

Table 1.1. Moldova: Summary Assessment

Phase/Institution		Strength	Effectiveness	Rec. #	Reform Priority	
A. Planning	1	Fiscal principles or rules	Medium: Detailed MTBF including recurrent and capital expenditures, fiscal rule for central and local government, but limited link to debt sustainability.	Low: Escape clauses in fiscal responsibility law and unreliability of MTBF ceilings undermine general government debt sustainability.		Low
	2	National and sectoral plans	Medium: Investments in roads and energy are based on detailed national and sectoral strategies, but not fully costed.	Medium: Moldova 2020 does not provide a full picture of national priorities and the effectiveness of strategies is mixed across sectors.	2	Medium
	3	Coordination between entities	Medium: Rule-based capital transfers are introduced but notified late in the budget process; local government investment plans are not published as part of the State budget.	Low: Ad hoc programs for local projects, which were introduced prior to elections, follow different budget and monitoring processes and are affecting central-local coordination.	3	High
	4	Project appraisal	Medium: Legal framework supports rigorous technical, financial and economic analysis of major projects only for domestic funded projects, including risk analysis.	Low: Legal framework not applied in practice. Major capital investments are externally funded and not required to follow the appraisal process defined in the framework.	4, 8	High
	5	Alternative infrastructure financing	Medium: Legal monopolies and state-owned enterprises continue to play major roles. Comprehensive legal framework for PPPs.	Low: Limited competition in many markets for infrastructure provision, including for construction services. Several suspended PPPs.	5	High
B. Allocation	6	Multi-year budgeting	Medium: Multiyear ceilings are not binding for outer years; projections for capital expenditure do not have breakdowns to sectors.	Low: Credibility of medium-term projections and ceilings is undermined by inaccurate baseline of projects included in basket financing programs.	3, 6	High
	7	Budget comprehensiveness and unity	High: Capital spending and related recurrent spending is largely undertaken through the budget.	High: Extra-budgetary public institutions create some uncertainty about overall public investment, but not significant.		Low
	8	Budgeting for investment	Medium: Multiyear commitments of projects are not published; only part of capital expenditure is protected from reallocation.	Low: Large deviations from the public investment budget have been caused by inaccurate baseline and ad hoc programs for local projects.	3, 6	High
	9	Maintenance funding	Medium: Maintenance estimates should be made available during project preparation and are presented separately in the budget.	Medium: Maintenance can be identified in the budget and sectors responsible for large investments have developed methodologies.	8	Low
	10	Project selection	Medium: A central review of major capital investments should be undertaken following standardized criteria, though it does not cover externally financed projects.	Low: There is no pipeline of appraised projects, selection depends mostly on the availability of fiscal space and initiatives funded through donors are selected in an ad hoc fashion.	4, 5, 7, 8	Medium
C. Implementation	11	Procurement	Medium: Transparency in procurement is achieved through various mechanisms and an e-procurement system is in place.	Low: Inconsistencies between primary and secondary regulation that create confusion among public entities, providing them room for interpretation.	5,9	Low
	12	Availability of funding	High: Since 2016 framework for financing for capital spending has been predictable and payments have generally been timely.	Medium: Cash releases are prioritized during the month and the MoF established ad hoc moratorium on certain 2019 commitments.		Low
	13	Portfolio management and oversight	Medium: Comprehensive framework for oversight of budget-funded investment and external projects are covered by IFI rules.	Medium: Many of the legal arrangements have not been operationalized and project oversight arrangements are mostly for externally funded projects.	3, 8	High
	14	Project implementation	Medium: Regulation specifies clear rules and procedures for project adjustment, but these do not cover externally-financed projects.	Medium: Project adjustments follow donor's rules as per loan agreements. Changes to local-funded are within the 15 percent threshold.	3, 8	Medium
	15	Management of public assets	Medium: Asset registers are updated but are fragmented and do not reflect non-financial assets value accurately.	Medium: The quality of asset registers is questionable, but there are plans in place to improve it.		Low