I. INTRODUCTION

1. Public administration reform is a pre-condition for the implementation of any other reform in any sector and for the implementation of the important commitments assumed by the Government Activity Program 2016-2018, Moldova – EU Association Agreement, Sustainable Development Goals, National Development Strategy “Moldova 2020”, National Decentralisation Strategy. Continuity, sustainability and impact of all reform initiatives, which require significant human and financial resources, is uncertain without having motivated and professional civil servants who apply good governance procedures in their work.

2. At the moment, there is an unfortunate situation for the public administration situation when the civil service is neither attractive nor motivating for good and honest professionals. Some dimensions of the public administration reform are being implemented slowly or with delays. Public administration is still performing functions which are not proper to the role of the state in a functional market economy. For this reason, modernisation of the public administration is a demand of the entire society. Country modernisation is not possible without gradual and continuous reforming at all levels, both vertically and horizontally, of all political and social components of the state.

3. In June 2014, the Republic of Moldova and the European Union signed the Moldova-EU Association Agreement. By signing this document, the Republic of Moldova committed itself to develop democratic institutions, in line with the European Union standards and rules. Thus, the reform of the public administration system is a part of a complex process of approximation of our country to the EU standards. Therefore, at the request of the Government and with the support of the European Union, a baseline assessment of the Moldovan public administration was launched in October 2015, which is a complete picture of the public

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2 Law no.112 of 02.07.2014 for ratification of the Association Agreement between the Republic of Moldova, on one side, and the European Union and the European Atomic Energy Community and their Member States, on the other side.
4 Law no.166 of 11.07.2012 on the approval of the National Development Strategy “Moldova 2020”.
5 Law no.68 of 05.04.2012 on the approval of the National Decentralization Strategy and of the Action plan on the implementation of the National Decentralisation Strategy for 2012-2015. On 12 of April 2016, the draft law amending the Law no.68 of 05.04.2012 on the approval of the National Decentralisation Strategy and of the Action plan on the implementation of the National Decentralisation Strategy for 2012-2015, approved by the Government Decision no.416 of 8 April 2016, was registered with the no.155 at the Permanent Bureau of the Parliament. By amending this Law, the timeframe of the National Decentralisation Strategy is proposed to be extended by 2018.
administration of the Republic of Moldova from the perspective of principles of public administration elaborated by SIGMA⁶.

4. At global level, by adopting the 2030 Agenda in September 2015, 17 sustainable development goals were established, which over the next 15 years, will guide development policies of United Nations’ member countries. Taking into account the need to develop an effective governance based on the rule of law in order to achieve the Sustainable Development Goals, UN member countries, including the Republic of Moldova, agreed on the Objective 16 “Peace and justice, strong institutions”, whereby they committed to “develop effective, accountable and transparent institutions at all levels” (target 16.6) and “ensure responsive, inclusive, participatory and representative decision-making at all levels” (target 16.7).

5. Guided by mentioned national, regional and global context, the Government undertook commitments in its Activity Program to set proper conditions for a complex, systemic, planned and visionary approach to the Public Administration Reform, including approval and implementation of a Strategy to this end.

6. Thus, a first step in this respect was the creation of the National Council on Public Administration Reform⁷, chaired by the Prime Minister and consisting of two chairs of relevant parliamentary committees and members of the government. The Council is a high-level platform designed to take decisions on strategic directions of the public administration reform at both central and local level. In its first meeting, organised on 11 March 2016, the Council took decision to initiate drafting process of the public administration reform strategy for 2016-2020.

7. The strategy was prepared on the basis of the findings and recommendations of the Moldovan Public Administration Baseline Assessment by SIGMA⁸, applying lessons learned during the implementation of the central public administration reform in the period 2005-2013⁹, following the development partners’ recommendations stated in the Briefing Book of March 2015¹⁰, commitments taken by the Government according to its Activity Program and good practices at the level of the EU member states.

8. The draft of Public Administration Reform Strategy was validated during the meeting of the National Council for Public Administration Reform on May 12th, 2016, where development partners participated and in the result of which public consultation process to finalize the strategy was launched. Thus, during the May public consultations with development partners, representatives of civil society, local authorities and academia were organised. During the period 12 May – 30 June 2016, the draft strategy has been available on the public consultations platform particip.gov.md. In the process of consultations, opinions, comments and proposals from more than 60 public authorities and institutions at all levels and from development partners were received, all of them being taken into account in the process of completion of the strategy.

9. The Public Administration Reform Strategy for 2016-2020 sets out the vision of the Government and synchronises the actions throughout the public administration sector at all levels, facilitating the understanding and the involvement of all relevant actors.

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II. THE GENERAL CONTEXT OF PUBLIC ADMINISTRATION REFORM

10. By its Activity Program for 2016-2018, the Government of the Republic of Moldova committed itself to continue modernization of the public administration as to provide services to the citizens at the highest level of compliance with the practices of European democracies. This commitment is reflected in the 2016-2020 Public Administration Reform Strategy. The Strategy proposes a staged approach, which builds on the prior reform actions.

11. The scope of the Public Administration Reform Strategy is to set up the general framework of public administration reform for the period 2016-2020.

12. This Strategy is drawn up after 11 years since the reform initiatives were launched in this area in 2005, which contributed to the development of the Moldovan institutions. Representatives of both the civil society and development partners confirmed that some of the aspects related to the Government’s reorganization, civil service reform, financial management and streamlining of decision-making process were already achieved. However, in the absence of a strategic document in this area over the past years, the effects of the prior cycle of public administration reform are feeble, decreasing constantly. There remained a lot of aspects that must be improved, but the society, for good reason, has higher expectation from the administration.

13. Public Administration Reform Strategy envisages a new and a more practical approach. In the process of modernizing the operation of public administration, initial changes were based, almost exclusively, on the internal mechanisms of the Government, at the central level. Hereafter, the Strategy will focus on the extension of the reform components over the local public administration reform, which requires further capacity building in this domain.

14. According to this approach, the authorities must listen to and analyse the problems, encountered by the population, and must develop effective solutions in this respect. The civil service’s capacities and skills for the provision of public service using new methods and technologies must be developed. In addition, there is a need to streamline the activity of public administration by matching its costs with the capacity of delivering quality results.

15. At the same time, one of the inter-sectoral and innovative element of the general and deep public administration reform compared to prior reforms must be decentralization. Administrative and financial decentralization is an important and effective tool in achieving the objectives on the public administration modernization, improvement of public services’ quality, fight against corruption and justice reform. The Public Administration Reform, based on power decentralization, is to ensure a clear definition and delimitation of relationships within the central public administration, between the central and local governance, between public administration and private sector.

16. Compared to the prior reform cycle, the Public Administration Reform Strategy is:

- More focused on people - reforms are no longer focused exclusively on internal bureaucratic operations, but aim at streamlining the provision of services by the administration to individuals, including such aspects as location, cost, speed and their satisfaction;

- More comprehensive - it no longer limited only to the central public authorities, but also covers the local public authorities;
More coordinated - central level monitoring and oversight is focused on the priorities and synergy between areas and envisages stricter terms and verifiable indicators.

17. The existence of efficient and modern state institutions is a prerequisite to accelerate economic and social development of the Republic of Moldova and creation of an efficient market economy. To achieve medium-term objectives laid down in the National Development Strategy “Moldova 2020”, public administration institutions will become not only more competent in the priority areas, but also more capable to plan, to allocate resources and to carry out complex actions, while combating mismanagement and corruption.

18. At the same time, the public administration reform will accelerate the implementation of the RM-EU Association Agreement, by meeting the requirements for the administrative capacities needed for plenary implementation of the taken commitments, so that to achieve the main objective of this Agreement – political association and economic integration.

19. Public Administration Reform Strategy will be reference document while drafting and updating policy document which contribute to the implementation of this reform, especially Action plan on public services modernization and Open Government Action Plan. Particular attention will be paid to synchronisation of efforts and to maximisation of synergies, especially at the level of action plans, among the reforming processes initiated by the Public Administration Reform Strategy 2016-2020, the National Decentralisation Strategy, extended until 2018, and the National Strategy for Regional Development for 2016-2020.

20. Therefore, the Public Administration Reform Strategy determines priorities for the main general management systems, which will enable the Government to monitor and coordinate the needed changes at the central level, so that to ensure their consequence and mutual strengthening of effects resulting from these changes.

21. The need for a new reforming cycle reflects the nature of the public administration as an ongoing process of adjustment to the political, economic and social realities, which are in a constant change. The reforming processes must be implemented gradually, in order to ensure their sustainability, because it involves not only rules, by also changes of attitudes towards governance and politics.

22. Because of this reason, the Strategy covers the areas considered in the prior reforming cycle, as well as some new areas: (i) the way in which authorities generate their specific outcomes (public policies, public services), (ii) needed setup to deliver them appropriately and (iii) management of available resources (financial, human and technological). Taking into account this approach, the reform proposed by the Strategy is focused on the following components:

- **Accountability of public administration** - streamline the Government structure; strengthening of public administration; decisional transparency; institutional responsibility;

- **Drafting of public policies** - strategic and operational planning; policies analysis and consultation; policy coordination, monitoring and assessment;

- **Modernization of public services** - citizens’ satisfaction and quality management; re-engineering of processes and establishment of one-stop shops; e-governance;
• **Public finance management** - macro-economic forecast; revenue collection; budget planning and execution; public procurements; public internal financial control; financial reporting;

• **Human resources management** - job description; classification and gradation; recruitment and selection; performance management; remuneration; professional ethics; human resources development.

23. The Strategy proposes a new approach to streamline these areas and is based on lessons learnt from the first reforming cycle, characterized initially by a high fence of centralization in drafting and managing it with the foreign assistance support. Centralized approach was needed because of the low capacities of authorities in charge of the reform. However, with the development of capacities resulting from the implementation of previous reforms, the trust-based approach among involved actors is becoming more effective.

III. **PRINCIPLES OF PUBLIC ADMINISTRATION REFORM**

24. Taking into account that the aim of this Public Administration Reform is to strengthen the public administration by applying EU standards and rules, the principles that underpin the implementation of the Public Administration Reform Strategy reflect the good governance principles which are recognised and applied at the level of European Union by the White Paper on Governance\(^\text{11}\) and by the Toolbox on Quality of Public Administration\(^\text{12}\), both approved by the European Commission, and the principles of good governance at local level\(^\text{13}\), recommended by the Council of Europe:

- **Legality.** Good governance starts with applying the rule of law. Central and local public authorities fully comply with the legal framework, while the decisions and regulations are approved strictly in line with the procedures set by law and are implemented impartially. As regards the Public Administration Reform, the regulations will set out clearly the duties for authorities, operating rules of the decision making systems and mechanisms to implement their components.

- **Decentralization, local self-government and subsidiarity.** The guarantee of the local public authorities’ right and capacity to regulate and manage, in line with law, under their own responsibility and in the interest of local people, an important share of the public affairs, as well as the fulfilment of public responsibilities by the authorities that are more closed to people, except for the cases when the involvement of high level authorities shows obvious advantages, which result from the volume and nature of responsibilities and the need to ensure effective public actions. In the process of decentralisation and public administration reform at the local level, the synergy with the National Strategy on Regional Development 2016-2020 will be ensured and the special status of administrative-territorial units will be considered.


\(^{13}\) [http://www.coe.int/t/dgap/localdemocracy/Strategy_Innovation/12principles_en.asp](http://www.coe.int/t/dgap/localdemocracy/Strategy_Innovation/12principles_en.asp)
• **Partnership and institutional dialogue.** The guarantee of real cooperation possibilities among central and local authorities, private sector and civil society, as well as timely information and consultation by the state of local public authorities, in the planning and decision making process, using their associative structures.

• **Integrity.** In addition to the legal regulations, public administration must do things correctly in order to be an honest and trustworthy partner for individuals and businesses. Ethics, professional integrity and individual honesty of civil servants is an inherent element to this end. Conflict of interests is declared in due time, while the persons involved are refraining from taking appropriate decisions. Fight against corruption is a mandatory condition for public administration modernization, therefore there are effective measures for prevention and fight against all types of corruption.

• **Participation, impartiality and inclusion.** The participation of citizens is extended on the whole chain of political process, from concept to implementation. Public administration applies equal treatment to all individuals and businesses, which involves respect, rectitude and equity in respect to everyone, objectivity in decision-making process, as well as avoidance of discrimination. Human rights are observed, protected and implemented by the authorities of all levels. In making its decisions, public authorities promote social cohesion and integrity of disadvantaged areas. Access to essential services is ensured, particularly for the most vulnerable categories of people.

• **Openness and transparency.** Decisions must be taken, approved and implemented according to clear rules and procedures. All the public information is accessible. Information on decisions, policies’ implementation and results is available to the general public, so that any citizen could have the possibility to oversee and contribute to the activity of central and public authorities.

• **Professionalism.** Professional abilities of those who ensure governance are always maintained at appropriate level and strengthened in order to improve the results and impact. Civil servants are motivated to improve their performance. To transpose the skills into better results, practical methods and procedures are developed and used.

• **Focus on people.** The activity, structure, procedures and decisions taken by public administration meet the people’s expectations and needs. Information on decision-making process and public administration’s activity is provided correctly and timely, public services are provided appropriately, while the requirements and complaints are solved in reasonable time.

• **Efficiency and effectiveness.** Public administration manages the processes, policies, strategies, projects, services and available sources in order to obtain the best results for the communities, individuals and businesses, in accordance with the set objectives and assumed commitments. Performance management systems assess and increase efficiency and effectiveness of the civil service. Audits are performed periodically, in order to assess and improve performance.

• **Vision and sustainability.** Administration must target medium and long terms optimizations and efficiency. Needs of future generations are tackled in the current policies. Decisions tend to internalise all the costs and not to transfer problems and issues
related to the environment, structure, finance, economic or social nature to future generations.

- **Responsibility.** The role and decision-making responsibilities are provided clearly for each institution, collegial body and stakeholder in the development of public policies. All the decisions are presented and explained. There are effective mechanisms against improper administration and against actions taken by authorities that violate the law and people’s rights.

IV. VISION OF PUBLIC ADMINISTRATION REFORM

25. The strategy is based on the vision that by 2020 the public administration in Moldova will be efficient, effective and accountable at all levels, it will serve only the interests of citizens using financial resources efficiently and it will apply transparent procedures and in line with European standards, becoming thus an important catalyst for continuous and sustainable development of the country.

26. The public administration of the Republic of Moldova will strengthen the society’s trust, which will benefit from integrated, timely and high-quality public services which will meet individual needs, including those of persons with disabilities, and provided after a careful assessment of options by pro-active and open to change public authorities and institutions. At the same time, public administration will provide technical ground to aggregate and implement some country major projects, to encourage economic growth and to support competitiveness improvement. The administration will be open and responsive to innovative solutions, with competent human resources, who manage public funds effectively.

27. The public administration will be focused more on citizens, putting the public interest at the heart of its work. Public authorities and institutions will be able to enhance citizen involvement, identifying thus problems, anticipating challenges and proposing solutions which are grounded, tested and validated systematically. This will create a framework of services adapted to citizens’ needs and targeted on economic efficiency. The relationship between public administration and beneficiaries means dedication, correlation and guidance on solutions to go in line with reforms in the social, cultural, educational, economic and financial, justice and democracy areas.

V. THE OVERALL OBJECTIVE OF THE PUBLIC ADMINISTRATION REFORM

28. The overall objective of the public administration reform is to setup a modern, efficient, professional public administration, oriented to provide high-quality public services according to the needs and expectations of citizens and social and economic entities.

VI. COMPONENTS OF THE PUBLIC ADMINISTRATION REFORM

29. Hereinafter, the following component of public administration, which will be subject of reform, will be analysed: (i) accountability of public administration, (ii) development and
coordination of public policies; (iii) modernisation of public services; (iv) public finance management; (v) public service and human resources management. For each component, current situation will be described, problems will be reflected, on the basis of which objectives and indicative actions, as well as corresponding monitoring indicators, will be formulated.

6.1. Accountability of public administration

Accountability of public administration is a proves by which individuals and institutions are made accountable for their actions, and manifests itself in two dimensions: vertical and horizontal. In the vertical dimension, administrative accountability represents the relation between inferior levels with superior levels of administration or politics (Parliament)\(^{14}\). In the horizontal dimension, accountability of public administration links individual administrator and public administration as a whole with (i) the individual, as a subject or user of public services and with (ii) external supervision and control bodies, established to this end, such as audit institutions, ombudsman’s institution, control institutions etc. At the same time, major qualitative changes in modernization and streamlining of local public administration system may occur only in the context of a major and deep reform of the entire administrative system, that would be based on an integrated approach for reforming the central public administration in correlation with the modernization of local public administration

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**Overview of the current situation**

30. It is not possible to adhere to the good governance principles, which underpin the Public Administration Reform Strategy, and achieve its fundamental goal unless there is a certain level of public administration accountability. Public administration is accountable, if it complies simultaneously with the following principles\(^{15}\):

- a) The Government diagnosed, reviewed, reorganised and streamlined the public administration authorities and organisational structures in the competence area of these authorities. Thus, there is a sound public administration organisational framework that nominates clearly the responsibilities of each member of relevant public institutions. These responsibilities deal particularly with planning, reporting and justification of their actions, by the Parliament, Government, administrative authorities and public\(^{16}\).

- b) The existing regulatory framework guarantees the access to information about the performance of public institutions and authorities, and about the services they provide to individuals and businesses. Not less important, relevant mechanisms should be in place to monitor the implementation of the law on transparency (transparency of the budget process and transparency of the decision-making framework), as well as mechanisms to inform and involve the civil society, the associative sector, and other stakeholders interested in the development and approval of decisions and normative acts.

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\(^{15}\) [http://www.sigmaweb.org/publications/principles-public-administration.htm](http://www.sigmaweb.org/publications/principles-public-administration.htm)

c) Institutionalised dialog between central and local public administration and the involvement of all stakeholders from the early phases of concept/development of government decisions ensure a better link with realities from the field, a higher quality of adopted acts and appropriate conditions for their efficient implementation.

d) The administrative functions in a state of law ensures the individuals’ right to a just and efficient treatment by the administration that violated these rights. In any case, a compensation or repair should be guaranteed.

e) The Government provides unconditional support to the Court of Accounts, the Ombudsman, the National Anticorruption Centre to perform their functions more efficiently. This implies the Parliament’s capacity and ability to supervise the Government’s activity, starting with policy development to the execution of budgetary commitments to implement respective policies. This will improve the monitoring the link between the Government’s performance and its declared objectives.

31. The implementation of the above measures contributes directly the development of the national model of public administration performance. By putting in place mechanisms to combat the large and small corruption and by implementing the administrative procedures, their impact will be amplified. Transparent and efficient management of public resources will help increase people’s trust and allow them to take informed decisions.

32. Accountability and transparency are two important elements of good governance. Transparency is a strong force that, if applied consistently, contributes efficiently to the fight against corruption, better governance and promotion of accountability. Transparency is a precondition and a prerequisite to make public administration accountable and involves more than minimum periodic reporting, but also the readiness to make the information accessible on own initiative and to respond positively to the requests of information. The concept of accountability refers to the legal and reporting framework, organisational structure, strategy, procedures and actions that ensure the legality of the institution’s mandate and the best operation for the public service. The concept of transparency implies reporting, in due time, of reliable, clear and relevant public information about the institution’s status, mandate, strategy, activities, financial management, operations and performances.

33. Though favourable preconditions for administrative accountability were set by approving the Law on access to information in 2000\textsuperscript{17}, and later the Law on transparency in the decision-making process\textsuperscript{18}, transparency in the public sector is still a major issue. Traditionally, the authorities have focused their efforts on ensuring a minimum level of transparency in the decision-making process. Authorities still believe that ensuring continuous access to information is a redundant activity, and the lack of accountability mechanisms neither motivates, nor coerces

\textsuperscript{17}Law no.982–XIV of 11 May 2000. It sets the legal framework that facilitates the information, consultation and participation of the population, with the goal to set up the general regulatory framework on the access to formal information; streamline the provision of public information and people’s control over the activity of public authorities and public institutions; contributes to the formation of opinions and active participation on the population in the decision-making process in a democratic spirit.

\textsuperscript{18}Law no.239-XVI of 13 November 2008. It sets the applicable norms to ensure transparency in the decision-making process in central and local public administration authorities, other public authorities and regulates their relationships with individuals, legally established entities and other stakeholders interested to participate in the decision-making process.
managers of public administration institutions to pay enough attention to their performances in this regard.19

34. The Republic of Moldova is a member state of the Open Government Partnership (OGP) starting 2012, a global partnership of 69 countries. The basic principles of this partnership are transparency, openness to the citizens and a better cooperation with civil society organisations. Using advanced information technology, the governments around the world aim to increase the access to the information, to promote transparency in governance, to ensure the fight against corruption and the participation of citizens in the governance. By joining this partnership, member states should implement open government action plans every two years, which are subsequently assessed by independent experts.

35. Implementing two action plans until now, the Republic of Moldova has focused on a few core principles and objectives such as strengthening public integrity by ensuring a participatory decision-making process/citizen involvement and by increasing the transparency in the process of governance, improving the quality of public service delivery, ensuring an efficient management of public resources by increasing the transparency of public spending. However, independent evaluation reports20 in the OGP framework highlight the need for a wider effort in the implementation of open government principles mentioned above, such as pro-active involvement of beneficiaries, public participation in decision-making process, including the adoption of several legal requirements for public consultations on policy documents, opening of data which are valuable and useful for users.

36. At the same time, as a result of the implementation of the action plans on open government, the necessity was highlighted to apply the open government principle not only as a part of a distinct action plan, but in a broader context as part of the fight against corruption, public finance, health, education, social protection, environment, as well as other priority areas.

37. A series of positive changes were made in opening the primary data of public institutions (date.gov.md) and in development of electronic services and mechanisms to interact with the citizens (particip.gov.md) by signing the Memorandum on Accession to Partnership for an Open Governance and the Action Plan for an Open Governance for 2012-2013, and its annual updates, by which the Government commits to promote transparency, combat corruption, enhance the integrity of public officials and use more efficiently the resources and new technologies to improve the governance and dialogue with the population. The Government Decision on the Official Websites of Public Administration Authorities21 was another step towards decision-making transparency and monitoring of the public institutions’ work. But this normative act covers the preconditions to make the public administration accountable in a fragmented manner.

38. The commitments assumed by signing Association Agreement with the EU are stated in the provisions of Article 22 in the Title IV, Chapter 1 Public administration reform, which list the cooperation areas, and in the provisions of Articles 47-51 in the Title IV, Chapter 7 Public finance management: budgetary policy, internal control, financial inspection and external audit, which governs the budgetary and accounting systems, internal control, financial inspection and external audit, fight against frauds and corruption. These elements set the general framework for

20 http://www.opengovpartnership.org/country/moldova/irm
21 Government Decision No 188 of 3 April 2012.
upgrading and enhancing the executive functions in order to provide quality services to Moldovan people, especially to enhance the accountability of central public administration organisations, but also to enhance the internal control systems (including the internal audit function which would be functionally independent) regarding central and local authorities, development of a financial inspection system and enhance the cooperation among actors involved in financial management and control, audit and inspection with actors responsible for the budget, treasury and accounting as to stimulate the governance development.

39. The Ombudsperson’s Institution is undergoing some major transformations on the basis of the new Law on ombudsperson. The Center for Human Rights, represented by four ombudspersons acting independently, was replaced by the Office of the Ombudsperson, consisting of an Ombudsperson with a general mandate and an Ombudsperson specialised in protection of the rights of the child.

40. In order to reduce the burden on economic operators, in particular by decreasing the number of controls, but also by ensuring their proportionality, the Government has launched the reform of the state control on business activity, proposing amendments to the legislative framework. Thus, in order to eliminate abuse situations, to minimize the burden for business and to make state control on business activity more efficient a complex approach was proposed which involves the simultaneous application and implementation of measures and mechanisms that will maximize transparency of state control, streamline the work of the inspectors, discipline them and demotivate to abuse mainly through the harmonization of procedures, harmonization and standardization of the documentation, implementation of a single electronic system to record and manage documents, focus on planned control and minimal opportunities unforeseen one, restrict the application of restrictive measures and sanctions. As a result of this reform, the number of control bodies will be reduced from 70 to 14.

41. As for the local accountability policies, the Government’s commitment under the decentralisation reform was implemented gradually, so that the transfer of competences from the central level to other levels is correlated to the strengthening of the administrative and institutional capacities of the local public authorities.

42. The activities carried out during 2012-2015 in decentralisation and strengthening of the local autonomy constitutes less than 50% of all actions approved in the Action Plan implementing the National Decentralisation Strategy. The biggest delays occurred in the implementation of actions aimed at strengthening the local revenue basis of local public authorities, which compromises the whole decentralisation reform. To resume the activities and progress the implementation of the other components of the decentralisation process, investments should be made in the area of property decentralisation.

43. The current situation in the system of local public administration system requires new areas of intervention and activities in order to improve the quality of public services provided at the local level. The most significant changes imply better administrative capacities of the administrative-territorial units, less fragmentation and more efficient administrative-territorial structures, that will improve the local autonomy and provide efficient public services.

Identified problems
44. To ensure a responsible public administration there are 3 types of problems related to: i) relevance of the current structure of public administration, ii) transparency and access to information, iii) institutions’ supervision mandate.

45. The current framework of public administration is not assessed constantly on the basis of some functional, necessity and efficiency criteria for the use of public money. Such assessments of institutions of the central public administration have started only recently and are performed in isolation. The main challenge in this respect is that the proposals to establish new public authorities or institutions are not always accompanied by an evidence-based comprehensive analysis.

46. The current regulatory framework on organisation of public administration is fragmented and inconsistent. Although there is a central level general framework for assessment of performance, it is not fully functional.  

47. There are a number of institutions and functional subdivisions in the actual administrative structure of the ministries, often benefiting of financial autonomy, whose functions and mandate overlap with those of the founder. Thus, in many cases, these support entities were transformed to units which require direct support of the ministries while performing their functions, putting an additional pressure on civil servants.

48. A number of laws that regulate particular sectors of the national economy assign basic administrative functions to some public institutions and state-owned enterprises, which are not the subject of laws that regulate the state administration.

49. The Law on the Access to Information is incomplete, does not describe clearly the nature of information that ministries and agencies must publish, and the responsibility for its implementation was not yet assigned. Thus, at least 50% of the public institutions failed to comply with the basic provisions of the Law. These institutions do not publish data on budget execution, activity reports, policies initiatives. The current legal framework justifies the lack of pro-active initiatives in this respect, particularly the institutions’ unwillingness to publish information about their activity.  

50. Although the Ombudsperson’s Institution underwent major reforms during 2014-2015, it is not yet fully functional. In April 2014, the Parliament passed the Law on Ombudsperson, by which the Centre for Human Rights was reorganised into the Office of the Ombudsperson and the number of ombudspersons was reduced from 4 to 2. In spite of these, the extended mandate was not followed by a financial strengthening, and the parameters and technical condition of the building of the Ombudsperson’s Institution do not allow it to hire employees, create appropriate working conditions and reasonable adjustment of the building for persons with special needs. 

51. The Parliament has a low interest in the work of the Court of Accounts, the main state audit institution. During the past 5 years only 3 reports were heard in the plenary of the Parliament and other 3 - in the Parliament Committees. A stronger supervisory power of the Parliament would improve the policies developed and services provided by the Government. This can be explained by the low capacity of the parliamentary committees to monitor how the recommendations of the supreme audit institution are fulfilled, but also by the fact that there is

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no a clear understanding on what parliamentary oversight is supposed to be. Often, parliamentary consultants have a number of very broad commitments.

52. Improving the oversight power of the Parliament would contribute to the improvement of the policies developed by the Government and the services provided by the public administration. The reforms initiated in this regard, as the commitment to create a specialised commission in the Parliament dedicated to the work of the Court of Accounts, the development of a new draft law, which provides its reform, and the implementation of new inter-institutional communication standards between of the supreme audit institution and the Parliament, the supreme audit institution – the Government, will improve not only the oversight power of the Parliament, but also the implementation level of the Court of Accounts’ recommendations.

53. There is no clear mechanism to establish the conditions and terms for compensating the administrative errors. The existing provisions focus on the assessment of individual and collective performances of public authorities, but not on the aspects related to the accountability for the damages caused by the public authority when fulfilling its duties. The best practices recommend to establish clear administrative mechanisms, that would allow individuals to claim compensations outside the judicial system. In general terms, the State Chancellery was appointed as in charge of controlling the implementation of normative acts and national policy documents by the ministries and other administrative authorities. However, the existing legal provisions are not enough to ensure administrative monitoring and risk assessment, the dimension of administrative errors and control points.

54. The transfer of competences from central to local level does not always go hand in hand with the allocation of funds, materials and assets.

55. The administrative-territorial fragmentation and delayed reforms in the decentralisation area hinder the proper functioning of local authorities. The first negative effect is that most local administration authorities do not provide high-quality public services, having a mere representative role than that of service provider, including utilities. Tax base and the local revenue collected are not enough to support the administrative office that could provide high-quality public services. All local authorities of a certain level have the same number and types of functional, administrative and regulation responsibilities, regardless of their size, population, fiscal or administrative capacity etc.

56. The inefficiency of level-two local authorities - district councils of the Republic of Moldova. District authorities have functional goals that are not important for service provision, their main aim is to allocate funds and make financial transfers from the State to level-one authorities, interfering in the development and implementation of local policies. The districts assumed themselves a hierarchically higher role in respect to level-one local authorities, even if this role is not provided in laws and does not match already the existing realities. In the past years, the districts were provided with the functional responsibilities of managing some important social services: management of the school network and coordination of social

25http://lex.justice.md/md/346610/
26One of the challenges of the existing Regulation consists in the formulation of the concept of public administration performance. In the Regulation, “performance” is understood as the development of a set of documents that would ensure the good functioning of the institution. At the same time, a number of provisions on the performance of public services, transparency, budgetary and strategic planning are not justified and described enough.
assistance services. At the same time, the new local financial system takes away the power that districts used to have in terms of providing funds, because it sets fix rates for sharing the taxes, clear formulas for budget balancing and allows for direct allocation of funds from the State to local authorities.

**General objective**

57. Strengthen the accountability of administrative authorities, public institutions and state-owned enterprises in order to improve their management and ensure provision of best public services, connected to the European integration process, in line with SIGMA/OECD principles.²⁸

**Specific objectives (SO) and indicative actions**

**Specific Objective 1 (SO1). Streamline the structure of the central public administration on the basis of recommendations included in the functional analyses, in harmony with commitments made in the arrangement on the European integration and according to social and economic development agenda**

**Phase I (2016-2018)**

1) Review of the recommendations according to previous functional analyses, as well as launching of supplementary analyses, which would ground the institutional reorganization of the Government

2) Optimise the number and functions of public administrative authorities and institution according to the following criteria:
   - Enhance the policy development functions only at the ministries’ level;
   - Group the same type of functions in order to obtain economies of scale and to maximise the synergy;
   - Exclude ambiguity, duplication and overlapping functions;
   - Clearly separate policy development, regulation and control functions from service provision;
   - Except for the cases when the functions are in the public interest, terminate, delegate or privatise them and redistribute the funds to other, more important functions.
   - Take over improper functions from the state-owned economic entities (policy development, regulation and control, provision of administrative services).

3) Set a mechanism for periodic and consistent review of the efficiency and effectiveness of the administrative structure, administrative needs and costs for the institutional adjustment of the public administration to the Government’s priorities.

4) Set a mechanism for the assessment of costs and needs before the establishment of new public authorities and institutions.

²⁸http://www.sigmaweb.org/about/#d.en.269129
5) Strengthen the role of the Court of Accounts in the public system, in terms of support to the audited institutions and potential to change recommendations from the audit reports.

6) Create a specialised audit committee within Parliament.

SO2. Create a system for assignment/transfer of competences between central and local public administration of both levels, characterised by functionality, clarity, stability, correlation with the available resources and administrative capacities of administrative-territorial units

1) Review the current institutional/legal system for transferring or delegating competence to LPA.
2) Develop and implement sectoral policies in the areas liable to decentralisation;
3) Strengthen the institutional and professional capacities of CPAs and LPAs in applying principles and criteria specific to effective and efficient, gender-responsive decentralisation.

SO3. Strengthen the administrative capacities by reducing fragmentation of the administrative-territorial structure and/or developing alternative forms for service provision at the local level

Phase I (2016-2018)
1) Consult key actors on options for administrative strengthening, proposed to be implemented for next local elections, by organising training/consultation workshops to identify the optimal model of administrative territorial organisation.
2) Develop the concept and a Road Map on the Administrative-Territorial Reform in the Republic of Moldova (including elimination of districts), by taking informed decisions (on the basis of national studies and analyses on optimisation) on the establishment of administrative-territorial units, whose authorities would be capable of providing high quality services to its inhabitants, ensuring, at the same time, local democracy based on the interests and preferences of stakeholders, on the universal values, such as human rights, gender equality and social inclusion29.
3) Develop and promote the package of laws and regulations to pass to the new administration system in the Republic of Moldova, which would ensure the necessary conditions for voluntary amalgamation, inter-municipal cooperation, delegation of some competences/function by some LPA to others; financial motivation tools for local communities that decide to merge etc.

SO4. Set up a mechanism for the monitoring, accountability and transparency of authorities, public institutions and State-owned enterprises to check how they perform their duties, achieve their commitments and manage the budgets, as well as how they serve the interests of individuals and businesses.

Phase I (2016-2018)

1) Finalize and promote the Code of Administrative Procedure, by promoting clear and coherent norms to govern the relations between ministries and reporting bodies, creating management systems for institutional performance, improving the procedures in the administrative appeal, enhancing as well the capacity of responsible authorities for proper enforcement of this code.

2) Prepare amendments and addenda to Law on Access to Information, and determine the institution in charge of monitoring its implementation, identify the main problems and needs, promote a pro-active attitude to transparency, ensure compliance with the minimum mandatory requirements on official websites of public authorities and institutions and update the information materials on their official websites, and publish up-to-date registers.

3) Set the accountability for the managers of public authorities and institutions, who do not comply with the legal provisions on opening the Government data and the documents and information owned by the respective authorities and institutions, so that they could be used by individuals or legal entities.

Phase II (2019-2020)

1) Promote the draft Law on Ministerial Accountability, which will include aspects related to collective ministerial accountability before the Parliament and individual political responsibility that will imply checking the performance of the authorities and institutions subordinated to ministries.

2) Carry out a comprehensive analysis of state owned enterprises which perform administrative functions, assess comprehensively and relevantly the performance of state-owned enterprises and include them in the general framework on public sector accountability for the public functions that they perform and for the public money and public funds that they manage.

3) Introduce a mechanism to monitor the legal cases that are results of public administration obligations, by identifying and recording them, determining the cause that led to public accountability on the basis of a court judgement, and determining their financial value.

4) Examine existing normative provisions on public accountability so that the principles of liability and procedural rules for claiming compensation are clear and exhaustively regulated.

Monitoring indicators

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicator</th>
<th>Reference year</th>
<th>Baseline value</th>
<th>Targets for 2018</th>
<th>Targets for 2020</th>
<th>Means of verification/Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO1</td>
<td>The extent to which the general structure of ministries and other central bodies of the Government subordination is rational and coherent</td>
<td>2015</td>
<td>3</td>
<td>5</td>
<td>6</td>
<td>The following five elements must be met: 1) Regulations define the typology (s) of all State institutions. 2) the status of autonomous institutions is regulated in a...</td>
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<tr>
<td>Objective</td>
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<td>---------------------------------------------</td>
</tr>
<tr>
<td>SO2</td>
<td>Nomenclature delegating powers to the APL approved</td>
<td>2015</td>
<td>—</td>
<td>100 %</td>
<td>100 %</td>
<td>Nomenclature approved and published in the Official Gazette of the Republic of Moldova; Activity reports of State Chancellery.</td>
</tr>
<tr>
<td></td>
<td>Training sessions for staff within the PCA and APL as regards the specific application of the principles and criteria of effective decentralisation and effective gender sensitive and</td>
<td>2014</td>
<td>1500</td>
<td>2000</td>
<td>2000</td>
<td>Activity reports of the Chancellery of the State aid/Training allocations for relevant officers; The number of civil servants trained</td>
</tr>
<tr>
<td></td>
<td>Policy papers in areas facing approved decentralisation</td>
<td>2014</td>
<td>—</td>
<td>80 %</td>
<td>100 %</td>
<td>Activity reports of the institutions procurements/In-depth sectoral studies developed; Sectoral strategies adopted decentralisation</td>
</tr>
<tr>
<td>SO3</td>
<td>Roadmap on territorial administrative reform in Moldova (including by deleting structures developed district)</td>
<td>2014</td>
<td>1 %</td>
<td>100 %</td>
<td>—</td>
<td>Analysis of models developed reform; Roadmap developed</td>
</tr>
<tr>
<td></td>
<td>Consultations organised with members of local communities on administrative capacity-building options</td>
<td>2018</td>
<td>0 %</td>
<td>30 %</td>
<td>100 %</td>
<td>Activity reports of services suppliers procurements/Creating public consultation platforms; The proportion is calculated as a percentage of the number of meetings organised within the territory and at government level</td>
</tr>
<tr>
<td></td>
<td>Legislative and regulatory acts approved</td>
<td>2015</td>
<td>1</td>
<td>65 %</td>
<td>75 %</td>
<td>Analytical study on the best options for optimising municipalities:</td>
</tr>
<tr>
<td>Objective</td>
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<tr>
<td>SO4</td>
<td>The share of requests for public information rejected in a given year by public authorities</td>
<td>2013</td>
<td>12.5 %</td>
<td>7 %</td>
<td>5 %</td>
<td>Action Plan adopted on the implementation of proposed changes; the number of proposals for legislative changes.</td>
</tr>
<tr>
<td></td>
<td>The share of requests for public information by the courts</td>
<td>2015</td>
<td>20 %</td>
<td>12.5 %</td>
<td>7 %</td>
<td>The indicator has been calculated on the basis of the interviews conducted by dividing the number of refused requests public information with respect to the total number of requests public information requests to public authorities, and multiplied by 100. If separate data for claims, the authorities did not provide an answer, they must be considered refusals.</td>
</tr>
<tr>
<td></td>
<td>The share of public authorities maintain websites, in accordance with regulatory requirements</td>
<td>2014</td>
<td>50.7 %</td>
<td>80 %</td>
<td>100 %</td>
<td>The indicator is calculated by dividing the number of public requests for information refused by the courts (which means that there is scope for cancelling or modifying the administrative decisions) by the number of all cases handled by courts, then multiplied by 100.</td>
</tr>
<tr>
<td></td>
<td>The share of public authorities which maintains a register of documents and databases</td>
<td>2014</td>
<td>33.7 %</td>
<td>80 %</td>
<td>100 %</td>
<td>The indicator is calculated by dividing the number of public authorities (public administration), which maintain registers and databases up-to-date as required by the total number of mandatory requirements, then multiplied by 100. Mandatory requirements relate to the necessary minimum content of web pages.</td>
</tr>
</tbody>
</table>

30 http://lex.justice.md/md/342699/  
<table>
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</thead>
<tbody>
<tr>
<td>-</td>
<td>The extent to which the right of access to information of public interest was adopted in law and applied in practice</td>
<td>2014</td>
<td>2</td>
<td>7</td>
<td>13</td>
<td>The right of access to information is enshrined in law and should cover the following 12 elements: 1) the law refers to all public institutions; 2) information of public interest defined in general; 3) exceptions are determined with precision and interpreted strictly; 4) information shall be provided as requested; 5) individuals do not need to state reasons for their applications; 6) natural persons exercising public functions are also considered to be holders of public information; 7) public information is disclosed in a proactive; 8) a supervisory authority is entitled and has the power to monitor the implementation; 9) the supervisory authority may make prescriptions and issue guidelines on how to apply the law on public information; 10) an independent body exists which may issue decisions binding on public institutions in relation to access to public information; 11) charges for access to information of public interest (if any), does not create an excessive burden for applicants; and 12) the public authorities keep up-to-date registers of</td>
</tr>
<tr>
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<tr>
<td></td>
<td></td>
<td>2015</td>
<td>19 %&lt;sup&gt;32&lt;/sup&gt;</td>
<td>15 %&lt;sup&gt;32&lt;/sup&gt;</td>
<td>5 %&lt;sup&gt;32&lt;/sup&gt;</td>
<td>The share of complaints resulting in the payment of compensation is calculated by dividing the number of complaints against the State for the damage which has resulted in damages in the total number of their complaints against the rule of this kind, then multiplied at 100. Compensation to the total number of complaints against the State acting illegally, then multiplied by 100.</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2015</td>
<td>45 %&lt;sup&gt;33&lt;/sup&gt;</td>
<td>70 %&lt;sup&gt;33&lt;/sup&gt;</td>
<td>85 %&lt;sup&gt;33&lt;/sup&gt;</td>
<td>The indicator is calculated by dividing the number of recommendations made by the Court of Auditors, the Ombudsman, Parliament in a given year, which were implemented by public institutions in that year (or in the following year), the total number of recommendations issued by the Court of Auditors, Ombudsman, Parliament (minus the recommendations in the course of performance) and then multiplied by 100. Recommendations implemented relate only to the recommendations implemented in practice, and not to those declared as having been implemented by the public authorities (based on the information received from supervisory institutions)</td>
</tr>
<tr>
<td></td>
<td></td>
<td>2015</td>
<td>1&lt;sup&gt;33&lt;/sup&gt;</td>
<td>3</td>
<td>5</td>
<td>The extent to which public authorities assume obligations and remedies and guarantee, 1) the requirement to recover or to compensate individuals; 2) the scope of public accountability is widely; 3) rules on actions for damages are clear and are not</td>
</tr>
</tbody>
</table>

<sup>32</sup> <a>http://infoeuropa.md/moldova-la-cedo/</a>  
6.2. Development and coordination of public policies

Public policies development is a process by which the Government transposes its political vision in strategies and regulatory acts and action to deliver “outcomes” for its citizens. This process sets actions to be taken – by reviewing the basic judgement and policy effectiveness – establishing the implementation procedure and reviewing constantly how the expected results are delivered.

Overview of current situation

58. An important component of the central public administration reform in 2005-2013 was the modernisation of the decision-making process, strategic planning and development of policies.

59. To optimise the strategic planning process at the level of the entire Government, an Inter-Ministerial Committee for Strategic Planning was established in 2008. Its mission consists in ensuring an integrated strategic planning process, which correlates, as efficiently as possible, with the national priorities laid down in the main strategic documents of the Government, with the policies developed by the specialised central bodies of the public administration, international commitments assumed and internal and external resource framework. Specifically, the Committee, according to its regulation, may interfere in the development and monitoring over the implementation of the Government’s Activity Program, National Development Strategy and Medium-Term Budgetary Framework. The Committee is an advisory body, managed by the Prime-Minister and consists of 7 Government members. On an average basis, around 10 meetings of the Committee are held annually, but in 2015 only 2 meetings were organised.

60. At the central Governmental level, the State Chancellery is the authority in charge of establishing the general framework used to define the Government’s priority activities and decide on the methodological and organisational support for central administrative authorities in public policy planning, development and implementation. Its functions were defined in accordance with EU/SIGMA recommendations on the role of the “Centre of Government”35. The

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34Government Decision No 838 of 9 July 2008 “On the Establishment of the Inter-Ministerial Committee for Strategic Planning”
35According to SIGMA, “Centre of Government” is a generic term that refers to an administrative structure that serves to Prime-Minister and Government as a collective body for decision-making purposes. The Centre of Government carries out the following eight functions/tasks: prepare for Government meetings; coordinate legal compliance; develop Government Action Plan (prioritisation, strategic planning and adjustment to budget); coordinate policy documents’ content (quality of policies) and remove divergences; communicate with mass-media;
Directorate General for Coordination of Policies, External Assistance and Central Public Administration Reform was set up in the State Chancellery. Its mission is to make sure that the Government develops and approves quality public policies, and they are implemented, monitored and evaluated properly by the central administrative authorities.

61. At the ministerial level, subdivisions for policy analysis, monitoring and assessment were established as specialised interfaces that coordinate the development of public policies at the level of the authority and, if required, at the inter-sectoral and sectoral levels, review the results of the assessment of public policies impact, ensure the interaction of the public policies development with the budget process, coordinate monitoring, assessment and reporting on the implementation of public policy documents.


63. Short-term planning at the Government level is done on the basis of the Government’s Action Plan, which is drafted annually on the basis of the Activity Program of the Government. State Chancellery manages the development and monitoring of the Action Plan of the Government. At the same time, after the RM-EU Association Agreement was signed in 2014, the 2014-2016 National Action Plan implementing the RM-EU Association Agreement was developed and approved37, this process was managed by the Ministry of Foreign Affairs and European Integration. Several actions coincide in both action plans, because reference documents – Activity Program of the Government and RM-EU Association Agreement – contain similar objectives. Thus, the efficient implementation of commitments of the Republic of Moldova is hampered by dispersion of implementing efforts in: internal and external. This makes difficult the activity of public authorities and lead to delays in the achievement of undertaken commitments.38

64. The Institutional Development Plan (IDP) was introduced in 2008 as the main document for the medium-term managerial and strategic plan (2008-2011) at the level of central administrative authorities. IDP was replaced in 2011 by the 2011-2014 Strategic Development Plan (SDP), which describes the activity directions of the institution, plans activity of the institution for the medium term, reflects the gaps in terms of capacities of authorities to accomplish its mission and proposes the method of their remedy. In 2015-2016, only some of the public authorities developed and approved SDP for the following period.

36 Law on Government, No 64 of 31 May 1990.
37 Government Decision No 808 of 7 October 2014.
38 http://ipre.md/portfolio/studiu-privind-mecanismul-de-coordonare-la-nivel-national-a-procesului-de-integrare-europeana-a-republicii-moldova/
65. According to the SIGMA conclusions, four Moldovan institutions fulfil the functions prescribed to the Centre of Government:

a. **State Chancellery** – prepares the Government’s meetings; ensures the legality of documents; coordinates the development of the Government Action Plan and sector policy documents;

b. **Ministry of Finance** – coordinates the development of the Medium-Term Budgetary Framework and State Budget; endorses policies proposals made by ministries with a consideration given to budget sustainability;

c. **Ministry of Foreign Affairs and European Integration** – coordinates the activities relevant for the European integration;

d. **Centre for Legal Harmonization** (subordinated to the Ministry of Justice) – facilitates the approximation of the national legislation to that of European Union.

66. The following regulatory acts regulate the operation of the Centre of Government: Constitution, Law on Government, Law on Specialised Public Authorities, Law on Regulatory Acts of the Government and other Local and Central Public Administration, Government Decision approving the Regulation of the Government of the Republic of Moldova, Government decisions approving regulation of the afore-mentioned institutions. Therefore, generally speaking, the role and responsibilities of institutions from “Centre of Government” are set. In spite of all these, the detailed planning of Government activity and its performance monitoring procedure are not enough described.

67. In 2015, the Court of Accounts has drafted a report on the effectiveness of external assistance management, according to which the mechanism of coordination of external assistance is a difficult and until recently quite imperfect. Amendments to the normative framework solved a number of issues identified by the audit, but it continues to not be respected and decisions on external assistance priorities are still not sufficiently substantiated. At the same time, the institutions admit that most of these problems are due to lack of capacity, because the qualified or trained staff leave the system due to low salaries.

68. The regulatory framework on the monitoring of the Government activity is developed only partially. The Law on Government forces the Government to report to Parliament about its activity once a year.

**Identified problems**

69. Although the regulatory framework is in place and describes responsibilities and policies development process of central administrative authorities, however, its implementation is problematic both at the level of State Chancellery and ministries, i.e. difficulties with complying with the structure of the existing documents and procedures for quality public policies and legislative proposals. Thus, no review/validation of the policies content is ensured by the Centre of Government, as the national strategic planning system is not fully developed. Even if there are unified requirements for policy documents, they are not observed during the

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39Law No 98 of 04 May 2012.
development of sectoral strategies. They do not contain any cost estimates, stating that the policy will be implemented within the budget allocations and, therefore, they are not aligned to the Medium-Term Budgetary Framework. The monitoring system, which should provide information on the results of Government activities, is not fully operational. The quality of the evidence-based policies is not coherent, because the analyses are still weak.

70. There are no detailed methodologies on the structure, content and other requirements for planning documents, except for the methodology on MTBF development. The development rules and unified requirements for policy documents refer only to some categories of policy documents (concept, strategy, action program and plan) and list the mandatory components of different policy documents (objectives, deadlines, persons in charge, performance indicators, estimated costs reporting and monitoring procedures). However, the requirements are very general. Institutionalised methodologies specific for some components of the policy cycle are missing. There is a methodology produced by the Ministry of Finance, which stipulates the basic principles for costs estimation, concepts of the costs nature and behaviour, as well as some practical aspects on costs estimation and method how to address the uncertain situation and support information for costs estimation\(^{42}\), but public authorities do not comply with it when developing their public policies. At the same time, the link and hierarchy between different types of policy documents is not clear enough.

71. There are deficiencies in functioning of institutional framework and mechanisms for coordinating external assistance at the sectoral level, in particular because the main budget executors do not conform to the official mechanism for the coordination of external assistance and do not ensure the cooperation and communication between subordinated institutions. Thus, there are problems in identification of priorities regarding external assistance, planning of resources necessary to achieve the objectives of policy, implementation and monitoring of projects/external assistance programmes.

72. There are general provisions on the stages and annual planning process in the Regulation on collective performance evaluation\(^{43}\), but no detailed and mandatory requirements and methodological guidelines on annual planning are in place, thus the documents have different structure, present different details of actions and time frames.

73. Medium-term planning system of the EU integration process is in a rudimentary phase, having actions aligned to the RM-EU Association Agreement, but without appropriate costs and time frames. Significant delays are registered in the implementation of actions associated to the European integration process.\(^{44}\) There are two parallel planning processes at the Government level – Government Action Plan and Action Plan implementing the RM-EU Association Agreement, which are managed and monitored by two distinct institutions. This creates confusion among authorities as regard their importance in the planning and sector prioritisation process, and wastes the resources of administrative authorities due to the overlapping planning, development and monitoring of policy proposals.

74. As regards the evidence-based policy development, in spite of the large number of trainings on \textit{ex-ante} impact assessment organised for the civil servants, such assessments are

\(^{42}\)Methodological Set on the Budget Drafting, Approval and Amendment, approved by MoF Order No 209 of 24 December 2015 (published in the OG No 370-376 of 31 December 2015), Chapter XII.

\(^{43}\)Government Decision no.94 od 01.02.2013.

rarely produced by the top level managers and public dignities. This is an important factor that slows down the efforts of streamlining the policies assessment process. Insufficient participation of civil society organisations in the policies development process is another factor, because their activities in informing policies are often hindered by the lack of funds and access.

75. Due to the high staff turnover in the State Chancellery’s subdivisions in charge for policy coordination and strategic planning (from 20% in 2013 to 21% in 2014 and 35% in 2015)\textsuperscript{45}, it is difficult to secure the expertise and institutional memory of the Centre of Government, which has the important mission to ensure coherence for the strategic planning and policy development and monitoring. Most of the civil servants who work in the Division for Policy Coordination and Strategic Planning have less than 2 years of experience in the State Chancellery, and this division does not receive any technical assistance. In the ministries, the capacities of policies units are uneven, and their development is slowed down by the routine tasks, which are beyond their competence.

**General objective**

76. Enhancing coherence, efficiency, predictability and transparency of decision-making process in public administration.

**Specific objectives (SO) and intended actions**

**SO1. Strengthen the position of the State Chancellery and of the Ministry of Finance to perform functions specific to the “Centre of Government”, so that it fulfils all the duties needed to ensure the operation of a national system for strategic planning and policy development in an organised, coherent and competent manner, aligned to the budgetary process, connected to the European approximation process, in harmony with SIGMA Principles of Public Administration**

**Phase I (2016-2018)**

1) Develop and approve clear procedural rules, which will be used in the decision-making process in order to:
   a. ensure coordination of the policies development system by use of unified, written and aligned procedures in order to avoid duplication of functions;
   b. clearly determine all the institutions that fulfill functions characteristic to the “Centre of Government”, their role, responsibilities and coordination;
   c. enhance the role of the Stat Chancellery and of the Ministry of Finance to ensure full interaction between public policy drafting process and budgetary process.
   d. ensure systematic incorporation of the strategic development and planning priorities and action plans of the Government, as well as their monitoring into the general planning system.

\textsuperscript{45} SIGMA Baseline Measurement Report: the principles of public administration, Moldova, December 2015, pag.16.
2) Strengthen the planning process in terms of European integration by its organized and timely incorporation into the general planning system, including into budget process.

3) Clarify and delimit the roles and responsibilities for approximation of legislation to the EU aquis.

Phase II (2019-2020)

1) Re-engineer the Inter-Ministerial Committee for Strategic Planning and setting up of decisional platform at sectorial level to ensure that the position of the Government on different aspects related to policies development process, strategic planning and foreign aid is strengthened, coordinated and communicated in a coherent way.

SO2. The policy planning, especially those relevant for the European integration, is harmonized with the medium-term budgetary framework and is aligned to the budget process and available resources of the Government

Stage I (2016-2018)

1) Develop and/or update, by the Government, of detailed methodologies for the development of planning documents that will stipulate:
   a. The time frame on the development, review and approval of policy documents;
   b. Procedures to ensure the coherence and harmonisation of these documents, especially in terms of Government priorities and harmonization with the MTBF;
   c. Detailed methodologies to ensure formulation of measurable objectives and performance indicators with reference values and targets into the policy documents;
   d. Monitoring procedures that would reflect information on achievement of objectives and performance indicators;
   e. Detailed methods for costs estimation in the planning documents.

2) State Chancellery in cooperation with the Ministry of Finance make sure that requirements on the development and content of policy documents (including integration in the MTBF) are met.

3) Organise methodically the process of strengthening the institutional capacities in the public policies.

4) Strengthen planning, evaluation and reporting system at the Government and institutional level, in order to ensure full operation of the organisational performance assessment system.

Phase II (2019-2020)

1) Strengthen the planning of the medium-term European integration process, by adjusting the actions to the administrative capacities and financial constraints, in order to reduce the backlogs.
2) Develop the capacities of strategic planning staff, with a significant consideration
given to costs estimation and implementation monitoring, so to strengthen the
authorities’ capacities to assess the policies costs.

SO3. Government decisions are transparent, in compliance with legal requirements,
coherent and available to the public.

**Stage I (2016-2018)**

1) Ensure a better coordination between the institutions of the “Centre of Government”
so that to have the better prepared drafts for the Government meetings.

2) Analyse the cases, identify solutions and, if needed, organise trainings to reduce the
number of drafts that are returned to authorities to be improved.

**Stage II (2019-2020)**

1) Introduce a joint system of the Parliament and Government for a constant reporting
on the implementation of laws and policies, at a certain interval after their adoption.

**SO4. The set objectives are achieved by formulating evidence-based policies, complying
with the legal framework in an inclusive manner.**

**Stage I (2016-2018)**

1) Formulate internal regulation on the development of policies in all ministries, provide
a detailed description of internal procedures for the development of policies and draft
regulatory acts.

2) Clarify the role of institutions involved in performing the functions prescribed to the
"Centre of Government" – State Chancellery, Ministry of Finance, Ministry of
Foreign Affairs and European Integration, Centre for Legal Harmonisation – as
regards planning, monitoring and review of drafts on the legal approximation, in
order to avoid duplication.

3) Develop secondary normative framework to ensure compliance with requirements
towards policy document development, their public consultations, including
publishing the results of the consultation process.

**Phase II (2019-2020)**

1) The State Chancellery in cooperation with the Ministry of Finance and Ministry of
Economy formulate a single approach on ex-ante public policies impact and ensure
consistent implementation of the methodology.

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<th>Targets for 2020</th>
<th>Means of verification / Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO1</td>
<td>Critical functions’ Government Centre’, which are implemented by its institutions</td>
<td>2015</td>
<td>4</td>
<td>8</td>
<td>8</td>
<td>The index is calculated according to the methodology “the principles of public administration”, SIGMA and reflects the functions to be carried out by the central government.</td>
</tr>
<tr>
<td></td>
<td>The relevant functions of the European integration process are met by institutions</td>
<td>2015</td>
<td>3</td>
<td>6</td>
<td>6</td>
<td>The index is calculated according to the methodology “the principles of public administration”, SIGMA</td>
</tr>
<tr>
<td>SO2</td>
<td>Estimating costs and sector strategies</td>
<td>2015</td>
<td>2</td>
<td>5</td>
<td>5</td>
<td>Using a sample of 5 most recent sectoral strategies</td>
</tr>
<tr>
<td></td>
<td>The backlog in the implementation of annual commitments in the planning documents at national level</td>
<td>2014</td>
<td>12 %</td>
<td>6 %</td>
<td>0 %</td>
<td>Arrears are analysed by comparison of the most relevant planning documents at national level, available to the public: The action plan of the government, the national action plan for the implementation of the Association Agreement, the MTBF, legislative plan. Arrears are calculated by comparing the documents during two consecutive years, taking account of actions which are repeated from one year to the next.</td>
</tr>
<tr>
<td></td>
<td>Annual arrears in the implementation of sectoral strategies</td>
<td>2014</td>
<td>29 %</td>
<td>10 %</td>
<td>0 %</td>
<td>Arrears are calculated by comparison of the level of implementation of the plans to implement the strategies over two consecutive years, taking account of actions which are repeated from one year to the next.</td>
</tr>
<tr>
<td></td>
<td>The ratio between the total estimated cost in sectoral strategies and limits of total expenditure by sectors of the MTBF</td>
<td>2014</td>
<td>0 %</td>
<td>50 %</td>
<td>100 %</td>
<td>The proportion is calculated as a percentage (0 % minimum and 100 % maximum competition competition), illustrating the difference between the planned funding strategy in the last five years and the MTBF. The resulting amount is the average over five cases. If it is not possible to carry out the calculations data due to lack of financial data into the MTBF and/or other sectoral strategies, the proportion is determined as 0 %.</td>
</tr>
<tr>
<td></td>
<td>The backlog in the</td>
<td>2014</td>
<td>67 %</td>
<td>0 %</td>
<td>0 %</td>
<td>Arrears are calculated by</td>
</tr>
<tr>
<td>Objective</td>
<td>Indicator</td>
<td>Reference year</td>
<td>Baseline value</td>
<td>Targets for 2018</td>
<td>Targets for 2020</td>
<td>Means of verification / Method of calculation</td>
</tr>
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</tr>
<tr>
<td></td>
<td>implementation of annual commitments on European integration</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>comparison of the level of implementation of the plans to implement the strategies over two consecutive years, taking account of actions which are repeated from one year to the next.</td>
</tr>
<tr>
<td>SO3</td>
<td>The projects proposed within government at meetings</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Transparency of the decision-making process of the Government</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The existence of mechanisms for planning between Government and Parliament</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>The number of implementation reports concerning laws discussed in Parliament</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO4</td>
<td>Work is directed towards policy-making Ministries</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>The policy-making process uses analytical tools</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Public consultations are organised in policy-making and legislative acts</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>The backlog for harmonisation of legislation</td>
<td></td>
<td></td>
<td></td>
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<td></td>
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<tr>
<td></td>
<td>The number of directives transposed annual</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Number of projects reimbursed by Parliament to the Government</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

### 6.3. Modernisation of public services

Public services modernisation aims at putting into practice the commitment of the central and local public administration to ensure a good governance, by guaranteeing the right to every individual to benefit, in relation to his/her problems, from an impartial, fair and timely treatment by the central and local public authorities, by providing quality, fast, affordable, transparent and cost-efficient public services to a larger number of people, by improving continuously their quality and accessibility, depending on the interests shared by citizens and business environment. Public services modernisation facilitates the interaction between basic competences of various public entities, following the principle or the approach of “heritage; money; investments, including information and communication technology; functions and competences, at the central level, local level or delegated”.

**Overview of current situation**
77. During 2005-2013, the public administration reform focused mainly on the decision-making process and paid less attention to policy implementation, which implies the provision of quality (administrative and material) public services to individuals and businesses. This important subject was taken over in the sectoral initiatives, especially in those related to optimisation and streamlining of the permits issuance procedures, which aim at reducing the administrative poverty on the private sector, by establishing one-stop shops in some public authorities, as well as by organising and operating joint information and services bureaus, which will represent a first step towards the development of universal centres for public service provision to individuals, by providing the possibility to receive requests from applicants with help of such bureaus.46

78. The Government established in 2010 the E-Government Centre, subordinated to the State Chancellery, which started its activity as an institution responsible for implementation of the Strategic Program for Technological Modernization of Governance (e-Transformation)47 and the annual action plans, in cooperation with e-Transformation subdivisions of public authorities. The Government set its objective to digitise public services provided by central public administration authorities until 2020.

79. During this period the Single Government Portal of Public Services (www.servicii.gov.md) was created as a sole platform (State-owned) that holds information about the public services provided traditionally and those provided electronically by ministries and other central administrative authorities, including their subordinated structures48. The Government also set a method to manage the content of this portal in line with its role and access level provided to users, as well as method to integrate electronic public services into the portal49. In April 2016 the portal contained information about 511 services and provided online access to 129 e-services.

80. In addition, elements were introduced related to the customer satisfaction management, with the first studies on and systems of complaints examination. Based on the initial experience, a survey aimed to determine a comprehensive approach for service provision was carried out. Subsequently, the Methodological Guide on Re-engineering of Public Services was developed and posted on the official website of the State Chancellery, in order to be applied by providers of public administrative services50.

81. Since 2014, the Government capitalized these experiences by taking a more systematic approach to modernize the public services by approving the Public Service Reform Program for 2014-2016.51

82. To ensure a more streamlined general coordination of activities carried out by the public administration in modernization of public services, a new function consisting in the review of strategic priorities in public service reforming and review of public services list, which

46Government Decision No 661 of 30 July 2013.
47Government Decision No 710 of 20 September 2011.
49Government decision No 657 of 5 September 2012.
50http://cancelaria.gov.md/ro/content/ghid-metodologic-privind-reingineria-serviciilor-publice
51Government Decision No 122 of 18 February 2014.
is to be the subject of re-engineering and digitization, was assigned to the National Council for the Public Administration Reform\textsuperscript{52}.

\textit{Identified problems}

83. There is no conceptual approach regarding the modernization of public services. Though the implementation of the 2014-2016 Public Service Reform Program is coming to a close, the problems related to Public Services System remain unsolved from the \textit{perspective of public service beneficiaries}, covering such issues as service quality, accessibility of information on services, the time required to get a certain service, enabling beneficiaries to choose a way to get a service, compliance with the legal procedure during the service provision, reasonable cost for individuals and businesses, servicing culture, an infrastructure ensuring service provision, economic efficiency of service organization.

84. The second group of problems is related to the lack of a strategic vision on the \textit{implementation of service modernization process from the perspective of local administration}, which shall cover the issues related to the quality of policy developed in this area, by establishing clearly the goals, principles, and policy tools, the correctness of activities and planned measures and their successiveness, the coherence with other Government initiatives, first with the policy of Governance e-Transformation, assurance of necessary financial resources, establishment of efficient coordination and management of the modernization process, awareness of the essence and complexity of this process by public servants, both at the managerial and technical levels.

85. Generalising the existing issues form the perspective of public service beneficiaries, the following problems can be emphasized:

1) \textit{Incomplete information posted on the websites of public institutions}. These facts are not consistent with the good governance principles of openness, transparency, and public administration liability, which are described in point 25 of Subchapter 5.1 Administrative Liability herein. In most cases, the beneficiaries have to show up in person the service providers in order to receive the necessary service.

2) \textit{Narrow institutional approach and isolation of public institutions in public service provision}. The beneficiary continues to perform the role of courier, ensuring the flow of papers between public institutions. The interoperability of public registries, of state and departmental databases works in isolated cases, and implies time waste and additional economic costs for individuals and businesses.

3) \textit{List of systematic procedures and practices to assess the administrative burden}. Often, the regulatory framework, which establishes the administrative procedures of public service provision, envisages some requirements that can be cancelled without additional risks, but the systematic assessment and the identification of excessive existing procedures and processes are carried out only in distinct cases, especially with the support of some international technical assistance projects.

4) \textit{Lack of a framework to assess the quality of the provided services}. There are no universal compulsory procedures for a regularly surveying of the opinion of

\textsuperscript{52} Government Decision No 716 of 12 October 2015.
individuals and businesses, the possibility to assess the beneficiary’s opinion about the quality of the provided service immediately after its provision, either offline or online.

86. With regards to the implementation of public service modernisation process from the perspective of local administration, the following issues were identified:

1) **Lack of regulatory framework on public service regulation by primary norms.** *There is no clear definition of public service and public service diversity in the legislation.* The general concept of public service is used as a synonym for administrative public service, public use service (material) etc., which leads to a confusion and to an unclear planning of modernization objectives. Moreover, there are no definitions for notions like public service owner and public service provider, front-office and back-office, developed notions according to the positive international and European practices, service providing processes, which delays the public service modernization process, and make it more difficult.

2) **Institutional Isolation.** Authorities, public institutions, state-owned enterprises - in charge for public service provision - address the services within the limits of own competence, not from beneficiaries’ perspective, because institutional barriers of public administration create an additional administrative burden. Only in isolated cases with the help of international technical assistance projects a number of services are addressed from the perspective of beneficiaries, horizontal analysis and monitoring initiatives of the types of services according to “real life situations” principle, in harmony with European and international best practices.

3) **The State Chancellery’s functional capacity to conduct and coordinate effectively the public service modernization process is reduced.** Unless this process is managed effectively, it is difficult constantly to rely on consultants for an analysis of existent services and making a decision on their needs; set modernizing priorities (which is needed because of the large number of administrative and material services); determine different authorities to collaborate so that to provide complex services, as well as to develop capacities and promote changes in the administrative culture.

4) **The current e-Government infrastructure is neither assimilated, nor used enough by public authorities that provide public services.** The advantages of using and reusing governmental electronic platforms and services that are already available – which would reduce the administrative burden both for the providers and for the users/beneficiaries of public services – are not fully harnessed yet.

87. Re-engineering the operational public service provision process by redesigning and transforming the traditional public institutions’ and authorities’ activity patterns is not on the priority list of the Government yet.

88. The low capacity of central and local authorities responsible of providing public services to apply the methodological framework on the re-engineering of public services, although the State Chancellery – supported by development partners – developed certain tools to re-engineer public services and created the e-Government infrastructure for their digitization. There are very few examples of individual public service re-engineering and digitization because
the staff of authorities providing public services – both at managerial and operational level – are not familiar with the new re-engineering and digitization concepts and techniques.

89. There is no one single approach to implement the one-stop shop model to provide public services. Although the term one-stop shop is used at large, there are actually very many different approaches on how to implement the one-stop shop model in service provision. There are cases where the implementation of the one-stop shop is expressed by simultaneously organizing several one-stop shops in the same institution, the beneficiaries having to come back time and again to the one-stop shop, which undermines the actual purpose of this principle. The one-stop shop principle is taken, for the present, only as a mechanism to make entrepreneurial activity more efficient, since it is regulated by the Law No 161 of 22 July 2011 on the Implementation of the One-Stop Shop in Carrying Out Entrepreneurial Activity. There are very few examples of one-stop shops implemented so far in the activity of public authorities. Therefore, the issue regarding the definition, application of the one-stop shop principle in the entire system of public services still exists. There still exists the issue with introducing one-stop shops in the provision procedure and with establish new services, not only services related to issuing permits.

90. There are no shared standards on the use of one-stop shop techniques in the operational provision of public services. These should, first of all, target the concerns of the individuals with regards to decreasing the period of time and cost it takes to provide public services. Thus, for the survey carried out to assess the importance of making the necessary improvements in terms of public service provision, the respondents highlighted the two main ways in which services should be modernized, which are about:

1) making it possible to obtain the full result of the service in one single place (institution);

2) making it possible to obtain full information when using on-line services.  

91. Although the concerted efforts of the Government and public service providers in digitizing public services showed positive results and for some of the services the degree of satisfaction with electronic services reached high levels, the available information suggests that the extent of assimilation of e-services is still relatively small as they are more popular among educated wealthy citizens living in urban areas.

92. There are no uniform and transparent principles to establish the tariffs for the services provided against payment. The prices for services are regarded by most of the citizens as arbitrary or unreasonable. The lack of principles and ways to establish the tariffs for paid services leads to higher tariffs. Thus, the paid services are regarded by most users as arbitrary and unreasonable and, in the first place – as a source of additional revenue for public institutions, recorded as “special means”. On the other hand, the disordered legal framework and the lack of any clarity about the service elements makes it difficult to calculate the cost price of the services and to objectively assess the proposed tariffs.

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53 Section 19 of the 2014-2016 Public Service Reform Program, approved by Government Decision No 122 of 18 February 2014.
55 Sections 33(5) and 35(5) of the 2014-2016 Public Service Reform Program, approved by Government Decision No 122 of 18 February 2014.
93. The legislation in force abounds in regulations of the modus operandi of the public administration authorities and public institutions, including the provision of public services to individuals and legal entities, issuance of administrative acts of regulatory or individual nature, petition resolution mechanisms, mechanisms used to respond to inquiries for information, mechanisms meant to ensure the transparency of the activity carried out by the public authorities. All of these regulations contain a set of special and non-uniform procedures, where there often are contradictions between provisions, which leads to their cumbersome and non-uniform implementation by beneficiaries – both public authorities and courts of law, as well as individuals. The Government has to renew, thus, its commitment to a comprehensive set of principles of “good administration” by developing a comprehensive law on general administrative procedures. This law should regulate in a unified and systemic manner the existing administrative procedures, including the ones related to public services provision, in a way as to eliminate general fragmentation gaps, to address the lack of clarity and to make the legislation accessible for individuals.

**General objective**

94. Developing the supply of public administrative services at central and local level, by improving access to these services in various ways, the efficiency of their performance, reducing unnecessary administrative burdens and minimising the cost of services for both beneficiaries and service providers, and effectiveness, according to beneficiaries’ needs and requirements, ensuring a stable level of quality of the services performed.

**Specific objectives (SO) and indicative actions**

**SO1. Ensuring a coordinated and unified approach to modernisation of public services**

**Phase I (2016-2018)**

1) Develop the regulatory and methodological framework to ensure the modernization of public services according to the best European and international practices in the field, including according to the law on public services, methodology on the re-engineering of operational public service provision processes and on the digitization of public services, as well as according to the framework methodology on establishing the tariffs for the public services provided against payment, and according to a law (code) on administrative proceeding.

2) Create institutional capacities and strengthen human capabilities to implement the initiatives to modernize public services both in the State Chancellery and in central and local public authority that are directly responsible of providing public services.

**SO2. Increase the quality and accessibility of public services by re-engineering operational processes and by digitization, as well as by creating the network of universal public service provision centers**

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56 SIGMA Baseline Measurement Report: the principles of public administration, Moldova, December 2015, pag.89.
**Phase I (2016-2018)**

1) Increase continuously the number of public services subject to re-engineering and digitization, by using the existing governmental infrastructure (governmental platforms and electronic services created by the Government).

2) Develop the concept and pilot universal public service provision centers, which will ensure a more integrated approach in delivering various services to the beneficiaries and, respectively, a more effective use of resources and high quality of delivery, by extending the number of solutions provided by one-stop shops in relation to entrepreneurship, developing information and service delivery mechanisms using the joint information and services bureaus, re-using electronic government platform and services etc. for all public administration services that fall under the responsibility of the central and local public administration authorities.

**Phase II (2019-2020)**

1) Create the network of universal public services providing centres within the limit of decentralisation and local autonomy.

**Monitoring indicators**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicator</th>
<th>Reference year</th>
<th>Baseline value</th>
<th>Targets for 2018</th>
<th>Targets for Year 2020</th>
<th>The verifycare/ Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO1</td>
<td>Sub Division responsible for the overall coordination of government activities in the field of upgrading public services created within the State Chancellery and filled with staff</td>
<td>2014</td>
<td>0</td>
<td>2</td>
<td>2</td>
<td>The staff of the State Chancellery completat/ Subdivision filled with staff</td>
</tr>
<tr>
<td></td>
<td>The degree to which the legislative acts in the area of modernisation of public services are developed and applied</td>
<td>2014</td>
<td>—</td>
<td>4</td>
<td>4</td>
<td>Official Gazette of the Republic of Moldova; Activity reports of State Chancellery; Reports of activity of public service providers</td>
</tr>
<tr>
<td></td>
<td>Cumulative share of the civil servants who have been trained during the year of the total civil servants involved in public services</td>
<td>2014</td>
<td>300</td>
<td>400</td>
<td>500</td>
<td>Activity reports of the Chancellery of the State aid/ The number of civil servants trained in public services involved</td>
</tr>
<tr>
<td>SO2</td>
<td>Analysing and eliminating outdated and inefficient public services all the time</td>
<td>2014</td>
<td>—</td>
<td>100 %</td>
<td>100 %</td>
<td>Activity reports of services suppliers procurements/ The proportion is calculated as a percentage of the number of services identified as inefficient and outdated by the time of all existing public services at the start of implementation of the</td>
</tr>
</tbody>
</table>
### Objective 1

<table>
<thead>
<tr>
<th>Indicator</th>
<th>Reference year</th>
<th>Baseline value</th>
<th>Targets for 2018</th>
<th>Targets for Year 2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>The share of public services subject to reingineriei</td>
<td>2014</td>
<td>1 %</td>
<td>25 %</td>
<td>50 %</td>
</tr>
<tr>
<td>The share of public services digitalisation, re-using reinginerite, subject to governmental infrastructure established</td>
<td>2018</td>
<td>0 %</td>
<td>30 %</td>
<td>100 %</td>
</tr>
<tr>
<td>The number of public services provided through the PSCs</td>
<td>2015</td>
<td>5 %</td>
<td>15 %</td>
<td>30 %</td>
</tr>
<tr>
<td>Number of universal centres provide public services (CUPS) launched and functional</td>
<td>2015</td>
<td>0</td>
<td>10</td>
<td>18</td>
</tr>
</tbody>
</table>

#### Activity reports of services suppliers procurements:
- The proportion is calculated as a percentage of the total existing public services at the start of implementation of the strategy.

### 6.4. Public finance management

The system of Public Finance Management is a process that ensures that the management of public finance is carried out to a very high standards of economy efficiency, effectiveness, integrity, and transparency.

#### Overview of current situation

95. The system of Public Finance Management (PFM) is an overcoming part of the public sector, and it is present at the level of each authority and public institution. In order to manage properly the public finance, and to get an administrative responsibility, the complexity of this system is presented by the following division of responsibilities among institutions:

- **The Parliament** adopts the legal framework in the area, adopts the annual medium-term macro-budgetary limits, updates the budgetary and fiscal policy, adopts and amends the budget laws, and finally reviews the semiannual execution reports. After the review, the annual reports are approved by the Parliament.\(^{57}\)

- **The Court of Accounts** is responsible for the external audit function.\(^{58}\)

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\(^{57}\)Law No 181 of 25 July 2014 on Public Finances and Budgetary-Fiscal Accountability.

\(^{58}\)Court of Accounts Law No 261 of 05 December 2008.
- The Government exercises the general management of the executive activity in the area of public finance management, with its decision-making elements.

- The Ministry of Finance, by means of its subdivisions and subordinate institutions, ensures the performance of the Public Finance Management functions: overall coordination of the budgetary process, development and coordination of the budgetary and fiscal policy, development and coordination of Medium-Term Budgetary planning (MTBF), management of the component budgets of the National Public Budget, State budget management, and the monitoring of the execution of other component budgets of the National Public Budget. In addition, it manages other processes or systems, like the Treasury System (State Treasury), the Fiscal Administration System (Main State Tax Inspectorate), the Public Procurement System (Public Procurement Agency), the Customs Administration System (Custom Service), the Public Internal Financial Control System, and the audit function (Financial Inspection).

- The National Social Insurance House is in charge of Social Insurance Budget management.

- The National Health Insurance Company is in charge of the Compulsory Health Insurance Funds.

- The Central Public Authorities are in charge of budgetary planning based on policy documents on each branch of activity, and of the development of mid-term sector expenditure strategies within the Medium-Term Budgetary Framework, of the annual budgets development, execution and reporting according to the law.

- The Local Public Authorities develop, approve and manage the local budgets in line with the principles and rules established by the law.

- Budgetary institutions manage the available budget resources in accordance with the law.

96. According to the Law on Public Finances and Budgetary-Fiscal Accountability, the National Public Budget consists of the State Budget, State Social Insurance Budget, Compulsory Health Insurance Funds, and Local Budgets. The latter, in their turn, are divided in the budgets of villages (townships), towns (municipalities, except for Balti and Chisinau municipalities), district budgets, central budget of the Autonomous Territorial Unit with Special Legal Status, the budgets of Balti and Chisinau municipalities. The Law on Local Public Finances\(^59\) was updated in November 2103\(^60\) when a new Local Public Finance system was introduced, in compliance with the Specific Objective II of Financial Decentralization component of the National Strategy for Decentralization\(^61\), namely the improvement of the current local public finance system, so that to ensure the financial autonomy of local public management, maintaining the financial discipline, maximizing the efficiency and ensuring fair resource allocation.

97. The general expected impact of the amendments to the Law on Local Public Finance and Tax Code is the following: (i) strengthening, enlargement and overall increase of local autonomy in substantiating and managing the own revenue system; (ii) encouraging own revenue collection by the local public authorities; (iii) transparency, predictability, and stability; (iv) financial autonomy indicators – significant enhancement.

59 Law No 397-XV of 16 October 2003 on Local Public Finance.
60 Law No 267 of 1 November 2013 on Amending and Supplementing Certain Legal Acts.
98. During the past years, the PFM system has undergone an intensive process of reforming at every level. In this respect, the 2013-2020 Strategy for the Development of Public Finance Management for was developed and is under implementation. 62

99. At the same time, the Law on Local Public Finances and Budgetary-Fiscal Accountability was approved63, which contains important provisions aimed at strengthening the general budgetary-fiscal discipline and the budgetary process, streamlining the budget resources management, and increasing the transparency during the budgetary process. The application of budgetary-fiscal policy rules and the adoption of Medium-Term Macro-Budgetary Limits by the Parliament, the implementation of the new budget classification, and of the new chart of accounts, the consolidation of program-based budgeting and establishment of new rules for management of collected revenues by budgetary institutions, clear delimitation of responsibilities within budget process, and the enhancing of central public authorities – are just a few of the most important reforms provided by the new organic law on public finance.

100. The Public Internal Financial Control system (PIFC) is also being reformed. Thus, the Law on Public Internal Financial Control was adopted64 and the 2014-2017 Strategy on Public Internal Financial Control Development was approved by the Government65. At the same time, the National Standards both for Financial Management Control (FMC) and for Internal Audit were approved by the Ministry of Finance.

101. In addition, in order to align the regulatory framework on public procurement to the EU legislation, a new Law on Public Procurement was adopted66 and normative acts envisaged by this law were approved.

102. At the same time, there is the final stage of approval by the Ministry of Finance of the standard documentations necessary to follow public procurement procedures (Standard documentation on public procurements of goods and services and Standard documentation on public procurements of works).

103. Regarding the Public Finance Management, according to the last assessment processes, the central public administration has a stable level. Both, the assessment exercise of public expenditure and finance responsibility during 2012-2014 (PEFA)67, and SIGMA assessment since 2016 viewed this development as a stable and advanced one. In most cases, the indicators were assessed as high (e.g. PI-1 — PI-3 for budget credibility) or stable (e.g. PI-13 — PI-28 for budgetary cycle).

104. Hence, the basic elements are developed, approved and overall compliant with the best international practices.

105. At the same time, improvements were registered in terms of variance in expenditure structure for 2012-2014 (PI-2 (i)), which did not exceed 5% of total expenditure (1.8% in 2012,

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63 Law No 181 of 25 July 2014 on Public Finances and Budgetary-Fiscal Accountability.
64 Law No 229 of 23 September 2010 on Public Internal Financial Control.
66 Law No 131 of 3 July 2015 on Public Procurement.
2.3% in 2013, 3.8% in 2014), and the contingencies did not exceed 3% of total expenditure (0.1% for the three years).

106. The revenues variance, has also decreased during 2012-2014, if compared with the PEFA assessment of 2011 (for 2008-2010), which reveals better performances in planning and management of revenues.

107. Nevertheless, according to the wasted government expenses indicator, analysed in the Global Competitiveness Report for 2014-2015, developed by the World Economic Forum, Moldova ranks 102 of 144.68

108. With regard to the local public administration, some important and essential changes concerning the financial decentralization segment were carried out. The amendments and addenda to the Law on Local Public Finances and Tax Code established a new system of local budget formation, and the system of tax sharing and transfers was reviewed and modified. The amendments resulted in a reassessment of the whole local public finance system, and underpinned the further changes in the field of local public management, focused on increasing the local potential by supporting the income generating actions, ensuring fair sharing of the revenue, and creating preconditions for strengthening the local authorities’ autonomy.

109. At the same time, the administrative capacity of Local Public Authorities is affected significantly by the shortage of human, logistical, patrimonial and financial resources to secure qualitative local public services. The insufficient financial resources and the small localities influence negatively the administrative capacity of LPA as a service provider.

Identified problems

110. The public finance management system is an integral part of the basic concept of a good governance of the whole public administration, therefore the implementation or failure to reform this system impacts all the components of the public administration reform, and vice versa.

111. The problems encountered during the implementation of the public finance management reform agenda are specific not only for the Ministry of Finance, but for the entire public administration system. Given the complexity of the system, the actions taken by the Ministry only do not help with all the fiduciary issues that are registered in this respect. Therefore, the strategy will have a general approach to public finance management, targeting at the whole public administration.

112. The Government must decide what are the priorities for the use of public resources, by means of a regulated budgetary cycle of planning, approval and implementation. Efficient and effective public expenses mean ensuring a maximum value as a result of these expenditure decisions, implementation of control procedures and avoiding losses, errors, fraud, and corruption.69

113. The analysis of PFM implementation reveals that most elements, for which the Ministry of Finance was the only or the major implementor (Law on Public Finances and

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68Global Competitiveness Report, page 413, World Economic Forum
69"Quality of Public Administration. A toolbox for practitioners, European Commission, Directorate-General for Employment, Social Affairs and Inclusion Unit E.1, 2015.
Budgetary-Fiscal Accountability, rules and procedures on MTBF development, Strategy for the Development of Public Finance Management, Law on Public Internal Financial Control, Methodological framework on financial management, control, and internal audit) were implemented, but those who depended on the cooperation with the whole public sector, have some delays (adherence to the MTBF calendar, connection of policy priorities with the expenditure limits and with the performance indicators, FMC implementation at institutional level etc.). Moreover, resulting from the specific of relationship between FMC reform and institutional management, the FMC reform must be treated as a consultative element of the Public Administration Reform.

114. Therefore, the assessments mentioned above have identified a range of gaps, which delay or hinder the implementation of activities and fulfilment of the objectives of the public finance management reform:

a) The calendar and the approval method of the Medium-Term Budgetary Framework is not respected. In particular, in 2013 and 2014 it was not completed and approved by the Government by the set deadlines. The document was analysed and approved at the meeting of the Inter-Ministerial Committee on Strategic Planning, and posted on the website of the Ministry of Finance. In 2015, MTBF was not approved by the Inter-Ministerial Committee on Strategic Planning, but merely by the Ministry of Finance. The absence of a Government-approved document on mid-term budgetary planning affects the credibility of the entire exercise. As a result, the established priorities and assumed commitments are regarded as less important.

b) Not all the sectors have expenditure strategies within MTBF, which means a weak connection with the strategic objectives of certain policy documents. Even if the implementation of mid-term budgetary planning and program-based budgeting aimed at obtaining a better correlation of resource allocation with sectoral and national policy objectives, the link between the basic elements (objectives, performance indicators) of policy documents with MTBF documents and annual budgets is still a challenge. It is essential that all policy documents that are viewed as priority for funding to be reflected in the expenditure sectoral policies for monitoring and further assessment of performance indicators. Otherwise, the funding of the established priorities becomes uncertain and some indicators risk not to be monitored or assessed, which can affect the implementation of the planned objectives. Correlation between policy documents, MTBF, and annual budgets is also determined by the insufficient cooperation between the units in charge of policy development and those in charge of budget.

c) The importance of Financial Management Control System (FMC) it is not appropriately perceived by managers of institutions, thus, there are drawbacks in the implementation of its elements. The FMC implementation at organizational level it is not structured uniformly and lags behind the development of operational framework. The main responsibility for FMC development is the task of qualified managers of each institution, together with other managers of the subordinated subdivisions. However, the Internal Audit Units help in FMC
development by training the staff, on-the-job coaching and advising how to improve the control procedures. Although the public internal financial control system has more financial connotations and is supervised by the financial-accounting staff of the institutions, this system offers to the management additional assurances that the internal control procedures that were introduced at the financial and operational levels will help achieve the set objectives. Similar assurances are also offered to the external environment of the institution, and to the public administration as a whole, regardless of their type: The Government, Court of Accounts, Parliament, development partners, etc.

d) There is no appropriately unified procedure to the FMC implementation steps. The institutions do not have to approve their own regulations or FMC system strategic plans. The FMC Manual recommends, but not requires to appoint coordinators, set up working groups or develop separate action plans for the strengthening the current FMC systems. At the same time, the integration of FMC development actions in the current operational plans of the institution is encouraged.

e) The existing surveillance mechanism of MFC system implementation at the level of public administration does not have the necessary capacities of decision and influence. The reports developed by the Central Harmonisation Unit of FMC are presented to the Government, and approved without any assessment and analysis. These reports do not contain any conclusions and recommendations, and their implementation and impact is not monitored by the Government.

f) There is no delegation from the hierarchical structures to their subordinated institutions. Managerial accountability is one of the MFC principles. It envisages the delegation of managerial accountability within the hierarchic framework of an institution. At present, neither the Law on Public Internal Financial Control, nor the Law on Public Finances and Budgetary-Fiscal Accountability contains such provisions.

g) The internal audit system is implemented with difficulties from the same reasons. So far, such units have been established only in 45 of the 57 institutions that must create the internal audit function. Even if the total number of auditors is increasing (from 108 to 125 in 2014), the majority of internal audit units have 1-2 employees, which are mainly focused on the compliance audit rather than on other types of audit – system audit, performance audit or IT audit. Moreover, the internal audit units are not viewed as tools of ex-post assessment and assurances of the implementation and functionality of internal control procedures in order to achieve the objectives, but as tools for their creation and validation, as they are directly involved in the process of their development or application.

h) The authorities carry out public procurement operations by means of some internally designated units or working groups, which consist of at least five persons that conduct the full cycle of public procurement, from planning to concluding the contract. While the legislation establishes a range of criteria in order to ensure the smooth implementation of public procurement procedures,
the presence of some experts during the process is not always guaranteed, and sometimes they are even excluded explicitly from the working groups. The failure to involve experts in public procurement explains why the working groups are not able to prepare adequate tender documentation or to establish correctly the qualification and assessment criteria, which will eventually lead to the cancellation of offers.\textsuperscript{70}

i) In addition, the public procurement system has considerable limitations regarding the transparency of the process.\textsuperscript{71}

115. At the same time, a delay was noticed in the reform of public finance, directed to the development of local public authorities:

a) The financial decentralization is not completed yet. The amendments and addenda to the Law on Local Public Finances and Tax Code established a new system of local budget formation, as well as reviewed and modified the system of tax sharing and transfers; of the 3 blocks of expected activities, the activities concerning (i) strengthening the local revenue basis and (ii) streamlining the Financial Management remained outstanding.

b) The property decentralization is delayed significantly. The amendments to the local public finance system highlighted the drawbacks in the delimitation and management of property at the local level. The delaying of property decentralization process may have an extremely negative impact on the LPA liability in generating their own revenue and in conducting an efficient management of properties. The failure the delimit clearly and register the public property and the lack of funds for the assessment of real estate owned by LPA decrease the tax base of the local public administration.

c) The Law on Administrative Decentralisation of the Republic of Moldova defines the administrative capacity as the ratio between general administrative expenditure and the own revenues of LPA. According to Law, a LPA is regarded as viable if its administrative expenditure does not exceed 30% of the total local revenue. At present, more than 80% LPAs do not meet these requirements.

\textit{General objective}

116. Creating a modern financial management system, based on principles and rules which will ensure general budgetary and fiscal discipline, as well as transparent procedures regarding budgeting and administration of the national public budget and its components.

\textit{Specific objectives (SO) and intended action}

\textit{SO1. The National Public Budget is formulated in accordance with the national legal framework, with expenditure limits set in the medium-term budgetary framework and with the needs of administrative territorial units, and the prescribed procedures are fully respected.}

\textit{Phase I (2016-2018)}

\textsuperscript{70} b. Pag. 115
\textsuperscript{71} Corruption in the RM, Transparency International, December 2015
1) Finish procedural framework at the level of central public authorities on budget planning and correlate it with the approved policy documents.
2) Establish a mechanism for continuous capacity development of staff working in public finance management.

**Phase II (2019-2020)**
1) Review the functions and duties of subdivisions of the central public authorities to ensure efficient cooperation in the budgetary process and ensure correlation between policy documents with MTBF and annual budget;
2) Strengthen the budget process, based on unified rules and principles in budget management, in line with European requirements and practices.

**SO2. The operational framework for financial management and control defines the responsibilities and powers, and its implementation by budgetary organizations is consistent with the legislation governing public finance management and public administration in general**

**Phase I (2016-2018)**
1) Develop a procedure to implement the financial management and control system, and have it applied by all institutions.
2) Organise training sessions on the financial management and control system.

**Phase II (2019-2020)**
1) Study the conditions and feasibility for budgetary institutions to delegate budgets within their management structures to encourage further development of MFC and managerial accountability.

**SO3. Each public organization implements financial management and internal control and audit in accordance with the general policy documents on internal audit, depending on the organization’s needs.**

**Phase I (2016-2018)**
1) The optimal staffing of internal audit units to meet the needs of the institution and be consistent with the international and national standards.

**Phase II (2019-2020)**
1) Clear understanding of financial management and control system and its proper implementation in accordance with the current regulatory framework.
2) Ensure that the activity of internal audit units is in line with the national and international standards of internal audit.
3) Strengthen the capacities of internal audit units to carry out system, performance and IT audits.

**SO4. Public procurement rules correspond to the EU standards, are in line with the corresponding regulations from other fields and are applied effectively.**

**Phase I (2016-2018)**
1) Create the Complaints Settlement Agency.
2) Strengthen the capacities of the Ministry of Finance in policymaking and legal framework for public procurement.
3) Complete and implement the concept of e-procurement

_Phase II (2019-2020)_
1) Introduce, by the Ministry of Finance, professional requirements for members of working groups on public procurement, eventually monitored through a system of certification.
2) Analyse the option of replacing the working groups by public procurement units in institutions.

**SO5. Consolidate the LPA revenue base**

1) Develop and consolidate of LPA revenue base and the autonomy to take decisions in this regard.
2) Strengthen the autonomy and financial management of LPAs.
3) Create a system/mechanism to ensure that the losses of the local budgets resulting from exemptions/actions/unilateral decisions coming from other public authorities are covered (Parliament, Government, ministries, etc.).

**SO6. Delimit the state property from that of the administrative territorial units (ATU), including by domains (public and private) an ensuring full, efficient, effective and responsible property management mechanisms.**

1) Develop the legal instruments to delimit the property of the State and the administrative-territorial units.
2) Inventory counting and bookkeeping of the public property of the State and ATU.
3) Complete the delimitation of state property and ATU property.
4) Develop the LPA capacity in property management by developing and conducting training courses on effective property management.
5) Develop mechanisms of cooperation (public-private, public-public, public-public-private) for the effective management of property.

**Monitoring indicators**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicator</th>
<th>Reference year</th>
<th>Baseline value</th>
<th>Targets for 2018</th>
<th>Targets for 2020</th>
<th>Means of verification/Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO1</td>
<td>MTBF approved by the Government</td>
<td>2015</td>
<td>—</td>
<td>1</td>
<td>1</td>
<td>The Official Gazette</td>
</tr>
<tr>
<td></td>
<td>Total number of sectoral strategies into the MTBF</td>
<td>2014</td>
<td>17</td>
<td>21</td>
<td>21</td>
<td>Official Gazette, the webpage of the Ministry of Finance or the responsible institutions</td>
</tr>
<tr>
<td></td>
<td>The strength of the MTBF</td>
<td>2014</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>The MTBF shall refer to the following criteria (Directorate General for Economic and Financial Affairs, “the principles of</td>
</tr>
<tr>
<td>Objective</td>
<td>Indicator</td>
<td>Reference year</td>
<td>Baseline value</td>
<td>Targets for 2018</td>
<td>Targets for 2020</td>
<td>Means of verification/Method of calculation</td>
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</tr>
<tr>
<td>Approved annual budget laws within the deadline</td>
<td>2015</td>
<td>3</td>
<td>3</td>
<td>The Official Gazette</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SO2</td>
<td>The operational framework for the MFCC is complete, existing and applied</td>
<td>2015</td>
<td>2</td>
<td>4</td>
<td>4</td>
<td>Official Gazette, internal regulations of the institutions; The index is calculated according to the methodology “the principles of public administration”, SIGMA</td>
</tr>
<tr>
<td>The government has studied and examined whether the principles of delegation</td>
<td>2016</td>
<td>0</td>
<td>0</td>
<td>1</td>
<td>Existing document on the assessment of applicability of principles with possible scenarios for delegation of implementation</td>
<td></td>
</tr>
<tr>
<td>SO3</td>
<td>The institutions which meet the minimum requirements for staff of the internal audit unit</td>
<td>2015</td>
<td>79 %</td>
<td>85 %</td>
<td>100 %</td>
<td>Annual report of the Central Harmonisation Unit</td>
</tr>
<tr>
<td>The share of internal auditors with certified national or international activity</td>
<td>2015</td>
<td>32 %</td>
<td>50 %</td>
<td>100 %</td>
<td>Annual report of the Central Harmonisation Unit</td>
<td></td>
</tr>
<tr>
<td>The average share of system audits, performance and it audit over other activities</td>
<td>2015</td>
<td>0</td>
<td>25 %</td>
<td>60 %</td>
<td>Annual report of the Central Harmonisation Unit</td>
<td></td>
</tr>
<tr>
<td>SO4</td>
<td>The level of development and implementation of legal framework for public procurement</td>
<td>2015</td>
<td>3</td>
<td>5</td>
<td>5</td>
<td>The Official Gazette The index is calculated according to the methodology “the principles of public administration”, SIGMA</td>
</tr>
<tr>
<td>The development and implementation of the policy framework for public procurement</td>
<td>2015</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>The Official Gazette The index is calculated according to the methodology “the principles of public administration”, SIGMA</td>
<td></td>
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<tr>
<td>The professionalisation of</td>
<td>2015</td>
<td>1</td>
<td>5</td>
<td>5</td>
<td>The Official Gazette</td>
<td></td>
</tr>
</tbody>
</table>
### 6.5. Civil service and human resources management

A system cannot become functional and efficient, and cannot accomplish the mission for which it was created only on the basis of a package of laws, certain rules, norms and regulations. Professionalism, integrity, honesty and fairness of human resources in the desire to better serve the public interest, ensure the human dimension of public administration.

Overview of current situation

117. Reforms that aim to create a modern public service were mainly implemented after the adoption of Law 158/2008 on Public Function and Status of Civil servant. The State Chancellery ensures promotion and implementation of state policy in public service, particularly human resource management; guides public authorities and monitors the implementation of certain personnel procedures in public authorities. By the end of 2013, the creation of certain human resources management tools was completed, namely AIS "Registry of Civil Services and Civil Servants" and Government Portal of Vacant Civil Service Positions. The State Chancellery also coordinates the network of practitioners in human resources (HR subdivisions), responsible for implementing the personnel procedures in public authorities. This law applied only to 16,995 civil servants from central and local public administration of the total 42,736 persons employed in public authorities as on 1 January 2015.\(^2\)

118. The public authorities were structured and civil services were classified on the basis of the Single Classification of Civil Services\(^3\). Job descriptions were developed for all civil services; to facilitate the enrollment of new civil servants into activity, the probation period (6 months) is practiced, with mandatory training of the new recruits (80 hours); the professional performances of civil servants are evaluated (annually) and professional development activities

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\(^2\)Report on Civil Service and Civil Servant’s Status, State Chancellery, 2015.

\(^3\)Law No 155 of 21 July 2011.
are carried out. A significant progress was noticed in the employment in civil service based on merit (on a competitive basis and by promotion). In 2013, the legal provisions (Law 98/2012, Law 158/2008) on the position of “State Secretary” in ministries as a senior management civil service came into force.

119. The transparency of the payroll system (Law 48/2012) was ensured, which was applied to all civil servants (excluding some categories of civil servants with special status). Thus, it includes 23 levels of payment, including Levels 1-20 for management and execution civil servants, each having 9 salary scales, and Levels 21-23 for senior management civil servants, each having 5 salary scales. While enforcing the Law no.48 of 2012 on Civil Servants Payroll System, the management and executive civil servants have been granted the salary scales I-VII, fitting their salary into the range of MDL 2,200-8,580, and the senior management servants - salary scales I-III, fitting their salary into the range of MDL 7,000-8,970. Thus, the average monthly salary at the central level in 2014 was the same as in 2013, MDL 5,290 for executive and management civil servants, and MDL 9,255 for civil servants of senior management, 37 positions in total. The first upgrading on the salary scales took place in March 2015, but in 2016 for the first time annual bonus was awarded.

120. Particular attention is paid to non-financial motivation of civil servants. Thus, the professional holiday "Civil Servant Day" was established in 2012, with the Government awarding diplomas and state awards to the best performing officials. Methodological guidelines on non-financial motivation of civil servants were developed and training sessions have been organised for the senior civil servants. The public authorities have begun to develop and implement programs for non-financial motivation of staff.

Identified problems

121. Despite the progress made, the responsible division of the State Chancellery should build its skills because of the significant increase in workload in HR management, including from the perspective of decentralization.

122. The selection of candidates for public functions is focused more on revealing the level of knowledges and less that of necessary competences. Attractiveness of public function is at a low level: in 2015 only 2,5 persons in average applied for a public position.

123. Legal norms envisage performance based payroll in order to attract and retain the most performant civil servants. Nevertheless, civil servants payroll is not incentive/motivated. The salary of public servants is not annually adjusted to the inflation rate and to the economic situation in the country. Compared to the salaries in the private sector, the levels of salaries for most civil servants, especially beginners, are very small.

124. Despite the introduction of performance-based remuneration and other incentives, the recruitment and retention of qualified personnel still remains a challenge, particularly due to low salary, both at central public administration level and at the local public administration level.

125. Although HR divisions exist within all authorities, their quality and status vary. The staff of these subdivisions often focuses on its administrative role and less on the strategic one.

74Law No 48 of 22 March 2012 on Civil Servants’ Payroll System.
126. The integration of "state secretaries" in all authorities has not yet been achieved; some more aspects of management, including of coordination of this category of officials should be clarified.

127. The volume and quality of professional development activities is not yet enough to create/develop necessary competencies of all categories of civil servants for effective exercise of their duties and responsibilities. Professional development process of the personnel is still not a priority for the public authorities’ management.

128. The legislation on LPAs establishes a broad range of skills and responsibilities for town halls, the realization of which requires developed, structured and functionally specialized institutions. About 769 (85%) of local authorities in the Republic of Moldova have more than 6 local civil servants (24% have less than 4), namely: the mayor, the secretary, two specialists (on fiscal and cadastral issues), the accountant. Given situation is caused by the large number of administrative territorial units. This personnel structure does not allow an efficient public management and a high quality level of service provision. The reforms to modernize the public services performed on the local public administration segment, especially through the use of information technologies and capitalization of funds available for the local government, require the identification of possibilities to fit qualified specialists into town halls activity, including in terms of administrative territorial reform.

**General objective**

129. Adjustment of human resources management system to the objectives and the requirements of a modern administration.

**Specific objectives (SO) and intended actions**

**SO1. Domain of public service is clearly defined and applied in practice, so there is a regulatory and institutional framework to ensure a professional civil service.**

**Phase I (2016-2018)**

1) Adjustment of the normative framework in terms of the implementation of EU administration principles:
   a. Ensure that everyone is recruited following competitive process and promoted on the basis of merits.
   b. Protect the public officials against unfair dismissal.
   c. Improve the payroll system.

2) Analyse legal provisions on the management of human resources in public authorities that do not have public functions or are subject to special regulations and those that exercise functions of public authority in the general interest of the state.

3) Ensure implementation and development of the Automated Informational System „Public Functions and Civil Servants Register”, including at the local public administration level.
4) Ensure effective management of human resources:
   a. Strengthen the capacity of the unit responsible at the central level for policies on human resources in public administration by extending the legal mandate and increasing the number of staff.
   b. Strengthen the human resources management at the public authority level.

**Phase II (2019-2020)**
1) Develop proposals for amendments of legal provisions on the management of human resources in public authorities that do not have public functions or are subject to special regulations and those that exercise functions of public authority in the general interest of the state.
2) Develop the Automated Informational System “Public Functions and Civil Services Register” by creating new functionalities, including the improvement of reporting standards and adding analysis and data processing instruments. Ensure the interoperability of the Public Functions and Civil Services Register with relevant components of other systems, especially regarding the remuneration of civil servants.
3) Clear delimitation of the public authorities’ competences responsible for human resources management in public administration.

**SO2. Professionalism of public service is enhanced by high standards of management and human resource management practices.**

**Phase I (2016-2018)**
1) Strengthen the body of top management civil servants, including state secretaries.
2) Prepare legal amendments to consolidate the position of Secretary of State by assigning overall responsibility for management of authority, including human resource management.
3) Improve the procedure of recruitment and selection based on merit.
4) Develop the training system for the personnel in the public authorities.
5) Improve the financial and non-financial motivation system.
6) Increase the objectivity of the professional performance evaluation.
7) Promote and ensure the integrity of public servants.

**Phase II (2019-2020)**
1) Improve the merit-based recruitment and selection procedures by introducing a centralized phase to verify the competences of candidates (computer based).
2) Develop the network of training providers.

**Monitoring indicators**

<table>
<thead>
<tr>
<th>Objective</th>
<th>Indicator</th>
<th>Reference year</th>
<th>Baseline value</th>
<th>Targets for 2018</th>
<th>Targets for Year 2020</th>
<th>Means of verification / Method of calculation</th>
</tr>
</thead>
</table>


<table>
<thead>
<tr>
<th>Objective</th>
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<th>Targets for Year 2020</th>
<th>Means of verification / Method of calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>SO1</td>
<td>The scope of the public service remit is adequate, clearly defined and applied in practice</td>
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<td></td>
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<tr>
<td></td>
<td>The legal framework and policy to ensure a coherent and professional public service is established and implemented</td>
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<tr>
<td></td>
<td>The institutional arrangements allow the consistent application of human resources management practices in the public service</td>
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<td>-</td>
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</tr>
<tr>
<td>SO2</td>
<td>Hiring in the public service shall be carried out in merit</td>
<td></td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Political influence on employment and redundancies at the position of the upper management of the public service is prevented</td>
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<tr>
<td></td>
<td>The salary system for civil servants is fair and transparent</td>
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<tr>
<td></td>
<td>The training of civil servants</td>
<td></td>
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<tr>
<td></td>
<td>Annual fluctuation of public officials in public administration, including central and local</td>
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<td></td>
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<td></td>
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<tr>
<td></td>
<td>Percentage suitable vacant positions advertised at the level of public administration, including central and local</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

**VII. ESTIMATION OF IMPACTS, COSTS AND RISKS**

130. The impact expected as a result of Strategy implementation:

- The structure of public administration will be simpler, but more efficient, so that public policies will be based on evidences and needs of all citizens and decisions will be taken in a transparent and participative manner;
- Public services will be closer to citizens, delivered in efficiently, effectively and timely, administrative burden and related costs being reduced;
- Public financial resources will be used transparently, efficiently and according to development priorities;
- Credibility of public institutions regarding the responsibility in management processes will increase, to both internal and external factors;
- Public procurement will be carried out in a transparent manner, within an effective normative framework allowing the healthy development of competition and offers equal conditions to all interested participants.

131. The implementation of this strategy is a complex and lengthy administrative exercise. The success of its implementation depends on the capacity of mobilising financial resources, human capital and quality of information resources by public administration. Furthermore, Retrieval Strategy actions in the annual budgets and medium-term is imperative and shows national commitment to achieve it. Furthermore, it is necessary to harness the efforts of development partners.

132. Thus, to ensure the implementation of the Strategy, taking into consideration limited resources of national public budget, discussion will be launched with development partners to attract and to align external assistance to the priorities of this Strategy.

133. Prospective, actions related to modernisation of public administration will be covered within the annual budgetary allocation approved for central public authorities in charge of public services, depending on the financial and non-financial performance of public service providers within their sphere of competence.

134. A more accurate estimate of the necessary financial resources will be done in the process of action plans development, provision of which will be included in the Medium Term Budgetary Framework.

### Risks associated with the implementation of the strategy

<table>
<thead>
<tr>
<th>Prerequisite</th>
<th>Risks</th>
<th>Risk management / response measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Existence of political will and consensual political recognition of the need of streamlining at all levels of public administration</td>
<td>• absence of the culture of consultation and openness of public institutions, with reactive approach to changes system</td>
<td>• the establishment of platforms for coordination, monitoring, Organising round tables of progress 2 times a year with the institutions involved and coordination units, where the rule Chatham House</td>
</tr>
<tr>
<td>• rational and efficient institutional framework</td>
<td>• redistribution of functions between existing institutions (linear reorganisations within the same hierarchical level).</td>
<td>• regular meetings with representatives of political parties in government.</td>
</tr>
<tr>
<td>• compliance with the legal framework, which was again revised so that it reflects existing good practice</td>
<td>• lack of support politic</td>
<td>• better coordination of actions (promoting) coordinate efforts across Europe 4 implementation units, in particular the Chancellery of State aid</td>
</tr>
<tr>
<td>• the existence of sufficient staff adequately trained to generate change</td>
<td>• excessive politicisation of government and ATU, may lead to redistribution and excessive duty fragmentation.</td>
<td>• monitoring of the implementation of the provisions of the Act on budgetary and fiscal Responsibility</td>
</tr>
<tr>
<td>• authorities involved will be fully open and collaborative in the fulfilment project</td>
<td>• lack of ownership</td>
<td>• obtaining unrelated commitments underlying the reform prior to the start thereof.</td>
</tr>
<tr>
<td>• stability of budgeting process</td>
<td>• budgetary planning still does not have a strategic approach, and decisions are made on an ad-hoc basis, without substantiation and without reflection of the priorities of policies.</td>
<td>• consultation and ongoing information to decision-makers</td>
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<tr>
<td>• good inter-institutional communication and coordination framework</td>
<td>• lack of financial resources</td>
<td>• education/training capacity team-leaders and decision-makers</td>
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<tr>
<td>• political recognition need to implement quality management of public services</td>
<td>• institutional resistance to change</td>
<td>• monitoring of the implementation of the provisions of the Act on budgetary responsibility tax</td>
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<tr>
<td>• Sound financial resource planning medium-term (implementation) and long-term (to ensure sustainability).</td>
<td>• the existence of political pressures on public administration institutions to not comply with the terms</td>
<td>• using the power of supervision of the budgetary process</td>
</tr>
<tr>
<td>• legal</td>
<td>• the regulatory framework for the budgetary planning process in the short and medium term</td>
<td>• promoting reform wages in the</td>
</tr>
<tr>
<td>• public compensation corresponds to or exceeds the level of pay in the real sector of the economy.</td>
<td>• arbitrary and non-transparent decision-making process leading to the approval of the legal provisions</td>
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institutions is one High
• the existence of internal control mechanisms at all levels of public administration • the implementation of legal provisions related to the institutional and personal performance evaluation in the public sector • Political support • rational and efficient institutional framework. • compliance with the legal framework, which was again revised so that it reflects existing good practice • the existence of sufficient staff adequately trained to generate change • the implementation of legal provisions of the new law on public procurement.

• without assessing their regulatory impact.
• the lack of financial incentives for employees to engage and create potential for change.
• absence of the set of incentives for managers to supervise institutions/implement changes.
• the limited supervision of the budgetary process • institutional resistance to change • the existence of political pressures on public administration institutions to not comply with the terms and 3) the regulatory framework for the budgetary planning process in the short and medium term • arbitrary and non-transparent decision-making process leading to the approval of the legal provisions without assessing their regulatory impact.
• the lack of financial incentives for employees to engage and create potential for change.
• absence of the set of incentives for managers to supervise institutions/implement changes.
• civil servants from central public administration authorities are derived from “ad hoc” activities.

public sector.
• public consultation • organisation of training associations, business sector representatives, skills transfer platforms • the establishment of platforms for coordination, monitoring. Organising round tables of progress 2 times a year with the institutions involved and coordination units, where the rule (Chatham House), • increase comprehensively budgetary documents, so that: policy priorities should be clear and detailed • presenting some macroeconomic scenarios, their impact on the state budget.
• the impact of budgetary allocations on the most vulnerable segments of society • improvement of the spending programmes, by reformulating the objectives and performance indicators, to be more outcome-oriented, easier to measure and better rooted in development policies • it is necessary to publish the latest data on the status of all state-owned assets, including the situation of companies in which the State is a shareholder or founder/co-founder.
• the publication of data on certain guarantees and assumption of debt accumulation by the State in the budget year and in the longer term.
• increase the capacity of supervisory institutions capacity by training managers of budget institutions, executors, etc. • giving technical support when developing strategies and budgetary medium-term expenditure

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<th>VIII. IMPLEMENTATION PHASES</th>
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135. The Strategy will be implemented in two stages, with an action plan drawn up for each of them:

- **First stage** - 2016-2018, will focus on assessment and assignation by law of domains under central and local public administration mandate and strengthening the central public administration to create the necessary preconditions for extending the reform fully to the local level. The short term goal is to strengthen and promote the reforming of horizontal key systems and of responsible governance structures, especially the State Chancellery, to prepare the necessary
capacities at the central level for the administrative-territorial reform, scheduled for 2018. An interim evaluation of the Strategy will be carried out at the end of this stage, the results of which will reconfigure its objectives and actions for the second stage.

- **Second stage** – 2019-2020, will anchor fully the local government in the public administration reform process, expanding the reformed and strengthened systems, practices and procedures from the central level to the local administration, according to the new administrative-territorial structure, including strengthening the base of LPA own revenues, autonomy of decision on these revenues and fiscal incentives, LPA supporting funds on objective criteria and permanent; creation of complex mechanisms and instruments, including financing, demarcation, inventory, assessment, reassessment of state property and administrative territorial units property; develop mechanisms enabling the LPA with capacities and tools to boost local development process, including through the use of modern concepts and forms of inter-municipal cooperation and links with regional development strategies, as core elements of the administrative reform at local level.

IX. **MONITORING AND EVALUATION FRAMEWORK**

136. Efficient coordination of the implementation of public administration reform components is a key element of the Strategy. Sufficient coordination by the Prime Minister and the State Chancellery is a fundamental precondition for a set of reforms that will have a significant impact on the internal arrangements and the working manner with all relevant authorities at the central and local levels. In order to coordinate, monitor and evaluate efficiently the Strategy, the existing platform will be used - the National Council for Public Administration Reform, headed by Prime Minister, and specific arrangements in the public service will be made.

137. The Strategy will be monitored at two correlated levels. First, the institutions/subdivisions in charge of coordinating the components of the reform will use their own systems of monitoring, by setting up necessary mechanism and appointing responsible persons for data collection and analysis that is relevant for calculation of monitoring indicators included in the Strategy and in the action plans for its implementation and afterwards for reporting on performances.

138. Second, the State Chancellery will examine the monitoring reports and ensure coordination and monitoring of the developments in the Strategy implementation. The platform, used for this purpose by the State Chancellery, will be the Sectoral Council for Public Administration Reform, led by the Secretary General of the Government.

139. Annually, up to 1 March, the State Chancellery will submit to the Government the Report on Monitoring the Strategy Implementation during the previous year.

140. The entities responsible for the implementation of the reform components will submit to the State Chancellery quarterly informative notes on the performance or non-performance of actions from the action plan, until the date of 10th of the month following the reporting period. The State Chancellery will generalize and disseminate the Strategy Implementation Report to the interested parties by the date of 20th of the same month.
141. The implementation report will summarize the progress made under each component generally, and by objectives listed in the Strategy, in particular, with data on the full, partial or non-implementation of actions, and the detailed summary on entities that have outstanding activities.

142. The interim evaluation of the Strategy will be carried out at the end of 2018, and the ex-post evaluation - after 2020. The Evaluation Methodology will be developed in accordance with the regulations in force.