
5	Consiliul Raional Riscani	Region, Region Riscani
6	Corlateni	Village, Region Riscani
7	Duruitoarea Noua	Village, Region Riscani
8	Galaseni	Village, Region Riscani
9	Grinouti	Village, Region Riscani
10	Hiluti (Region Riscani)	Village, Region Riscani
11	Horodiste (Region Riscani)	Village, Region Riscani
12	Malinovesce	Village, Region Riscani
13	Mihaleni (Region Riscani)	Village, Region Riscani
14	Nihoveni	Village, Region Riscani
15	Orasul Costesti (Region Riscani)	City, Region Riscani
16	Orasul Riscani	City, Region Riscani
17	Petruseni	Village, Region Riscani
18	Pirjeta	Village, Region Riscani
19	Pocumbauti	Village, Region Riscani
20	Pocumbeni	Village, Region Riscani
21	Razaria	Village, Region Riscani
22	Recea (Region Riscani)	Village, Region Riscani
23	Saptebani	Village, Region Riscani
24	Singureni	Village, Region Riscani
25	Starzeni	Village, Region Riscani
26	Sumna	Village, Region Riscani
27	Varatic (Region Riscani)	Village, Region Riscani
28	Vasileuti	Village, Region Riscani
29	Zalceni	Village, Region Riscani

The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: ATU Profiles

<http://localbudgets.viitorul.org/profile/8458/2014>



The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Comparisons

<http://localbudgets.viitorul.org/comparison/8458,5745/2014>

Home Rankings Map Comparison **2** Search Activities Analyses Help About

2012 2013 **2014** [ADD TO COMPARISON](#) **BETA VERSION**

GALASENI **ZAICANI**

[REMOVE](#) [CHANGE](#) [REMOVE](#) [CHANGE](#)

BUDGET INDICATORS

Main indicators

	VALUE	VALUE
+	Total revenues	4 556 960 lei / 3 515 230 lei
+	Total expenditures	4 559 309 lei / 3 715 469 lei
+	Total balance	-0,1 % / -5,4 %
+	Share of own revenues in the total revenues	9,98 % / 13,56 %
+	Share of property revenues in the total revenues	0,18 % / 0,75 %
+	Ratio of approved to executed revenues	99,19 % / 103,65 %
+	Ratio of approved to executed expenditures	36,10 % / 70,44 %

Percentual structure of executed revenues [HIDE DETAILED DATA](#)

86.3%

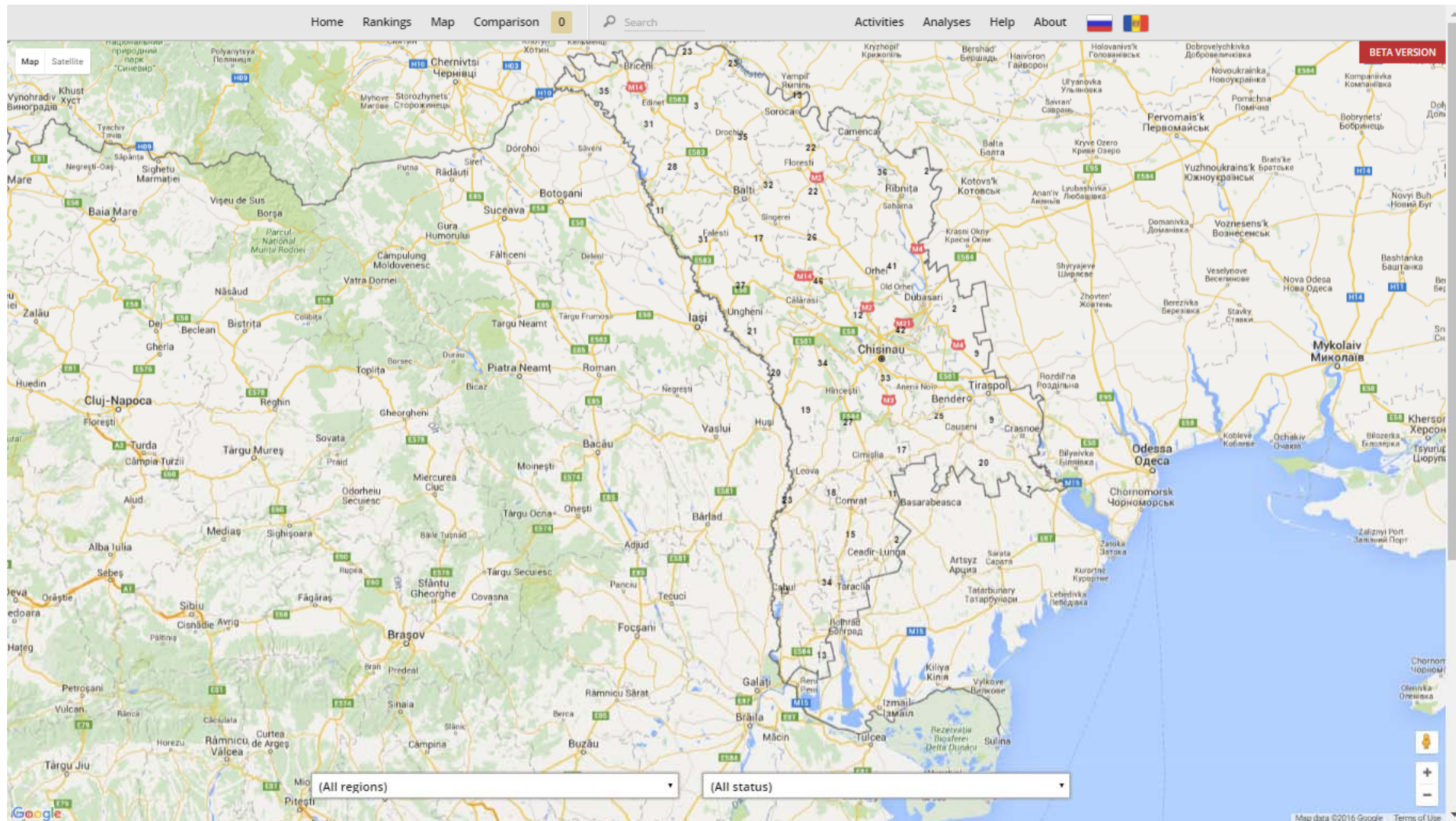
77.2%

	VALUE (%)	VALUE (%)
+	Own revenues	9,98 % / 13,56 %
+	Transfers	86,26 % / 77,17 %
+	Special resources	0,78 % / 1,71 %
+	Transfers from the state taxes and fees	2,98 % / 7,56 %

Percentual executed expenditure according to the functional classification [SHOW DETAILED DATA](#)

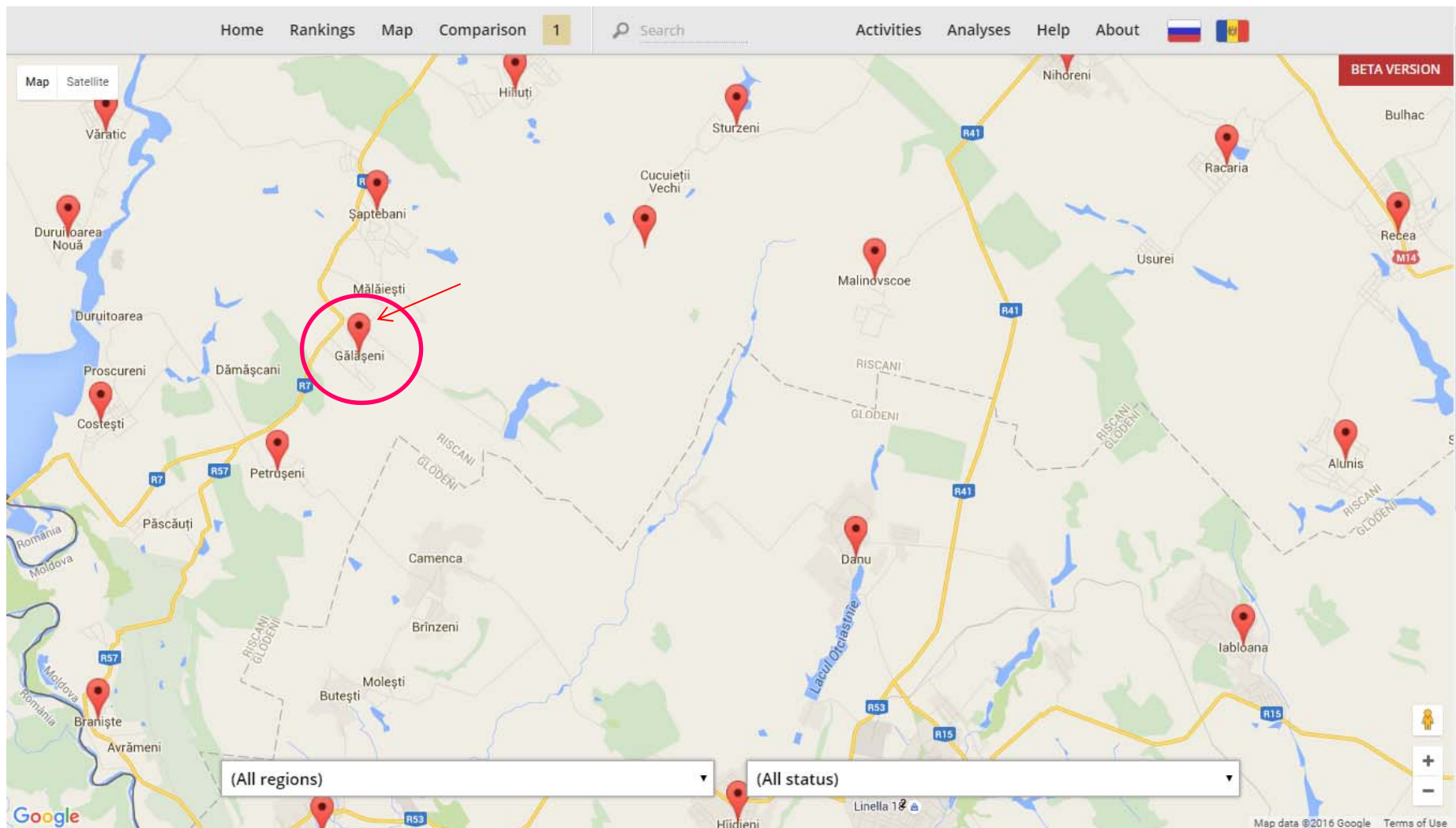
The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Interactive Map

<http://localbudgets.viitorul.org/map>



The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal: Interactive Map

<http://localbudgets.viitorul.org/map>



The “Budget Transparency of Towns, Villages and Districts in Moldova” Portal:

- **Issues**
- **Solutions**
- **Development prospects:**
 - entering, displaying and monitoring information about:
 - the quality of public procurement contracts at the local authority level;
 - local economic development, etc.

The web-page of the Ministry of Finance of the Republic of Moldova features a link to the “Budget Transparency of Towns, Villages and Districts in Moldova” portal

Ministerul Finanțelor al Republicii Moldova

Despre Minister | Acte și Documente | Noutățile Ministerului | Transparența | Documente de politici

Știrea zilei
16 Iunie, 2016
Dezbateri publice pe marginea proiectului Legii contabilității

Peste 50 de specialiști în domeniul contabilității din Republica Moldova au participat miercuri, 15 iunie 2016, la Ministerul Finanțelor, la o dezbateri publică asupra discuțiilor preventive în procesul elaborării proiectului Legii contabilității elaborat în baza directivelor europene, organizată de Ministerul Finanțelor și Centrul pentru Reforma Raportării Financiare (CFRR) al Băncii Mondiale.

Termenul de circulație, zile	Rata medie ponderată a dobânzii, %	Variație +/- p.p.
91	11.77	1.11 ^
182	11.4	0.44 ^
364	10.92	0.34 ^

Calendar: June 2016

Referințe utile:
ANTICORUPȚIA
Metoda indirectă și vanul său
Recomandările Analiștilor din Secțiunea Economică
Informații utile
Ajutoare umanitare
CFRR (Centru for Financial Reporting Reform)
Alteza
Secerului Vamă
Centrul de Acțiune
Transparența bugetară a APL-urilor

Thank you for listening