

Talking points

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- **Context (general picture).** Despite the fiscal imbalances and weak economy, the Moldovan public sector has always been a profligate spender, both quantity and quality wise. Basically, it spends a lot and inefficiently. General government consumption is about 21% of GDP, being 3 pp higher compared to the Central and Eastern Europe, whereas it ranks 122nd out of 140 countries according to the Public-sector performance.
- **Key problem.** Weak checks and balances, which generates moral hazard in the public sector (with implications on the private sector).
- **Key message.** Fiscal transparency is a crucial tool for increasing the accountability of the Government about how it spends the public money – crucial for all countries, but most relevant for the poorest. This tool needs to be significantly strengthened. There are there key issues that need to be addressed in an urgent manner in order to reinforce the fiscal transparency as a tool for improving the system of check-and-balances in Moldova:
 1. *Low participation of the Parliament in rising fiscal transparency.* One simple example is the reports of the Court of Accounts that reports to permanently to the Parliaments and sends signals about poor management of the public finances. However, there is a weak interest and participation of the MPs, which is a reflection of the low electoral demand for fiscal transparency (in Moldova the political debates are dominated by destructive geopolitical issues, overshadowing really important things like fiscal transparency).
 2. *Permanent perturbation of the budgetary calendar.* As a result, it is almost impossible to ensure a normal and effective consultation of the budgetary documents. The Parliament and the Government should find mechanisms for respecting the budgetary calendar, irrespective of the electoral cycles and overall political situation.
 3. *Low interest of politicians in raising fiscal transparency modelled a corresponding behaviour on the side of the public institutions.* Thus, the public audit departments in the each ministry are weak or almost non-existent. Despite the fact that Moldova implements program-based budgeting (formation of the state budgets based on pre-defined sectorial strategies), the public has limited or almost no information about two fundamental elements:
 - i. what are the KPIs and other commitments of each institution based on which it receives the privilege to spend the taxpayers money (e.g. this information could be found on the MinFin website, on the seventh click, additionally, the information is too technical);
 - ii. to what extent the ministries are achieving the preset KPIs.
- **What to do?**
 - Need to publish the sectorial strategies and the programs, based on which the tax payers could understand the details about the commitments of each public institution based on which the state budget is formed.
 - All public institutions should be obliged by law to report periodically and in details about the realization of KPIs defined in the sectorial strategies and programs.
 - The information above should be made available in maximum two clicks on the websites of each public institution.
 - Long-term: Educate the society in order to ensure bolder civic participation, which has to ask from the Government and Parliament for details about how the public institutions spend the taxpayers' money (key role of CSOs).