



GOOD GOVERNANCE IN CHIȘINĂU – INTRODUCING PERFORMANCE-BASED BUDGETING IN THE CAPITAL OF MOLDOVA

PAUCI&BCI Consortium have launched a project in the field of performance-based budgeting

GENERAL INFO ABOUT THE PROJECT

During the period 2010-2013, the Project „**Good Governance in Chisinau – Introducing Performance – Based Budgeting in the Capital of Moldova**” is being implemented in the Republic of Moldova. The Project is financed by the CEI/KEP Program and co-financed by the Assistance Program of the Ministry of Foreign Affairs of the Republic of Poland and is realized by the Polish Cooperation Foundation PAUCI in partnership with Business Consulting Institute (Republic of Moldova). The Project aims to promote good governance in Chisinau Municipality and particularly to improve the quality of financial management by introducing the performance-based budgeting model, build on the Polish experience.

The Project activities will proceed in two stages:

- The Initial Stage (training stage - in 2010-2011)
- The Implementation Stage of the performance-based budget (2011 – 2013)

The activities in 2010 consist of a series of seminars for all the departments and sections involved in the budget elaboration process for the Municipality of Chisinau. The seminars will be presented by a group of experts from both countries and will be consolidated by two study visits in Poland (Krakow, Bochnia, Warsaw) and two internships for two local budget specialists, which will take place in Krakow – the Polish city where the performance-based budget was introduced for the first time (in 1994). All the activities planned for 2010 will be summarized in a seminar by creating the “Task Force” Team, consisting of 15 members from the municipal administration, NGOs, enterprises and the Budget and Finance Committee of Chisinau Municipality. The activities will be evaluated by an external evaluator, whose recommendations will further influence the evolution of the project. From January to June 2011, the employees of the budgeting bodies of Public Administration along with the members of “Task Force” Team will design the first performance-based draft budget for Chisinau Municipality. This process will be supervised by the Polish and Moldovan experts. The “Task Force” Team will present the preliminary results at the roundup meeting. The project will be implemented in the period 2011-2012. It is planned for the performance-based budget to be officially implemented by the Municipality of Chisinau, starting with the 2013 year.

The Activities of the Project (The Initial Stage, 2010-2011)

- A training visit in Moldova for the Polish experts and the project coordinator (April, 2010)
- A study visit in Poland for the Management of Chisinau Municipality (May, 2010)
- 4 one-day introductory seminars in Chisinau (June 2010)
- Specialized three days’ training for the specialists of the budgetary system of Chisinau Municipality (September 2010)
- A study visit to Poland of all the representatives of the sectors working with the budgetary system of Chisinau Municipality (October 2010)
- An internship in Krakow for the budget specialists of Chisinau (November 2010)
- A roundup seminar in Chisinau and creation of the “Task Force” Team (December 2010)
- The middle evaluation of the Project (January-February 2011)
- Case studies (January-May 2011)
- The roundup meeting of the “Task Force” Team. Presentation of the performance-based pilot budgets designed for the selected units during the case studies (May-June 2011)

The Implementation Stage of the performance-based budget (2011-2013)

The detailed plan of the performance-based budget implementation will be designed at the end of the first stage. The final version of the performance-based pilot budget of Chisinau for 2012 will be elaborated by the end of the 2011 year. Meanwhile, during the second half year of 2011, there will be a series of seminars on the monitoring of the implementation of budgetary assignments in which the municipal administration and the specialists in budget elaboration and execution will be trained. Furthermore, organizational changes will be introduced in the Municipality’s Management, particularly in the Budget and Finance Direction. All the activities planned for 2012 will be focused on designing a real performance-based budget for 2013, which will be approved by the Municipal Council.



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This Project is financed by



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Business
Consulting
Institute

ACCOMPLISHED ACTIVITIES

Training visit of the Polish experts and the project coordinator to Moldova

The purpose of the visit was the discussion about project logistics and implementation details among partners, experts and beneficiaries from Moldova.

The study visit of Chisinau Administration to Poland

During 10-16 of May 2010, a Moldovan delegation consisting of representatives of the Ministry of Finance, of Chisinau Municipality and members of "Business Consulting Institute" made a study visit to Poland. The purpose of the visit was to acquire knowledge about the performance-based budget concepts and good governance methods. The Moldovan delegation has visited the cities of Krakow, Bochnia and Warsaw, where the performance-based budget is successfully implemented.

4 one-day introductive seminars in Chisinau

During 15-18 of June 2010, 4 one-day introductive seminars in the field of performance-based budget were organized for the representatives of the Ministry of Finance, Chisinau Mayoralty, local public administrations and General Finance Departments of the Rayon Councils. Their purpose was to present the idea of performance-based budget to the decision factors, the specialists in municipal and local budgeting and the administration of the budgetary units (departments/divisions) of Chisinau and to implicate the citizens in the budget planning and the supervision of budgetary tasks implementation. The trainings have been conducted by **Piotr Wierzoslawski**, Head of Monitoring and Evaluation Units of Krakow Mayoralty (PAUCI Expert, Poland) and **Angela Secrieru**, Professor at The Academy of Economic Studies of Moldova (BCI Expert, Moldova).



THE OPINIONS OF THE EXPERTS

"If you don't estimate the results, you will not distinguish success from failure. If you don't observe the success you will not reward it and if you don't acknowledge failure you will not correct it."



A public institution can acquire resources and use them in an economical, efficient and effective manner only by adopting the performance measuring principle, in order to attain the desired results. The implementation of performance-based budget is a truly important challenge for the public authorities of the Municipality of Chisinau. This project represents an essential basis in the achievement of this purpose.

Herța Veronica, Director of Budget and Finance Department, Chisinau Mayoralty

Introducing performance-based budget in Chisinau will ensure the transparency of the local budget. Moreover, it will improve financial management and will reveal the efficiency of public money administration. The Polish representatives were impressed to see the way municipal authorities and public employees are open to accept changes. This way, we truly believe that it is very possible to implement the project by the end of the 2011 year. I would like to thank the BCI Team for its skillful work and the high level organizational assistance. The study visit and the training seminars represent only the Initial Stage of the project, but I am sure that this project will be one of the most successful projects of the Ministry of Foreign Affairs of the Republic of Poland.

Adam Sauer, Project Coordinator, PAUCI Foundation

This project ensures a stepwise implementation of performance-based budget in the Municipality of Chisinau and gives the possibility to several local public administration units, including the Mayoralty, to develop their capacities through all the seminars, study visits and internships in Poland. The seminars showed the necessity and the opportunities offered by the introduction of innovations in the performance-based budget process. They also brought to light the characteristics and the advantages of performance-based budgeting and presented the achievements of the local public administration (in the Municipality of Balti, Comrat, Ungheni, Stefan-Voda, Floresti). That is why the seminars are a very useful and great theoretical and methodological support in the implementation process of performance-based budget in the Republic of Moldova.



Angela Secrieru, Professor at The Academy of Economic Studies of Moldova, BCI Expert

The collaboration between the Polish and Moldavian experts is one of the most important elements of this project. Its biggest advantage is the fact that it is an extension of another project realized in 2009-2010 in five cities of the Republic of Moldova as a partnership between Poland and the Republic of Moldova. The implementation of the project depends not only on planned activities, but also on choosing the performance-based model, naming the municipal management specialists involved in the projects, on technical infrastructure and informational technological system. The seminars focused on the introduction of performance-based budget as a consequence of innovation application, of the modernization in local management on a social, economic and technical level. The innovations in the public sector were presented as a process that occurs under the influence of external factors or as an "internal need", due to the development of competence on one hand and the rejection of inefficient solutions on the other hand. The seminars have brought a new perspective on the operation of the public management, its missions and objectives and have offered alternative ways for public services delivery and new possibilities to improve their quality and efficiency.

Piotr Wierzoslawski, Head of Monitoring and Evaluation Units of Krakow Mayoralty, PAUCI Expert

I have been working for almost one year in the implementation of performance-based budget concept in two cities, Balti and Ungheni, in a project of UNDP Moldova. Therefore, I was very interested to participate in the implementation of this project in the Municipality of Chisinau. Our experience shows that the linear budget which is used at present in local public administrations of the Republic of Moldova focuses the decisional process on budgetary inputs rather than on the efficiency and the effectiveness of the expenditures. The current approach to linear budgeting is less useful in establishing the responsibility of credit authorizing officers towards obtained performances. The short presentation of planned and actual expenditures in activities which are ambiguously worded remain unclear to interested people and are accessible only to specialists in the field. The application of the concept of performance-based budget requires public authorities to design a complex documentation also accessible to general public, because these documents offer details about expenses and achieved results and the efficiency and the effectiveness of the results. From this point of view, we support the implementation of this project and take all the efforts to achieve its success.

Veaceslav Bulat, Associated Expert of the project

