

Capacity building for program based budgeting in Moldova

The purpose of the project is to provide assistance to the **Ministry of Finance (MF) of the Republic of Moldova in implementing the program based budgeting (PBB) central and local public administration of Moldova**. The area of assistance has been selected in a participatory manner with the MF Moldova and is aligned with priorities of the Government of Moldova defined in the Activity Program of the Government of the Republic of Moldova “European Integration: Freedom, Democracy, Welfare” 2009-2013. The objective of the project is **to support the Ministry of Finance of Moldova in implementation of program based budgeting across the government of Moldova** and to create conditions for **sustainable capacity development for PBB in central and local public authorities of Moldova**.

The first phase of the SlovakAid PBB project was implemented from April 2011 to December 2011. It was focused on the analysis of legislative framework and the existing methodology for PBB and on capacity assessment for PBB implementation with the aim to design a comprehensive capacity development (CD) plan for the Government of Moldova to introduce the PBB nationwide. CD action plan became a basis for discussions with the MF Moldova representatives on the follow up phase of the PBB project in Moldova with support of the Public Finance for Development Programme and in line with relevant projects implemented on central and local levels, primarily the UNDP Moldova Joint Integrated Local Development (JILD) project and PFM project funded by the World Bank. This phase started in March 2012 and is expected to continue to June 2014.

The project is implemented under Component 1.

Status:

1st phase completed, 2nd phase ongoing

Timeline:

April 2011 – June 2014

Beneficiaries:

Ministry of Finance of Moldova

Project progress:

- Analysis of the program based budgeting (PBB) concept and methodology in Moldova was completed. Recommendations to improve the monitoring system for program based budgeting were incorporated into the amended PBB methodology to be valid since January 2012.
- Assessment of institutional, organisational and staff capacities for program based budgeting were conducted and capacity development plan was presented to representatives of the central and local public authorities in Moldova.
- A contribution to the cost of participation in the program budgeting training in the Centre of Excellence in Ljubljana was provided to 1 staff of the State Chancellery of Moldova in June 2011.
- 2nd phase of the project with substantial focus on building a sustainable training system in the area of budgeting is currently negotiated with the MF Moldova. Planned activities are based on the findings of the capacity assessment and proposed capacity development plan.
- PBB training system was approved by MF Moldova. It contains curricula for training courses on program based budgeting, monitoring and evaluation as well as measures to establish a sustainable training system.

- Training materials for in-depth training for program based budgeting and monitoring were prepared and translated into Romanian. They will be used in the future for trainings of civil servants from central and local public authorities of Moldova.
- Training of 39 trainers from the MF Moldova and central public authorities for program based budgeting and monitoring were conducted by 4 Slovak experts on 13-16 November 2012 and 19-22 November 2012 in Chisinau.
- Around 95 policy makers (ministers, deputy ministers), high state officials and presidents of districts in Moldova participated in the three 1 day- workshops on PBB concept delivered by the SlovakAid project on 26-28 November 2012 in Odiseu. Presentations of PBB concept and PFM reforms implemented in Slovakia were followed by discussions which, among others, focused on the exchange of experience from the various elements of the budget reform implemented in Slovakia and on fiscal decentralisation. Minister of Finance of Moldova participated in the workshops delivering the presentation and explaining objectives of the public finance reform in Moldova, and of PBB implementation, in particular.
- Training of trainers and workshops received very positive feedback on their high quality, relevance and very good transfer of knowledge. MF Moldova expressed very high satisfaction with the PBB project activities implemented in 2012 and with their significant contribution to the budget reform objectives of MF Moldova.
- Slovak experts provided coaching to trained Moldovan trainers during in-depth trainings on program based budgeting for civil servants from central public authorities of Moldova. Trainings were organized by MF Moldova in April - May 2013.
- A study visit of 10 representatives of central public authorities (chiefs of budget and finance divisions) in Moldova to Slovakia took place on 22-24 April 2013. The objective of the visit was to learn about the program budgeting in Slovakia, establish bilateral relations between specialists in both countries and acquire new knowledge on program based budgeting. Participants had discussions with representatives of the Ministry of Finance, Ministry of Foreign and European Affairs, Ministry of Economy and the Ministry of Education, Science, Research and Sport of the Slovak Republic. Participants highly recognized budget reform efforts of Slovakia and expressed appreciation of sharing experience of Slovakia with program budgeting implementation, its practical application and existing challenges.
- On-the-job training to improve program budgets of selected central public authorities in Moldova was conducted on 17-28 June 2013 in Moldova. Consultants reviewed program budgets of the Ministry of Finance, Ministry of Justice, Ministry of Labour, Social Protection and family and of the Parliamentary Secretariat. They focused on compliance with the PBB methodology, quality of goals, objectives, indicators and linkages of budgets to sector policies. Preliminary recommendations were provided in writing at the end of the mission to allow CPAs to incorporate them in 2014 program budget submissions. Organisational assessment of the PBB process was conducted during the mission and recommendations for improvements will be provided. The overall objective of the assistance is to 1) improve capacities for PBB in Moldova to ensure its effective application in the budget preparation process; and 2) strengthen the role of MF Moldova in leading the PBB implementation process across the government and providing adequate methodology support.
- Training of trainers from local public authorities (raions) in Moldova was provided on programme based budgeting by Slovak experts. 70 trainers were trained from raions, 6 from CALM and 3 from the Ministry of Finance of Moldova. The MF Moldova is planning to implement PBB in raions since 2015 and in towns and municipalities (level I) since 2016. Besides the comprehensive training package, additional practical documents were prepared such as guide on PBB for local public authorities and the paper on examples of goals, objectives, and indicators. Experience of Slovakia from PBB implementation in local governments was summarised in the document on lessons learned shared with all training participants.
- A mission of the Slovak expert to Montenegro was conducted in early April 2014 to provide advice to the Ministry of Finance on implementation of the medium-term expenditure framework. An action plan for MTEF implementation will be prepared by the expert.