

Moldova needs transparent, competitive and financially healthy municipalities

This conclusion was reached by the participants at the seminar "*Financial transparency of municipalities, by promoting anti-corruption measures and competitiveness model*", which took place on 26 November. The seminar was organized by IDIS "Viitorul", in partnership with the Institute for Economic and Social Reforms (INEKO) from Slovakia.

The event aimed to present the main findings of the analysis of local government budgets in Moldova and to discuss solutions for increasing financial competitiveness, through the Slovak experience.

"People have a right to know how their money is spent, to participate in developing and monitoring budgets. We are very interested in your success and the only way to achieve it is reforms. You lost a lot of time and you have to get to work. We're here to help: we not come with ready solutions or actions on paper, because you know them best and are interested in change. We share our experiences which worked in Slovakia and I don't see why it wouldn't work in Moldova", declared H.E. Robert Kirnag, Ambassador of the Slovak Republic in Moldova.

Attending the seminar, *Peter Golias, Director of INEKO, stressed the importance of transparency for local authorities in Moldova: "In Slovakia there is an open data portal with more than 890,000 financial data for 2900 municipalities. The same thing we want to achieve in Moldova, as in the end to have responsible and financially healthy municipalities"* (Presentation of Peter Golias you can find here). In the same context, Robert Kicina, executive Director at Business Alliance of Slovakia showed to those present how financial competitiveness model works in the municipalities of Slovakia and recommended them to open their financial information in order to reduce social and economic disparities between regions. (See more details in the presentation).

For three months, experts from IDIS "Viitorul" and Slovakia collected financial data from the 50 largest municipalities in Moldova and concluded that recent reforms in local finances brought both gains and losses to local governments from our country. *"The new law on local public finance has allowed rationalizing transfers. Therefore, local authorities are no longer dependent on transfers from the central level and have more freedom in managing public money. However, reforms in 2014 allowed diversifying the costs. Thus, the share of local expenses for education, environmental protection, municipal and transport has increased"*, said Angela Secieru, IDIS "Viitorul" financial expert.

According to the expert, the first municipalities with the highest share of local taxes in total budget revenues are Cahul (44%), Sorooca (33%) and Drochia (30%). Municipalities from Moldova that have the highest share of own revenues in budget revenues are Chisinau, Balti, Cimislia (54.9%), Rezina (48%) and Causeni - by 46.3%. In contrast, Persecina from Orhei, Baurci and Pelinia are localities that are most dependent on transfers from the central budget. Data will be published on an open data portal to be launched in early 2016.

In turn, representatives of local authorities are dissatisfied with the fact that business income tax was excluded from local revenues; funds are divided by political criteria, local revenues are insufficient and citizens are passive in the decision making process. *"Sometimes transparency plays tricks: people want everything now. Transparency in our municipalities can only be built when people will realize that they are obliged to contribute to the budget of the village where they live"*, believes Mayor of Rusestii Noi, Pavel Codreanu.

"You know the problems, but you don't have information. If you will open financial information to the public, this will solve many problems and will contribute to the development of democracy in your country", concluded the Director of INEKO, Peter Golias.

The event is held within the initiative "Transparent, financially healthy and competitive local governments in Moldova" is implemented by the Institute for Economic and Social Reforms in Slovakia (INEKO), in partnership with IDIS "Viitorul" with the financial support of the Official Development Assistance of the Slovak Republic (SlovakAid) and National Endowment for Democracy (NED). The project aims to increase the transparency, financial accountability, and competitiveness of local authorities in Moldova.

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