



Norwegian Ministry  
of Foreign Affairs



# Assessment of the Integrity Plans and/or of Risk Registers Implementation by the State-owned and Municipally owned Enterprises

Monitoring Report

Chisinau, 2020

---

This study was developed by the Institute for Development and Social Initiatives (IDIS) „Viitorul” within the „Curbing corruption by building sustainable integrity in the Republic of Moldova” Project implemented by the United Nations Development Programme in Moldova with the financial support of the Ministry of Foreign Affairs of Norway.

© IDIS „Viitorul”, on request by UNDP Moldova

Contribution: Diana Enachi, Viorel Pirvan – IDIS „Viitorul”

# Contents

List of charts .....	2
List of tables.....	3
List of annexes.....	3
List of acronyms.....	4
Introduction .....	5
Executive summary .....	6
1. Assessment methodology.....	9
2. Respondents' profile .....	11
3. Results of assessment of availability of integrity plans/risk registers at S/MOEs.....	12
4. Integrity and anticorruption-related commitments .....	15
5. Professional ethics and deontology .....	20
6. Procurement process.....	25
7. Property management .....	30
8. Risk control and management systems .....	35
9. Management of service/confidential information.....	38
10. Transparency in the decision-making process.....	40
11. Analysis of economic-financial activity .....	44
12. Findings and final conclusions .....	47
13. Recommendations on strengthening the integrity of S/MOEs.....	53
Annexes.....	57

## List of charts

Chart no. 1. Adoption of the Integrity Plans and Risk Registers in the assessed 10 MOEs from Chisinau.....	6
Chart no. 2. Adoption of the Integrity Plans and Risk Registers in the assessed 21 SOEs .....	6
Chart no. 3. Availability of Integrity Plan/Risk Register/Code of conduct in 31 MOEs running an activity (which have responded to the information requests).....	13
Chart no. 4. Availability of Integrity Plan/Risk Register/Code of conduct in 59 MOEs running an activity which responded to the information requests.....	13
Chart no. 5. Corruption reporting by the employees of enterprises.....	17
Chart no. 6. Confidence of the employees that they would be protected in case of denouncing corruption cases .....	18
Chart no. 7. The situations which represent conflicts of interest in the opinion of S/MOEs employees.....	22
Chart no. 8. Participation of employees in trainings on conflict of interest management ...	23
Chart no. 9. Ensuring transparency of procurement procedures through publication of the information by S/MOEs on the websites .....	28
Chart no. 10. Use of internal control in the procurement process .....	28
Chart no. 11. Submission of reports on internal control by the management board .....	29
Chart no. 12. The internal documents of the enterprise containing regulations on ensurance of integrity and efficient management of enterprise's goods were brought to the attention of the employees, under signature .....	31
Chart no. 13. Publication of information on the rental/lease or gratuitous loan of enterprise's goods.....	32
Chart no. 14. Registration of real estate in the Real Estate Register .....	33
Chart no. 15. Implementation of the internal control system in the S/MOEs .....	36
Chart no. 16. Availability of the Risk Register, including fraud and corruption risks (S/MOEs managers vs S/MOEs employees).....	37
Chart no. 17. Awareness of the employees of the internal regulations on service information management .....	39
Chart no. 18. Publication of information on the website of the enterprise .....	41
Chart no. 19. Publication of information on the website of the founder.....	41

## List of tables

Table no. 1. Respondents' profile (S/MOEs employees) .....	11
Table no. 2. Respondents' profile (S/MOEs managers).....	11
Table no. 3. The list of SOEs that have an Integrity Plan.....	14

## List of annexes

Annex no. 1. List of Chisinau municipal enterprises (MOEs) subject to assessment (Founder: Chisinau Municipal Council) .....	57
Annex no. 2. List of SOEs subject to assessment .....	58
Annex no. 3. Analysis of economic and financial indicators for MOEs, Chisinau municipality (Founder: Chisinau Municipal Council) .....	59
Annex no. 4. Economic-financial activity indicators of SOEs subject to assessment.....	60
Annex no. 5. Websites analysis and publication of information by MOEs (Chisinau municipality) according to Law no. 246/2017 .....	61
Annex no. 6. Websites analysis and publication of information by SOEs according to Law no. 246/2017 .....	62

## List of acronyms

<b>CMC</b>	Chisinau Municipal Council
<b>CPAA</b>	Central Public Administration Authorities
<b>GD</b>	Governmental Decision
<b>LPAA</b>	Local Public Administration Authorities
<b>MOE</b>	Municipally Owned Enterprise
<b>NAC</b>	National Anticorruption Centre
<b>NACS</b>	National Agency for Complaints Settlement
<b>NAER</b>	National Agency for Energy Regulation
<b>NCPDP</b>	National Centre for Personal Data Protection
<b>NIA</b>	National Integrity Authority
<b>NIAS</b>	National Integrity and Anticorruption Strategy
<b>P.P.</b>	Percentage points
<b>PPA</b>	Public Properties Agency
<b>SME</b>	Small and medium-sized enterprise
<b>S/MOE</b>	State-owned Enterprises and/or Municipally Owned Enterprise
<b>SOE</b>	State-owned Enterprise
<b>UNDP</b>	United Nations Development Programme

## Introduction

The activity of state-owned enterprises (hereinafter, SOEs) and of the municipally owned enterprises (hereinafter, MOEs) from the Republic of Moldova represents a domain vulnerable to the corruption risks. The conflicts of interest, inefficient use of public money, inappropriate management of goods owned by enterprises or founders, absent or inefficient internal control systems, lack of transparency and access to the information on enterprises activity, etc. are among the problems negatively affecting the SOEs and MOEs activity.

With the adoption and entry into force of the Law on Integrity no. 82/2017, SOEs and MOEs have become responsible for implementing a series of measures to ensure the institutional integrity as foreseen by the Law, as well as the non-admission and denunciation of corruption, protection of whistleblowers, respect of ethics and deontology norms, compliance with the regime of conflicts of interest and of gifts and other integrity measures.

The Action Plan of the National Integrity and Anticorruption Strategy for the years 2017-2020 (hereinafter, NIAS) (Pillar VII)<sup>1</sup> foresees the approval of the Corruption Risk Registers and/or Integrity Plans of the S/MOEs. Likewise, it foresees the responsibility to publish the reports on the implementation of measures embedded in the Risk Registers and/or Integrity Plans on the websites of the S/MOEs or of the public entities that control them.

At the beginning of 2018, NAC developed and published an Integrity Plan Template<sup>2</sup> for the enterprises founded by the central and local public administration authorities. This template foresees actions to be implemented by the S/MOEs determined based on the identified risks, which, in their turn, are generated by certain issues/risk areas. Each foreseen action has a timetable for achievement, monitoring indicators and a person in charge for the enforcement.

At the UNDP initiative, a Code of Conduct template was drafted in 2016 for the small and medium-sized enterprises<sup>3</sup>, and the S/MOEs could take it over. This Code of Conduct template encompasses a series of anticorruption norms and principles necessary for the enhancement of the institutional integrity level within the enterprise.

This report aims to provide support to the NAC through an assessment of the implementation of Integrity Plans and/or Risk Registers by the S/MOEs. The report embeds the results of the assessment process along with a series of recommendations to strengthen the integrity and reduce corruption within S/MOEs.

---

<sup>1</sup> *National Integrity and Anticorruption Strategy for the years 2017-2020*

<sup>2</sup> Integrity Plan template

<sup>3</sup> Code of Conduct template for small and medium-sized enterprises

## Executive summary

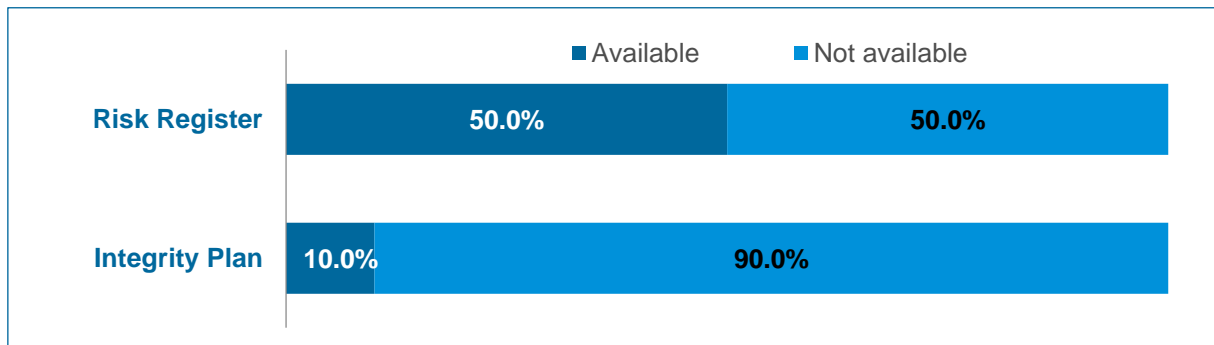
The 31 companies subject to assessment (10 MOEs from Chisinau municipality and 21 SOEs) that were analysed through the lenses of integrity and anti-corruption policies are behindhand in ensuring the institutional integrity, given that the performance indicators laid down in the 2017-2020 NIAS have not been reached.

The outcomes of the assessment show that 22 enterprises or 71% of the monitored enterprises (17 SOEs and 5 MOEs) have at least an integrity document (an Integrity Plan and/or a Risk Register) with actions for the prevention and reduction of corruption risks.

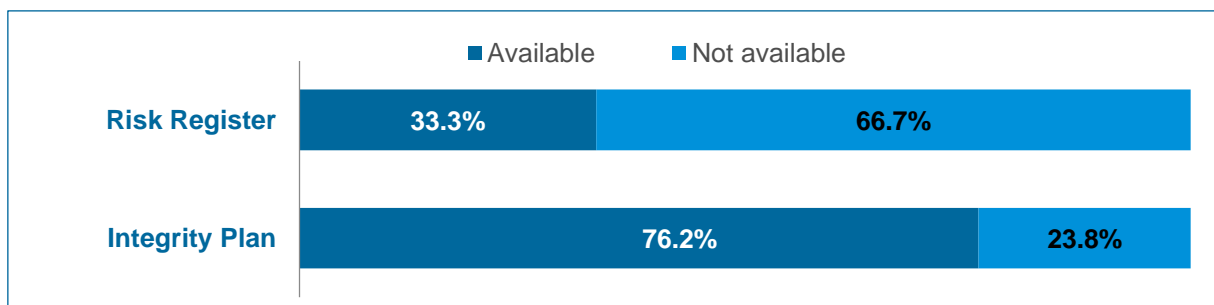
Referring to the situation of MEs from Chisinau municipality, in particular, we found that **only one MOE (10%) of those 10 under assessment had an Integrity Plan**, while some of them claimed they were implementing the Integrity Plan of the Chisinau city hall (the latest plan was implemented during 2017-2018). Regarding the availability of Risk Registers in enterprises, including the corruption risk, **half of the MOEs (50%) subject to assessment (5 out of 10 MOEs) hold such a register** at the entity level.

The situation of SOEs is better compared to that of the analysed MEs. Thus, **16 SOEs (76.2%) of those 21 assessed have an Integrity Plan**. On the other hand, **only one third (33.3%) of the assessed enterprises (7 out of 21 SOEs) have a Risk Register** to document the risks and to establish the actions that have to be undertaken for their mitigation.

**Chart no. 1. Adoption of the Integrity Plans and Risk Registers in the assessed 10 MOEs from Chisinau**



**Chart no. 2. Adoption of the Integrity Plans and Risk Registers in the assessed 21 SOEs**





The results of the detailed assessment of 31 S/MOEs reveal **a low level of implementation of the prevention and corruption risks mitigation actions** according to the integrity documents of the entities.

The enterprises that were analysed lack procedures for the denunciation of illegalities/inappropriate influences and protection mechanisms for denunciators/whistleblowers. **Only 4 SOEs approved such procedures through a Department Act and only 3 SOEs have such protection mechanisms.**

The available measures are not efficient to encourage the staff to report irregularities within the enterprise. Of those interviewed, only **58% consider they will not be protected if they denounce corruption deeds.** As a result, **the enterprises did not have any denunciations of corruption cases and no whistleblowings were sent to the NAC between 2018 and 2020.**

The great majority of the enterprises subject to assessment have Codes of Conduct (71%), however, the description of the regime of gifts, the identification and management policy of the conflict of interest, and the disciplinary sanctions imposed for the breach of conduct norms is general and concise. Additionally, **none of the Codes of Conduct foresees the anti-corruption commitments, including in respect to business partners.**

Following the analysis of the procurement process and of the actions foreseen in the available integrity documents, we found that **the S/MOEs from Chisinau municipality do not apply unique rules in the procurement process** and continue to rely individually either on their in-house regulations approved by the leader/Management Board or founder, or on the public procurement legislation and subsequent regulations, including the new normative provisions in the area of procurement for state enterprises approved by the Government this year. In particular, we refer to the GD no. 351 of 10.06.2020 for the approval of the Regulation on goods, works and services procurement by the state enterprise (a soft regulation for the entities founded by the LPAA).

**The procurement process in the state and municipal enterprises has a reduced degree of transparency.** Thus, we found that only **1/4 of the assessed enterprises (4 SOEs and 4 MOEs) published their annual procurement plans** of the last 2-4 years on their websites and **only 10% of the enterprises (2 MOEs and 1 SOEs) published information/reports on the monitoring of the execution of procurement contracts on their websites.**

The state, as well as the municipal assessed enterprises did not take sufficient measures in view of ensuring the integrity and efficient use of assets. The results of the interviews showed that **approximately 1/3 (28.6%) of enterprises had partially ensured the registration of the property right over the real estate under their management in the Real Estate Register, while almost half (47.6%) of the enterprises had not informed the public (offers, results, other information) about the rental, lease or free loan of the enterprise's goods.**

The results of the interviews with S/MOEs managers revealed that **every 5<sup>th</sup> analysed enterprise (19%) did not implement an internal control system. Therewith, half of the SOEs and 2/3 of the MOEs did not implement the risk management in the company** and therefore, there was no documentation of risks, including fraud and corruption risks and no measures were undertaken to prevent and reduce the risks.

**Almost half (48%) of the assessed enterprises have internal regulations on service information management**, which refer to confidential/secret information, but also regulations on the use and processing of personal data. Despite the processing of personal data, only 1/5 of companies have notified the competent authority of the fact.

The transparency and access to information of public interest are impacted by the absence of websites or by failing to regularly update the information, but also, by the groundless refusals to submit the information requested by the petitioners. Hence, **6 out of 31 enterprises (1 MOE and 5 SOEs) don't have a website. Yet, only in the case of 7 enterprises (2 MOEs and 5 SOEs) the websites contain regularly updated information and data.** Moreover, the enterprises and founders, in particular the administration of Chisinau municipality, don't publish the documents expressly provided in the Law on the State and Municipal Enterprise.

According to the provisions of the Law no. 246/2017, **only 10 enterprises publish the statute of the enterprise on their website, while 8 enterprises published their 2019 Annual Report; 5 enterprises publish their internal regulations, whereas 3 enterprises published their 2019 Audit Report on the website.** All these are SOEs and no MOEs has published such documents on their websites. At the same time, there are 14 statutes of the monitored SOEs on the website of the PPA, along with the 2019 Annual Report, and a 2019 Audit Report. No internal Regulations of the enterprises were published. **None of the aforementioned documents of the monitored enterprises were published on the website of the Chisinau municipality administration, which is the founder of MOEs.**

Among the conditions that can favour the materialisation of fraud and corruption risks are the negative indicators of the return on assets (economic), of the return on equity (financial), of equity, net negative assets of the enterprises as well as other indicators to be further analysed in relation to the assessed S/MOEs from Chisinau municipality.

Following the economic-financial analysis of those 10 assessed MOEs, we found that **in 2020 (situation of 01.01.2020), the value of the net assets of the 10 assessed enterprises (whose founder is CMC) constituted 2.23 billion MDL or 9.61% more compared with the situation in 2019 (situation of 01.01.2019),** when the value of the net assets amounted to 2.10 billion MDL.

In the case of those 21 assessed SOEs, the total net assets of those 21 SOEs constituted 13.13 billion MDL in 2020 (situation of 01.01.2020) or 0.73% less compared with 2019 (situation of 01.01.2019), when the total value of the net assets amounted to 13.23 billion MDL. **This is a slightly worsened situation of the assessed SOEs, a fact that points towards the risk of assets embezzlement and/or suspicious increase of the total liabilities.**

## 1. Assessment methodology

The assessment methodology was developed ensuing from the Integrity Plan template for the enterprises founded by the CPAA and LPAA. The Plan was drafted by the NAC and it has anticorruption measures foreseen by the Law on Integrity no. 82 of 25.05.2017 at its basis.

The assessment process included two main stages. During the first stage, we assessed to which extent the MOEs from Chisinau municipality and the SOEs have Integrity Plans and/or Corruption Risk Registers/Codes of Ethics. Subsequently, we selected a sample of 31 S/MOEs to be assessed from the viewpoint of integrity and anticorruption policies implementation.

During the second stage, we assessed the integrity documents of the 31 S/MOEs in line with the actions of the Integrity Plan template. Additionally, we analysed the progress in the implementation of the set-out actions. The Integrity Plan template encompasses 7 risk areas/problems generating corruption risks and the SOEs and MOEs have to undertake 19 actions for their prevention and mitigation.

The following **analysis tools** were employed in the assessment process:

1. **Analysis of the relevant normative framework** with a focus on the documents approved between 2017 and 2020. We analysed the legislative acts, the decisions and the sector strategic documents, as well as the normative regulations from specific areas, such as the procurement process, property management, internal control and risk management, transparency and access to information.
2. **Request for information from 175 entities (S/MOEs)**. The information was requested from 130 SOEs and 45 MOEs from Chisinau municipality which are included in the Public Property Register owned by the PPA. The request envisaged the availability of an approved Integrity Plan and/or of a Corruption Risk Register and/or conduct norms (Code). At that stage, we excluded the enterprises that were going through a reorganisation process, a bankruptcy/liquidation procedure, as well as the enterprises which did not record activity indicators
3. **Selection of a sample of 31 S/MOEs** having an Integrity Plan and/or a Corruption Risk Register or a Code of Conduct. Extra criteria were applied upon the selection of the sample, including:
  - a) the national/municipal strategic importance (economy and energy sectors, public transportation services, postal service, other public services, etc.);
  - b) social capital higher than 3,000,000 MDL in the case of SOEs and 500,000 MDL in the case of MOEs;
  - c) proportionality between the share of selected SOEs and MOEs in relation to the total number of SOEs and MOEs, i.e. 70% (20 entities) and 30% MOEs (10 entities) respectively.

4. **Three interviews with the representatives of the founding institutions**, including the representatives of the Public Property Agency (16 July 2020), the leadership of Chisinau City Hall and CMC representatives (20 July 2020), and the representatives of the Land Relations and Cadastre Agency of the Republic of Moldova (20 July 2020).
5. **Survey of the managers of the SOEs/MOEs – 21 respondents** from 13 SOEs and 8 MOEs, and 10 managers did not answer/refused to answer (*see chapter: respondents' profile*). The managers of enterprises were surveyed in order to assess the degree of anticorruption policies implementation and promotion of an integrity climate in line with the approved Integrity Plans and/or Risk Registers.
6. **Survey of the employees of SOEs/MOEs – 85 respondents** (*see next chapter: respondents' profile*). The employees of the enterprises were surveyed in order to assess the level of awareness of the Integrity Plans and other anticorruption policies approved at the enterprise level, the extent to which the leadership of the enterprise ensures an integrity climate as well the efficiency of anticorruption policies in the entity.
7. **Two Focus Groups with the employees of the 31 selected S/MOEs** (4 September) in view of validating the information obtained after the analysis of the responses to the questionnaires filled in by the employees of the S/MOEs.
8. **Analysis of internal regulations aiming to ensure the integrity climate** (Deontological Codes, regulations on reporting corruption and integrity incidents, procedures for the protection of whistleblowers, regulations on the regime of gifts and conflict of interest, procedures/regulations on public procurement, etc.).
9. **Analysis of the internal system of risk and corruption management** to assess the extent to which the enterprises developed (or did not develop) an efficient system of risk and corruption management.
10. **Analysis of the internal and external control system**, including the analysis of the outcomes of the financial monitoring of the economic-financial activity of the envisaged entities.
11. **Analysis of main indicators of the economic-financial activity of the 31 S/MOEs.** We analysed the economic and financial results of the enterprise and their trends in the last 2 years: net worth, economic and financial profitability, current liquidity, coefficient of autonomy.
12. **Analysis of availability and content of websites of the 31 selected S/MOEs.** We analysed the websites of the entities to determine if and to which extent they respect the provisions of the Law no. 246/2017 which obliges them to publish the following information on the website: the statute of the enterprise, the internal regulation, the annual report and the auditor's report.

## 2. Respondents' profile

Table no. 1. Respondents' profile (S/MOEs employees)

TOTAL		Number	%
		85	100.0
Sex	Female	49	57.6
	Male	36	42.4
Type of the enterprise they are working for	SOE	56	65.9
	MOE	29	34.1
Position they hold in the enterprise	Managerial	24	28.2
	Non-managerial	61	71.8
Work experience in the S/MOE	Less than 6 years	9	10.6
	6-12 months	3	3.5
	1-5 years	25	29.4
	5-10 years	17	20.0
	Over 10 years	31	36.5
Familiarity with the Integrity Plan of the S/MOE	Yes	57	67.1
	No	28	32.9

Table no. 2. Respondents' profile (S/MOEs managers)

TOTAL		Number	%
		21	100.0
Sex	Female	3	14.3
	Male	18	85.7
Type of the enterprise they are working for	SOE	13	61.9
	MOE	8	38.1
Number of employees <sup>4</sup>	1-9 people	1	4.8
	10-49 people	5	23.8
	50-249 people	7	33.3
	More than 250 people	8	38.1
Experience in the position of manager/administrator in the S/MOE	Less than 6 years	6	28.6
	6-12 months	4	19.0
	1-5 years	7	33.3
	5-10 years	3	14.3
	Over 10 years	1	4.8

<sup>4</sup> Answers related to the "number of employees": 9, 12; 17; 21; 32; 45; 57; 150; 100; 150; 160; 165; 181; 267; 2400; 277; 305; 308; 598; 700; 5500.

### 3. Results of assessment of availability of integrity plans/risk registers at S/MOEs

The 130 SOEs and 45 MOEs from Chisinau municipality received requests for information on the availability of an Integrity Plan and/or a Risk Register, including corruption and/or norms of conduct (Code), which allowed us to develop a general overview concerning:

#### The situation of MOEs from Chisinau municipality

As a whole, 45 MOEs received requests for information. After the legal deadline for providing an answer by the addressed companies expired, we didn't receive any answer from 12 MOEs (26%), while the other 33 MOEs provided an answer upon our request. It should be noted that 2 out of 33 MOEs that responded to the information request were excluded at the respective phase because they were or are in the process of liquidation/dissolution (MOE "Theatre of One Actor", MOE of public catering "Student").

As a result, out of the 31 MOEs (running an activity), **42% or less than half (13 MOEs out of 31 MOEs) have at least one of the aforementioned documents**. At the same time, **18 MOEs out of 31 MOEs (58%) do not have any mentioned documents**. We shall mention that **only 5 MOEs out of the 31 MOEs (running an activity) have an Integrity Plan, which represents 16%**, including:

- MOE "Dendrariu Park",
- MOE "Linguistic Centre",
- MOE for housing services Ciocana,
- MOE "Liftservice",
- MOE "Chisinau Municipal Dental Centre".

In addition, we shall specify that some MOEs, such as MOE "Zoo", MOE "Regia Autosalubritate", MOE "Urban Bus Park", claim that they are implementing the Integrity Plan of Chisinau City Hall. We shall highlight that the most recent Integrity Plan was implemented in 2017-2018 by the Chisinau City Hall. A new Integrity Plan which had to be implemented in 2018-2020, at the municipal level, was submitted for public consultation<sup>5</sup>, but so far (October 2020) it has not been approved by the CMC. During the interview with the representatives of the Chisinau City Hall and CMC, they have mentioned that, by the end of this year, the draft of the Integrity Plan will be updated and it will foresee the period for the following years.

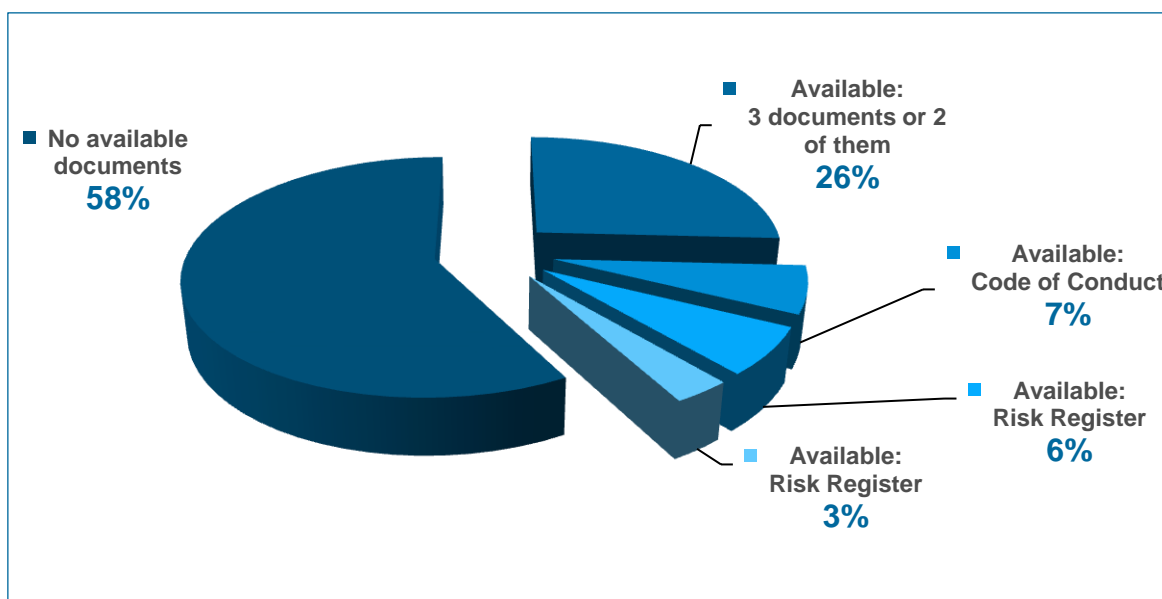
#### The situation of SOEs

Information requests were sent to 130 SOEs; as a result, 102 SOEs provided an answer (78.5%), while **28 SOEs (21.5%) did not offer any response to our requests**. At that stage, 43 SOEs were excluded because they were in the process of liquidation, reorganization, insolvency or were transformed into a public institution. Therefore, we shall refer to 59 SOEs (running an activity) that responded to the request for information.

<sup>5</sup> <https://www.chisinau.md/libtview.php?l=ro&id=23934&idc=999&t=/Informatii/Consultari-publice/Consultari-publice-a-proiectului-de-decizie-Cu-privire-la-aprobarea-Planului-local-anticoruptie-al-Primariei-municipiului-Chisinau-pentru-anii-2018-2020/>



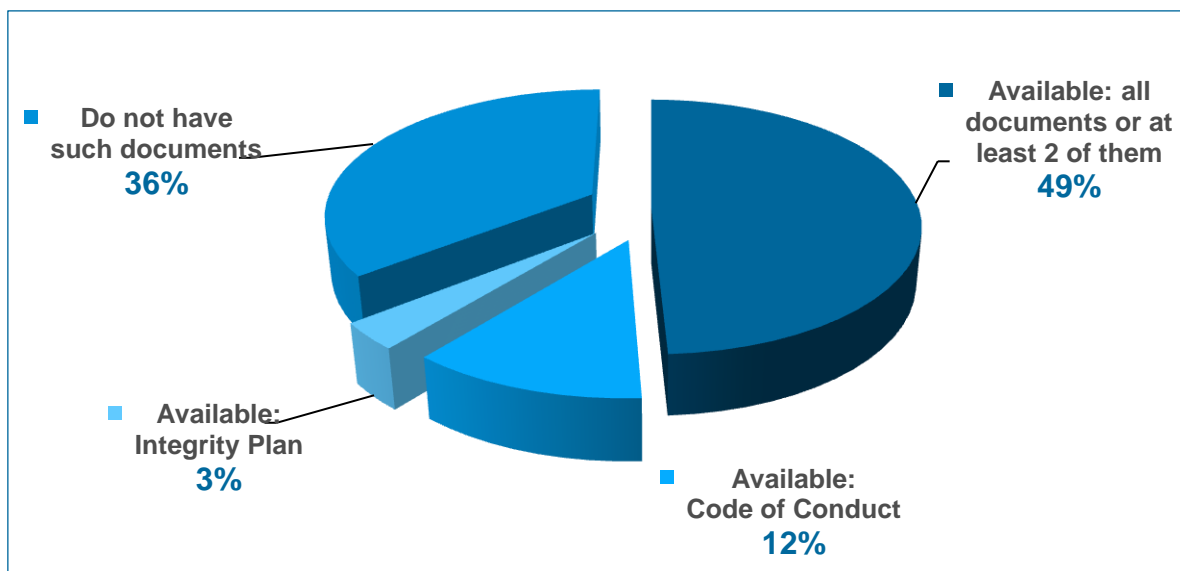
**Chart no. 3. Availability of Integrity Plan/Risk Register/Code of conduct in 31 MOEs running an activity (which have responded to the information requests)**



Source: Developed by the authors based on the analysis of 33 answers to the information requests sent to 45 MOEs.

Having analysed the responses of 59 SOEs (running an activity), we found that about a third of them (35% or 21 SOEs) do not have any of the aforementioned documents at the enterprise level (the general overview is represented in the chart below).

**Chart no. 4. Availability of Integrity Plan/Risk Register/Code of conduct in 59 MOEs running an activity which responded to the information requests**



Source: Developed by the authors based on the analysis of 102 answers to the information requests sent to 130 SOEs

It should be noted that **only 28 out of the 59 SOEs (running an activity and which responded to the request) have an Integrity Plan**, which is less than half or about 46% (see the table below).

**Table no. 3. The list of SOEs that have an Integrity Plan**

RN	Name of SOE	RN	Name of SOE
1	SOE “Republican Experimental Prosthetics, Orthopaedics and Rehabilitation Centre”	15	SOE “Paramilitary Guard Detachment”
2	SOE “Trade Intermediation Company “Mold-Didactica”	16	SOE “Ungheni River Port”
3	SOE “Moldelectrica”	17	SOE MOLDATSA
4	SOE Institute of Scientific Research in Constructions “INCERCOM”	18	SOE “Department for Real Estate Operation”
5	SOE specialized in the execution of explosive works “INMEX”	19	SOE “Centre for Applied Metrology and Certification”
6	SOE Educational Centre “Inmacom-Didactic”	20	SOE “State Road Administration”
7	SOE “Republican Centre for Animal Breeding and Reproduction”	21	SOE “Moldova Railways”
8	SOE “Centre for Economic Development and Production”	22	SOE “Molovata ferry”
9	SOE “State Service for verification and expertise of projects and constructions”	23	SOE “Costesti Hydropower Node”
10	SOE “Department of Costesti-Stanca Hydropower Node”	24	SOE “Radiocommunications”
11	SOE “Athletics Arena”	25	SOE Department of Services for the Diplomatic Corps
12	SOE “Printing and Publishing Company”	26	SOE Publishing House “Universul”
13	SOE Publishing House “Statistics”	27	SOE “Social service centre”
14	SOE “Self-management Preventorium of the Academy of Sciences”	28	SOE “Litoral”

In conclusion, the share of SOEs (running an activity and which answered to the request) **having at least one document out of the 3 required – an Integrity Plan/Risk Register/ Code of Conduct – represents 64.4%** (38 SOEs out of 59 SOEs running an activity and which answered to the request).

In overall, the situation of the **analysed SOEs is better in comparison to MOEs** from Chisinau municipality from the viewpoint of adoption, at the entity level, of the documents that contribute to the ensurance of an adequate climate of institutional integrity and, in particular, the adoption of the Integrity Plan.



## 4. Integrity and anticorruption-related commitments

In line with the Integrity Plan template for the enterprises founded by the CPAA and LPAA, one of the risk areas in the enterprise is **the lack of an efficient mechanism of denunciation of illegalities**, which can lead to typical corruption risks, property embezzlement risk and the risk of failure to report various irregularities, including inappropriate influences.

Thus, according to the Plan template, 3 main actions have to be undertaken:

RN	Actions	Monitoring indicator
2.1	Approval, by a department act, of a procedure to denounce irregularities and inappropriate influences;	Approved denunciation procedure; Implemented mechanism;
2.2	Establishment of protection mechanisms for denounciators/whistleblowers;	
2.3	Its publication/dissemination among employees/customers	

According to the analysis of the results of surveys with S/MOE managers<sup>6</sup> on the level of institutional integrity climate in S/MOEs, **there's a significant difference between the managers and employees' perception**. Therefore, while 20.0% of the respondent employees view the integrity level as **very high**, only 9.5% of surveyed managers consider that there's a high level of integrity, the difference being quite significant (10.05 p.p.). On the other hand, the share of managers who consider that the level of integrity is **rather high** (61.9%) exceeds by 19 p.p. that of the employees (45.9).

Out of 31 S/MOEs subject to assessment in this report, 48% of them foresee in the integrity plans and/or risk registers **the approval, by a department document, of a procedure to denounce irregularities and inappropriate influences**, while 39% did not foresee such an action (included here are the enterprises lacking any integrity document). At the same time, 13% of the enterprises partially mentioned some aspects related to the aforementioned action, such as the need to develop registers (inappropriate influences, warnings).

It is necessary to highlight some confusions regarding the action for the development of procedures to denounce irregularities/inappropriate influences embedded in the Integrity Plans and/or Risk Registers of the monitored enterprises. Some enterprises mention these procedures refer only to inappropriate influences, however, there are cases when there's a mentioning about the development of a Regulation on the whistleblowers which does not include the denunciation of inappropriate influences and does not make clarity whether the regulation could be applied to other forms of denunciation. In particular, it is necessary to

<sup>6</sup> Survey with 21 SOEs/MOEs managers

run more trainings and provide methodological support to enterprises so that they develop and foresee correctly the actions in their internal integrity documents.

Based on the analysis of the information submitted by the enterprises and the information available in public sources, we found that the SOE “Centre of Applied Metrology and Certification” has a Regulation on the disclosure of illegal practices, the SOE “Athletics Arena” has a Regulation on keeping record of the cases of inappropriate influence, the SOE “Costești” Hydropower Node has a framework Regulation for whistleblowers, while the SOE “MOLDATSA” has an internal document on the examination and reporting of disclosures of illegal practices by the employees. The only note refers to the need of the enterprises’ administration to check if the aforementioned regulations are norms that can be associated with the new provisions embedded in the Law on whistleblowers no. 122 of 12.07.2018<sup>7</sup> and the Regulation on the procedures for the examination and internal reporting of disclosures of illegal practices, approved by Governmental Decision no. 23 of 22.01.2020<sup>8</sup>.

Beside the 13% of monitored enterprises which approved the procedure to denounce irregularities and inappropriate influences by a department act, 39% have such provisions encompassed in the Code of Ethics/Conduct of the enterprise. We would like to highlight that the Code of Ethics/Conduct contains concise and general provisions that do not fully regulate the procedures to denounce irregularities and inappropriate influences.

At the same time, a series of enterprises reported on the availability of other denunciation regulations and tools, even if they lack a separate document with denunciation procedures. Thus:

- 29% of the monitored enterprises approved the Register on disclosure of illegal practices (inappropriate influences) and on whistleblowing (example: SOE “Moldelectrica”, SOE “Athletics Arena”, SOE “Post of Moldova”, SOE “Electric Transport Company”, SOE “Road and Bridges Exploitation Company “EXDRUPO”);
- 26% of enterprises appointed people/units in charge with the reception, registration, examination of disclosures, maintenance of the internal register of disclosures;
- 10% of enterprises have some forms of internal disclosure of illegal practices;
- for 16% of the enterprises, the notification of irregularities is done online, via the website;
- in 16% of the enterprises a special line is used for the notification of irregularities;
- 13% of enterprises predominantly use the email to report irregularities in the enterprise.

In the opinion of the managers of monitored companies, the employees have a sufficient level of knowledge in view to denounce corruption cases. In particular, 35% of managers believe that the employees have, to a great extent, sufficient knowledge, whereas 23% think they have partial knowledge.

Based on the answers of the employees of the monitored enterprises, they know the mechanism for the denunciation of corruption and inappropriate influences (80%) and are

---

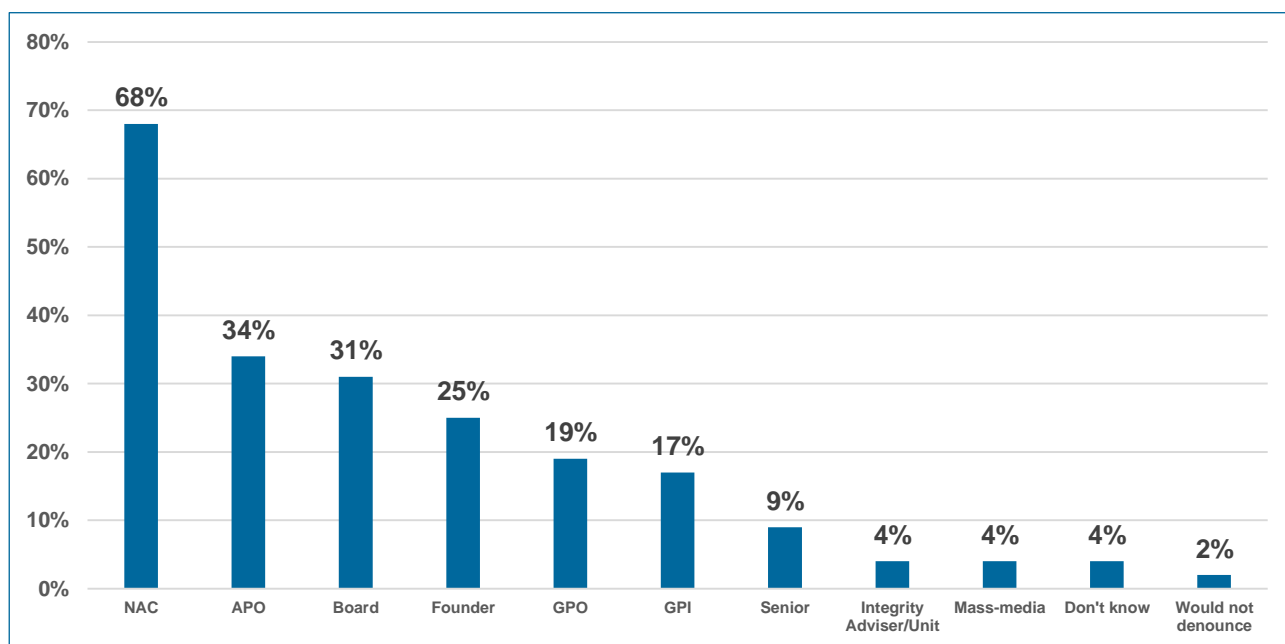
<sup>7</sup> Law on whistleblowers no. 122 of 12.07.2018

<sup>8</sup> Regulation on the procedures of examination and internal reporting of disclosures of illegal practices approved by the Governmental Decision no. 23 of 22.01.2020

encouraged to denounce attempts of their involvement into corruption and other irregularities (87%).

If the employees had the intention to denounce corruption, 68% would call the NAC, 34% would opt for the Anticorruption Prosecutor’s Office, or the Management Board of the enterprise – as claimed by 31% of the employees who prefer reporting the eventual violations to the Board. Around 1/4 of respondents stated that they would primarily notify the founder of the enterprise, 19% – the Prosecutor's Office, whilst 17% – the police.

**Chart no. 5. Corruption reporting by the employees of enterprises**



Source: Developed by the authors based on the Questionnaires filled in by the employees of enterprises (85 respondents).

Based on the above-mentioned results, we observed that only 4% of the employees opt to denounce corruption to the person/unit responsible for integrity in the enterprise, although 58% of them claimed they knew that there was a person/unit in the enterprise that could be notified/briefed about corruption cases/irregularities, while 81% stated they knew which are the tasks of such a person/unit.

At the same time, according to the managers' answers, only 13% of enterprises had created the position of integrity/ethics adviser or a unit with similar tasks. As a note, we shall highlight that 48% of enterprises foresaw in their internal integrity documents the action to appoint an integrity adviser/council.

All these aspects highlight that the employees do not know what the position of an integrity adviser/council is, while managers of the monitored enterprises don't have as priority the creation of such a position in the enterprise.

According to the responses of the enterprise managers who were surveyed, **there were no denunciations of corruption cases in the companies and no integrity warnings were sent to the NAC between 2018 and 2020.** Therefore, no protection measures were applied in relation to whistleblowers during the above-mentioned period. At the same time, as a result of surveying the companies' employees, one of the respondents stated that they knew about corruption cases (or had suspicions thereof)/attempts of third parties to influence their decisions in that area of activity (2018-2020).

In the 2019 NAC activity report<sup>9</sup> the state enterprises are on the top of the entities with the most frequent cases of corruption that were found (33), 18 enterprise directors/deputy directors being under criminal investigation. NAC 2018 report does not include any direct statistical data on cases of corruption in S/MOEs.

Ten Integrity Plans and two Risk Registers foresaw the need to **establish protection mechanisms for the denunciators/whistleblowers in the enterprise** (39%).

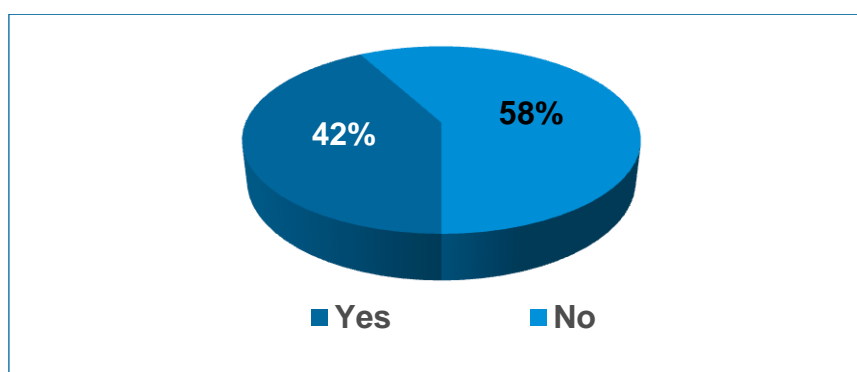
As a result of analysis of the available information, we found that such protection mechanisms were embedded and described in the Regulation on Whistleblowers, developed by the SOE “Moldtranelectro” and SOE “Costesti” Hydropower Node, as well as in the Regulation on Disclosure of Illegal Policies, developed by the SOE “Applied Metrology and Certification Centre”. Additionally, there is a person appointed by an order in the MOE “Capital Constructions Department” of the Chisinau City Hall who is responsible for the registration of denunciation of cases of inappropriate influence and who shall ensure that they are treated as confidential.

Yet, 35% of the Codes of Conduct of the monitored enterprises (11) comprise brief and general mentionings about the protection of denunciators/whistleblowers, but these are insufficient; additionally, they need to comply with the new provisions of the normative framework.

The protection mechanisms of denunciators/whistleblowers shall be functional and efficient to yield the expected results and mobilise the employees to report irregularities within the enterprise. The results of interviews show that 58% of the employees are not confident that they will be protected in case they denounce a corruption case.

Moreover, the participants of focus groups, employees of the S/MOEs stated: if they saw a corruption case, no doubt, they would report, however, they would hesitate to take action because they would not feel protected. (Participant focus group, 4 September)

#### **Chart no. 6. Confidence of the employees that they would be protected in case of denouncing corruption cases**



Source: Developed by the authors based on the questionnaires filled in by the employees of enterprises (85 respondents).

Only 35% of the monitored enterprises foresaw in their Integrity Plans and Risk Registers actions of **publication/dissemination** of integrity and anticorruption procedures available at the level of enterprise **among the employees/customers**.

<sup>9</sup> The 2019 NAC Activity Report

Despite this, according to the responses provided in the questionnaires, the number of those who were informed on the procedures is rather high. Thus, 54% of managers stated that the employees are informed on the available procedures upon employment and at least, annually. On the other hand, 79% of the surveyed employees mentioned that they were informed about available integrity and anticorruption procedures upon employment and at least annually. When interpreting the results, it's necessary to consider that employees are informed predominantly about the provisions of the Codes of Conduct available in the enterprise.

The instructions on integrity and anticorruption shall be carried out through trainings and activities organised by the enterprise, as well as through participation in workshops, conferences, round tables, fora and other events delivered by public authorities, NGOs, international organisations, etc. According to the responses provided in the questionnaires, 13% of the employees (managers' answers)/19% of employees (employees' answers) have participated in training activities, whereas 16% of the employees (managers' answers)/14% of employees (employees' answers) have participated in workshops, conferences, round tables, fora and other events in the area of integrity and anticorruption.

We shall highlight that the websites of the monitored enterprises lack information on the organisation of awareness activities and participation of employees in various events in the area of integrity and anticorruption. Likewise, it's impossible to retrieve statistical information from NAC annual reports on the number of employees who participated in trainings, campaigns and other activities in the area of integrity and anticorruption.

## 5. Professional ethics and deontology

Among the risk areas included in the Integrity Plan template we find **the lack of conduct norms/specific professional integrity requirements for the members of the management bodies, administrators and employees of S/MOEs**, as well as **the lack of an institutional policy to sanction the non-integral behaviour**. These gaps can lead to typical corruption risks, property embezzlement risks, and risk of failure to report the conflict of interest/favouritism.

Thus, according to the Integrity Plan template, there's a need to undertake the following actions to prevent the risks related to the lack of norms of conduct and specific requirements of professional integrity:

RN	Actions	Monitoring Indicator
1.1	<p>Approval of the Code of Conduct and informing the employees on the provisions of the Code.</p> <p><b><i>The Code of Conduct shall compulsorily establish:</i></b></p> <ul style="list-style-type: none"> <li>• regimul cadourilor;</li> <li>• the regime of gifts;</li> <li>• the policy of conflict of interest;</li> <li>• anticorruption commitments, including in relation to business partners (third parties, entrepreneurs, suppliers etc.);</li> <li>• disciplinary sanctions for violation of norms;</li> </ul>	<p>Approved Code of Conduct;</p> <p>Established sanctions;</p>
1.2	Appointment of an integrity adviser/council	Appointed integrity adviser

If we were to consider all 31 monitored enterprises (those which have a Code of Conduct and those which lack it), then, **35% of them do not regulate the regime of gifts, 35% don't regulate the conflict of interest, 32% don't regulate disciplinary sanctions for the violation of norms and none of them foresee anticorruption commitments in relation to their business partners.**

Nevertheless, the great majority of monitored enterprises have a Code of Conduct (71%), namely 17 SOEs and 5 MOEs that were analysed. Such enterprises as SOE "Moldtranelectro", SOE "Radiocommunications", SOE "Universul" Publishing House, SOE "Chisinau Glass Factory", MOE "Capital Constructions Department" of Chisinau City Hall, MOE "Association for the management of green spaces", MOE "Urban Bus Fleet", MOE "Regia Autosalubritate", MOE Electrical lighting networks "Lumteh".

Based on the answers of the managers, nearly 45% of the enterprises brief the employees on the Code of Conduct. However, the respondent employees claim that 86% of them know about the availability of the Code of Conduct in the enterprise, while 87% of the employees mentioned that they were informed about such a Code of Conduct.



Having analysed those 22 Codes of Conduct available in the monitored enterprises, we found this:

- Twenty Codes of Conduct encompass norms on the regime of gifts (exception: SOE “State Road Administration”, MOE “Chisinau Municipal Dental Centre”);
- Twenty Codes of Conduct encompass norms on the conflict of interest (exception: MOE “Department of parks, culture and leisure”, MOE “Chisinau Municipal Dental Centre”);
- Twenty-one Codes of Conduct stipulate disciplinary sanctions for the violation of norms (exception: MOE “Department of parks, culture and leisure”);
- **No Code of Conduct foresees anticorruption commitments, including in relation to the business partners** (third parties, entrepreneurs, suppliers, etc.).

One part of the enterprises (10) took over and foresaw identical norms from the Code of Conduct template for small and medium-sized enterprises, developed by UNDP<sup>10</sup>. It would be appropriate to tailor the codes to the needs of each enterprise, not only choose to take the general norms of the Code template.

There's a singular case regarding the MOE “Chisinau Municipal Dental Centre”, which is guided in its activity by the Code of Conduct of the medical worker and pharmacist, approved by Governmental Decision no.192/2017<sup>11</sup>. However, this Code does not comprise a series of important provisions on integrity, including the regulation of the regime of gifts and conflicts of interest. Therefore, it were good to have a Code of Conduct specific for the above-mentioned municipal enterprise, which would embed integrity norms into the line Code. Additionally, the need for such a Code also ensues from the fact that the enterprise employs people from other domains (accountants, lawyers, etc.) which are not guided by the norms of the Code of Conduct of the healthcare worker and pharmacist.

In the case of 5 enterprises, the Codes of Conduct were approved in the period 2012-2013, 2017, therefore, the norms embedded in these Codes of Conduct do not totally comply with the current requirements, following the adoption of the Law on Integrity no. 82/2017 and other, previously passed normative acts related to the integrity area. It would be good to revise these Codes of Conduct by embedding the provisions that would comply to the national integrity normative framework. The same situation is valid in the case of respective actions from the Register of Risks that is not in line with the new regulations.

Those enterprises which have norms **on the regime of gifts**, primarily refer to the reception of gifts by the employees of the enterprises, which is in line with the normative framework, while some include norms on the prohibition of offering gifts by enterprises. It's a positive aspect that shall be taken over and developed. In the context of close connection between enterprises and public authorities, of participation in various legal, trade, procurement relationships, the offer of gifts by the employees of the enterprise shall be regulated and prohibited de facto.

In 10 Codes of Conduct there's a confusion and ambiguity in relation to the minimum sum of accepted gifts, and there's an indication that it shall not exceed 1,000 MDL. What follows from these provisions is that multiple gifts can be offered throughout the year, in an amount that will not exceed 1,000 MDL. However, according to Governmental Decision on

---

<sup>10</sup> Code of Conduct template for small and medium-sized enterprises

<sup>11</sup> Code of Conduct of the healthcare worker and pharmacist

the legal regime of gifts no. 116/2020<sup>12</sup>, the total admitted value of the gifts offered out of politeness or in conjunction with protocol actions is set out to the maximum sum of 1,000 MDL during a calendar year. In particular, it is necessary to indicate specifically in these codes that the 1,000 MDL refer cumulatively to one year.

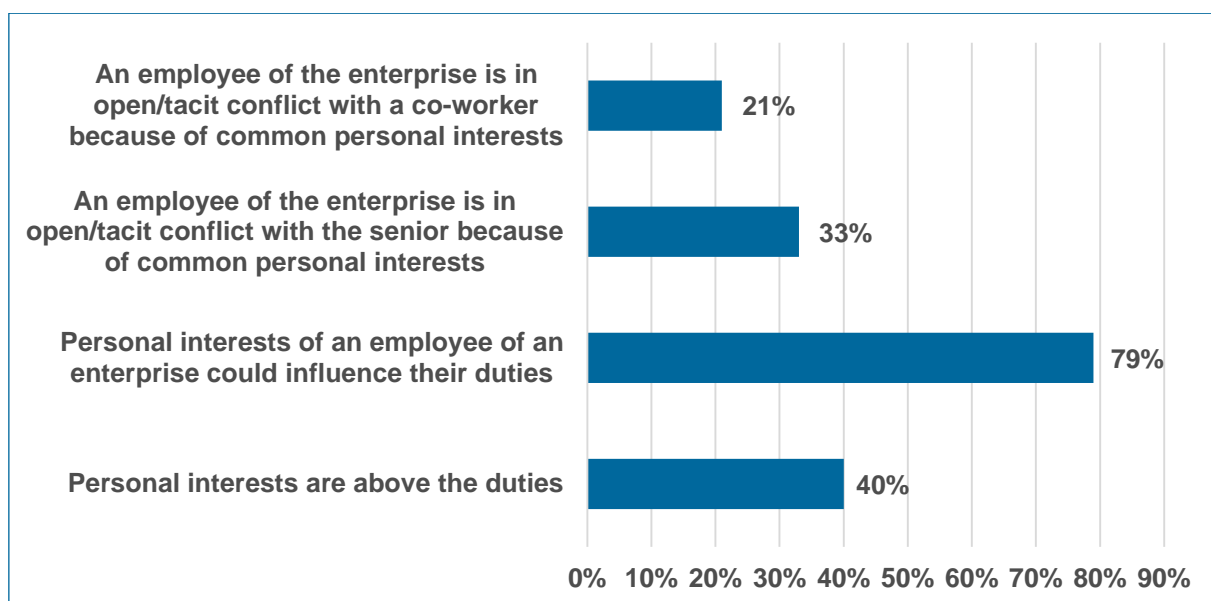
In spite of ambiguities in the Codes of Conduct, almost 27% of the employees who provided responses to questionnaires mentioned that in case a gift is offered, they would accept it if its value does not exceed 1,000 MDL (making sure that the maximum sum of the gift doesn't exceed 1,000 MDL during one calendar year). At the same time, 71% stated they would definitely refuse the gift, while one person mentioned that they would accept the gift unless their senior agreed.

Additionally, we would like to mention that the Register of gifts is not published on the websites of the enterprises, contrary to the requirements foreseen in art. 16 para. (3) l. g) of the Law on Integrity no. 82/2017.

Quite often, the policy for the identification and management **of conflicts of interest** is embedded either in the Code of Ethics/Conduct or in an internal document of the enterprise on the in-house procedures regarding the conflicts of interest. In particular, it's necessary that the conflicts of interest be described in details in the Codes of Conduct (eventually, other documents) and be understood and illustrated depending on each enterprise and its working peculiarities. In some Codes of Conduct approved in line with the Code template, the conflicts of interest are better described and include examples.

These aspects are essential from the viewpoint of raising employee's level of knowledge concerning the cases of conflicts of interest. The results of surveying the employees show that on the one hand, a big number of people know what a conflict of interest is (79%), on the other hand, more employees are confused about potential real situations of conflicts of interest.

**Chart no. 7. The situations which represent conflicts of interest in the opinion of S/MOEs employees**



Source: Developed by authors based on the results of the questionnaires filled in by the S/MOEs employees (85 respondents).

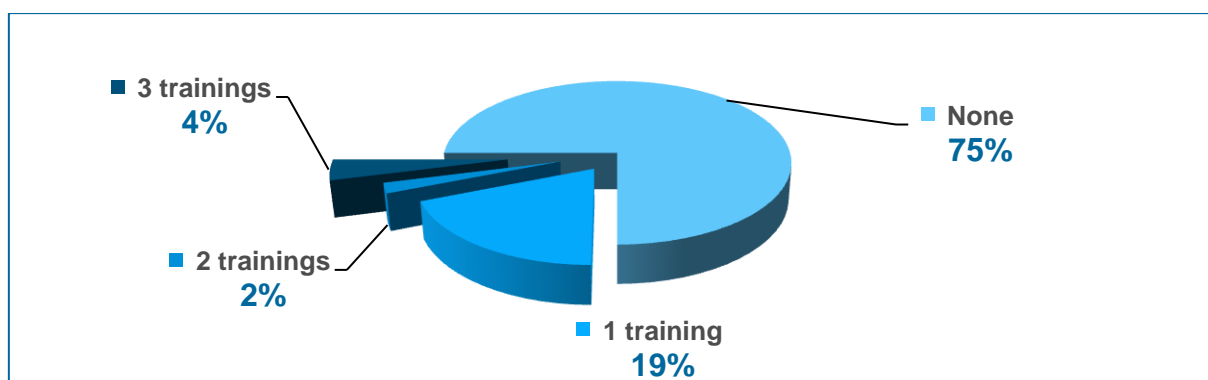
<sup>12</sup> Governmental Decision on the legal regime of gifts no. 116/2020



In particular, 40% of employees believe that a conflict of interest is the situation in which the personal interests are above the duties, 33% consider that a conflict of interest emerges in the case when the employee of an enterprise is in open/tacit conflict with the senior because of common personal interests, whereas 21% assimilate the conflict of interest with the situation in which the employee of an enterprise is in open/tacit conflict with a co-worker because of common personal interests.

Additionally, according to the responses from questionnaires, **only 26% of the employees don't know if conflicts of interest shall be reported** or they think it's not mandatory to report them, or shall be reported under certain circumstances.

**Chart no. 8. Participation of employees in trainings on conflict of interest management**



Source: Developed by authors based on the results of the questionnaires filled in by the S/MOE employees (85 respondents).

Only four enterprise managers (13%) mentioned in their questionnaires that between 2018 and 2020 the employees participated in trainings on conflicts of interest management organised by the enterprise. At the same time, 19% of respondent employees highlighted that they participated in such a training, 2% participated in two trainings and 4% attended more than three trainings on conflicts of interest. Yet, 75% of the employees declared they did not participate in any training in this sense.

None of the surveyed managers mentioned about finding cases of breach of the regime of conflicts of interest in the period 2018-2020. However, 4 surveyed employees know cases of declared (or, existing) conflicts of interest within the enterprise in the aforementioned period. According to them, in two of these cases, the people in conflicts of interest carried on their duties. It's possible that these answers are distorted because, as we have mentioned earlier, a good part of the employees don't know precisely what a conflict of interest situation means.

It is difficult to retrieve statistical data on the cases of conflicts of interest found in relation to the S/MOE leadership from NIA activity reports. NIA reports use the phrase “leaders of the public organisations”, which could be other public entities beside the enterprises. Among the information published on the NIA website, we identified 7 finding documents drafted by the integrity inspectors concerning the respect of the regime of conflicts of interest by the S/MOE<sup>13</sup>, but they are not part of the list of analysed enterprises included in this report.

<sup>13</sup> Finding Documents of the NIA Integrity Inspectors

As indicated, the enterprises don't have mentionings in the Codes of Conduct concerning the **anticorruption commitments, including in relation to their business partners** (third parties, entrepreneurs, suppliers, etc.). This can be explained by the fact that there's no clarity concerning the meaning of anticorruption commitments in relation to the business partners. Often, the Code bans the employees from receiving services, privileges, favours from the business customers or includes provisions regarding the respect for fair competition among the competing enterprises.

Such anticorruption commitments mostly refer to inclusion into the contractual clauses of anticorruption provisions, as well as anticorruption commitments at the level of branch/sector. Therefore, in relations with business partners, enterprises have to include in contracts provisions regarding the fight against corruption and potential consequences for the violation of these provisions (only 5 surveyed managers spoke about the availability of such examples in the activity of enterprises). Additionally, enterprises shall disclose their anticorruption policies to potential business partners and check whether they have efficient anticorruption programmes. As regards the anticorruption commitments within the branch/sector, it's essential to launch and engage S/MOEs into collective or sector-based anticorruption initiatives.

Based on the analysis of the norms encompassed in the Codes of Conduct of the monitored enterprises, we would like to underline that there's no description of how **disciplinary sanctions procedures are applied in case of breach of conduct norms**. The codes comprise general mentionings and sometimes, the forms of disciplinary liability are enumerated. Although enterprises have internal regulations (some are available on the website) which foresee certain procedures, some of them don't mention the sanctions for the violation of the Code of Conduct or ethical norms of the enterprise or other provisions (e.g. anticorruption). Hence, it's worthwhile to include either in the Codes of Conduct or internal regulations of the enterprises some precise provisions and procedures regarding the disciplinary sanctions for the violation of the conduct norms.

According to surveyed managers, there have been violations of the Code of Conduct in two monitored enterprises (6%) between 2018 and 2020. On the other hand, 27% of the employees who replied to the questionnaire mentioned that they were familiar with the cases of violation and people who breached the norms of professional conduct were sanctioned.

## 6. Procurement process

Following the identification of risks and problems, the template Integrity Plan for the enterprises founded by the CCAA and LPAA that was recommended by NAC embeds the following actions under procurement component:

RN	Actions	Monitoring Indicator
6.1	Approval of the procedure on goods, works and services procurement to cover all the needs and to secure the technical-material basis and set up the manufacturing programme of the enterprise: <ul style="list-style-type: none"> <li>• in the case of MOEs, according to the Regulation approved by the founder (art. 7, para. (2), l. (m) of the Law 246/2017);</li> <li>• in case of SOEs in line with the Regulation approved by the Government (art. 8, para (7), l. (r), Law 246/2017)</li> </ul>	Approved procedure; Trained working group;
6.2	Publication of the Procurement Plan and ensurance of the principle of transparency of procurement	Plans published on the enterprise/founder's website
6.3	Intensification of the internal control at each stage of procurement: identification of needs, planning, awarding of contracts and their execution.	Reports submitted to the administrator/management board

Following the analysis of the information received from the MOEs and of the findings on the availability of Integrity Plans within the MOEs from Chisinau municipality, we noticed that **one single enterprise (MOE “Chisinau Municipal Dental Centre”) out of the 10 MOEs subject to assessment, foresaw actions to prevent the risks related to the procurement process** (risk of manipulation of the procurement procedure, risk of money laundering, risk of unjustified procurement and risk of failure to report the conflicts of interest).

Regarding the SOEs, after the analysis of replies to the requests for information and integrity plans, the situation shows that 13 out of 17 SOEs (those which have an Integrity Plan or Risk Register, including corruption risks) foresaw actions targeting the mitigation of corruption risks related to procurement in the Integrity Plan. The other 4 SOEs did not foresee actions in this regard (SOE “Moldelectrica”, SOE “Incercom”, SOE “Ungheni River Port”, SOE Moldova Railways) although they have Integrity Plans.

Concerning the approval of a procedure on procurements in S/MOE, in line with the provisions of Law no. 246/2017 (hereinafter Law 246/2017), the administrator has the power to conduct the procedure of procurement of goods, works and services for the production needs and to ensure the technical-material basis in line with the regulation on procurement of goods, works and services.<sup>14</sup> Thus, in case of analysed MOEs, the founder

<sup>14</sup> Law 246/2017, art. 9, para. (1), l. q) - [https://www.legis.md/cautare/getResults?doc\\_id=115474&lang=ro](https://www.legis.md/cautare/getResults?doc_id=115474&lang=ro)

(CMC) has the power to approve the mentioned Regulation. If procurements imply funding from the municipal budget, the MOEs shall apply the legislation in the area of public procurement.

Therefore, according to the analysis of questionnaires provided to the S/MOEs managers, the procurement procedure in the S/MOEs is run either by applying Law no. 131/2015 on public procurement and subordinate normative acts (52.4%) or by applying the internal Regulations approved by the founder (42.9%), or the internal Regulations approved by the administration bodies (42.9%). Certain enterprises (e.g. MOE “EXDRUPO”, MOE “AGSV”) mention that they exclusively apply Law no. 131/2015 and subsequent normative acts.

The SOE “Athletics Arena” stated that beside the legislation in the area of public procurement and the internal Regulation, it is guided by the NAER Decision no. 24 of 26.01.2017 on the approval of the Regulation on goods, works and services used in the activity of licence holders from the energy, thermal energy, natural gases sectors and of operators providing the public service of water supply and sanitation<sup>15</sup>.

Similarly, one single entity (SOE “State Road Administration”) mentioned that it applies the GD 351 of 10.06.2020 for the approval of the Regulation on goods, works and services procurement by the SOE which was recently adopted. We highlight that the provisions of the regulation (binding in the case of SOEs) serve as a recommendation for the LPAA, in order to ensure transparency in the procurement procedures at that MOE where they carry out the duty of founder.

According to the provisions of the Law 246/2017, one of the tasks of the S/MOEs administrator is the publication of the procurement plan and observance of the transparency principle in the procurement of goods, works and services to cover the needs and to secure the technical-material basis and set up the manufacturing programme of the enterprise.<sup>16</sup>

Following the analysis of the websites of the 10 MOEs, we noticed that the transparency of the procurement process is low, in particular at the stage of procurement contracts monitoring. Therefore, only 2 out of 10 MOEs published on their website the information/reports on the execution of procurement contracts (MOE “Funeral Services Company”<sup>17</sup> and SOE “EXDRUPO”). We commend the practice of the SOE “EXDRUPO” which publishes quarterly, semi-annual and annual Reports on the execution of the procurement contracts and briefings on low-value contracts (for 2019)<sup>18</sup> on its website.

At the stage of procurement planning, the transparency level is a little bit higher. In this way, 7 out of 10 MOEs published the 2020 annual procurement Plan. Only 4 out of 10 MOEs have on their websites the annual procurement plans for the last 2-4 years (2017-2020) – MOE “Funeral Services Company”, SOE “Regia Autosalubritate”, MOE “EXDRUPO” and MOE “Chisinau Municipal Dental Centre”. The MOE “Department for capital constructions of Chisinau City Hall” published only the 2017 procurement Plan on its website.

Regarding the situation of SOEs, we found out that **13 out of the 21 enterprises (61.9%) have set up actions to prevent and mitigate corruption risks related to the procurement process.** Out of these, 12 SOEs have actions in the integrity plan, while SOE “Moldova Post” foresaw actions to reduce the risks in the Risk Register. Additionally,

<sup>15</sup> [https://www.legis.md/cautare/getResults?doc\\_id=99127&lang=ro](https://www.legis.md/cautare/getResults?doc_id=99127&lang=ro)

<sup>16</sup> Law 246/2017, art. 9, para. (1), l. p) - [https://www.legis.md/cautare/getResults?doc\\_id=115474&lang=ro](https://www.legis.md/cautare/getResults?doc_id=115474&lang=ro)

<sup>17</sup> <http://serviciifunerare.md/achizitii-publice/rapoarte-de-monitorizare-a-contractelor-de-achizitii-publice/>

<sup>18</sup> <http://exdrupo.md/rapoarte/>

we would like to mention that 5 SOEs out of the 21 don't have an integrity plan that might foresee such actions. Although four enterprises have an integrity Plan, they did not specifically foresee actions to prevent and mitigate the corruption risks in the procurement process (SOE "Moldelectrica", SOE "Incercom", SOE "Ungheni River Port", SOE "Moldova Railways").

As concerns the achievement of transparency in the procurement process, the analysis of the websites of SOEs that have them (16 out of 21 SOEs) outlined that **only 4 SOEs published the annual procurement plans for the last 3 years – 2018, 2019, 2020** (SOE "Moldelectrica", SOE "Centre of Applied Metrology and Certification", SOE "State Road Administration", SOE Printing Publishing House "Statistica"). Some enterprises published on their websites only the Plan for 2020 (SOE "MOLDATSA", SOE "Moldova Railways", SOE Chisinau Glass Factory). Regarding the achievement of transparency of procurement at the stage of contracting, we found that **one enterprise out of 21 analysed companies published reports on monitoring the execution of procurement contracts on its website – SOE Road State Administration**. We shall point out that SOE "Athletics Arena" claims that in 2019 the enterprise did not conduct any public procurement procedures except for one single low-value contract. There are no public procurements planned for 2020.

According to the final Report on the implementation of the Integrity Plan of the Chisinau City Hall for the years 2017-2018<sup>19</sup>, the structural units and the economic entities of the Chisinau public administration developed and approved an institutional internal order on the "Creation and functionality of the working group on public procurement" which sets up precise functions and duties for the members of the working group in line with Law no. 131/2015 on Public Procurement and GD no. 667/2016 on the approval of the Regulation on the activity of the working group on public procurement. Although the action is qualified as achieved, there are no concrete provisions about which MOEs implemented the action.

The results of S/MOEs managers surveys reveal that management bodies of the S/MOEs don't always ensure an enhanced transparency in the procurement process. Thus, 66.7% of the surveyed managers said they had ensured transparency by publishing the procurement annual plans on the enterprise or founder's website. Regarding the composition of the working group on procurement, only 23.8% of enterprises published the information on the members of the working group on their website. Likewise, only one third (33.3%) published the information about procurement contracts on their websites. While 20% of enterprises state they did not publish any of those aforementioned information (e.g. MOE "Department of parks, culture and leisure").

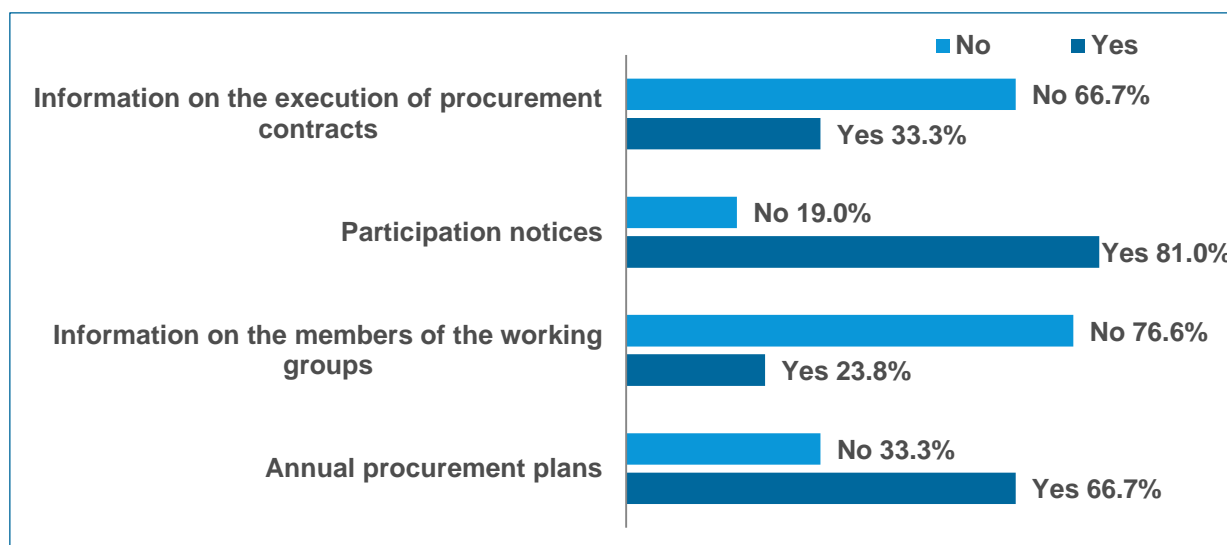
Concerning the transparency of the procurement system, we shall mention that at the beginning of this year, CMC approved the Decision no. 2/2 of 6 February 2020 on public procurement via MTender e-procurement system<sup>20</sup>. This decision foresees that municipal enterprises will carry out all public procurements via the MTender e-procurement system, including the procurements amounting up to 200,000 MDL (without VAT) for goods and services and 250,000 MDL (without VAT) for works. Yet, the procurement whose value does not exceed 80,000 MDL (without VAT), can be carried out without the use of the e-system.

---

<sup>19</sup> <https://www.chisinau.md/lib.php?l=ro&idc=981>

<sup>20</sup> <https://www.chisinau.md/doct.php?l=ro&idc=408&id=28453&t=/Consiliul/Activitatea-Consiliului/Decizii-CMC/Decizia-nr-22-din-06-februarie-2020-Cu-privire-la-efectuarea-achizitiilor-publice-prin-intermediul-sistemului-de-achizitii-publice-electronice-MTender>

**Chart no. 9. Ensuring transparency of procurement procedures through publication of the information by S/MOEs on the websites**

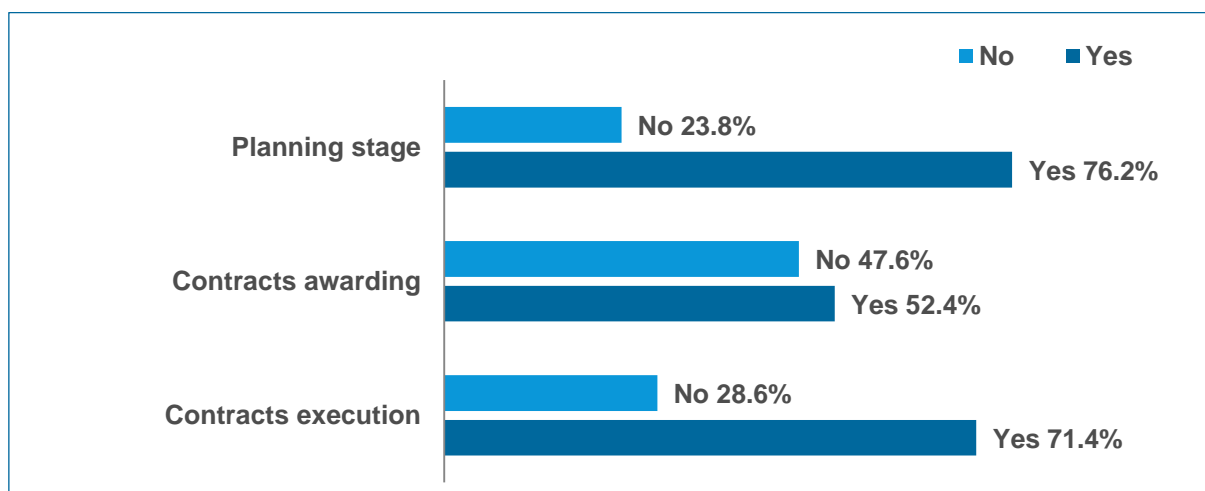


Source: Developed by authors based on the results of interviews with SOE/MOE managers (21 respondents).

The results of the analysis of S/MOEs managers' questionnaires<sup>21</sup> reveal that **one third (33.3%) of the S/MOEs did not use MTender e-procurement system<sup>22</sup>** for their own procurement procedures. We have to highlight that 14.3% of the surveyed managers stated that between 2018 and 2020, they did not carry out any of procedure of procurement contract awarding.

In respect to the adoption of internal control measures at each stage of the procurement process, the analysis of the questionnaires shows that the planning stage was subject to control in the case of 76.2% of S/MOEs, the stage of contract awarding was subject to control in case of 52.4% of the surveyed S/MOEs, whereas the contract execution stage – in the case of 71.4% of the enterprises, while 4.8% of surveyed managers state that the enterprise lacks internal control measures in the procurement process.

**Chart no. 10. Use of internal control in the procurement process**



Source: Developed by authors based on the results of surveys of S/MOEs managers (21 respondents).

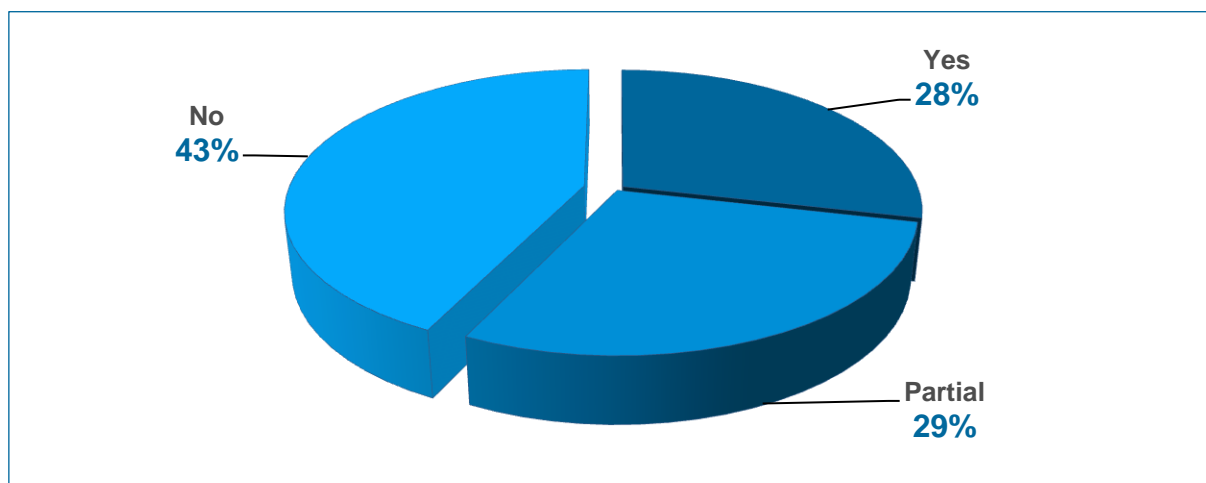
<sup>21</sup> Questionnaire carried out with the participation of 21 SOEs and MOEs managers

<sup>22</sup> The MTender e-procurement system ([www.mtender.gov.md](http://www.mtender.gov.md)) can be used not only to run public procurements, but also by any entity in view of ensuring transparency in the procurement process



Following the use of internal control measures in relation to the procurement procedures, reports are drafted and they have to be submitted to the manager/management board. The analysis of questionnaires provided to the S/MOEs managers show that 28.6% of enterprises (or 6 out of 21) submitted such reports to the management board/manager (see the table below). While in the case of 42.9% of the S/MOEs (or 9 out of 21 enterprises), following the internal control on the procurement process, no reports were submitted to the manager/management board.

**Chart no. 11. Submission of reports on internal control by the management board**



Source: Developed by authors based on the results of surveys with S/MOEs managers (21 respondents).

### **Final findings on the procurement process:**

To sum up, the procurement process in S/MOEs is negatively affected by the following issues:

- planning not compliant in relation to the needs of the enterprise;
- lack of transparency in the procurement process is more acute at the stage of contracts execution;
- lack of internal control measures that might be applied in the procurement process and failure to report to the management board;
- there's no monitoring of the execution of awarded procurement contracts;
- lack of control on planned and carried out procurement procedures.

These issues entail the following corruption risks in the procurement process: risk of misinforming economic operators; of favouring some economic operators, of inappropriate execution of the obligations by the members of the working group; conflicts of interest; of bribing the members of the working group; of poor execution of contracts; promotion of some personal interests or group interests and their concealment. All these lead to inefficient use of enterprise's financial resources and have a negative impact on the budgetary-fiscal situation, which was demonstrated by the economic and financial indicators.

## 7. Property management

The Integrity Plan template for the enterprises founded by the CPAA and LPAA foresees 3 actions in view of ensuring the compliant management of the property and of preventing/mitigating **the risk of assets misappropriation**:

RN	Actions	Monitoring Indicator
7.1	Necessary measures adopted to ensure the integrity and efficient use of the goods of the enterprise;	Established regulations which are notified to the employees under signature;
7.2	Integral inventory of assets and compliant registration in the accounts of the actually owned property, including the assessment of lands received for management and their appropriate counting;	Integral counting of the property;
7.3	Ensuring the registration of the property right on the real estate transmitted for management to enterprises in the Cadastre Register	Integral registration of goods transmitted to enterprises for management

In compliance with the provisions of Law 246/2017, **the state/municipal enterprise is obliged to rationally and efficiently use the available goods and ensure their integrity.**<sup>23</sup> The Law foresees that the administrator of the S/MOE shall ensure **the integrity, efficient use and development of the goods of the enterprise,**<sup>24</sup> while the Management Board **undertakes measures to ensure the integrity and efficient use of the goods of the enterprise, including the adoption of decisions on the opportunity to trade or rent/lease or loan the unused assets of the enterprise, on the opportunity to discard the reported goods to fixed goods, on the opportunity to pledge the goods in view of obtaining bank loans and on the opportunity to provide sponsorships.**<sup>25</sup>

Following the analysis of the information received from the MOEs and of the findings on available Integrity Plans in the MOEs from Chisinau municipality, we observed that there's only one enterprise (MOE "Chisinau Municipal Dental Centre") out of the 10 enterprises subject to assessment which has an Integrity Plan and foresaw actions to prevent **the risk of assets misappropriation and risk of property/material goods embezzlement.** The Actions foreseen in the Integrity Plan of the MOE "Chisinau Municipal Dental Centre" comply with the Integrity Plan template recommended by NAC.

<sup>23</sup> Law 246/2017, art. 3, para. (4).

<sup>24</sup> Law 246/2017, art. 9 para. (1), l. (m)

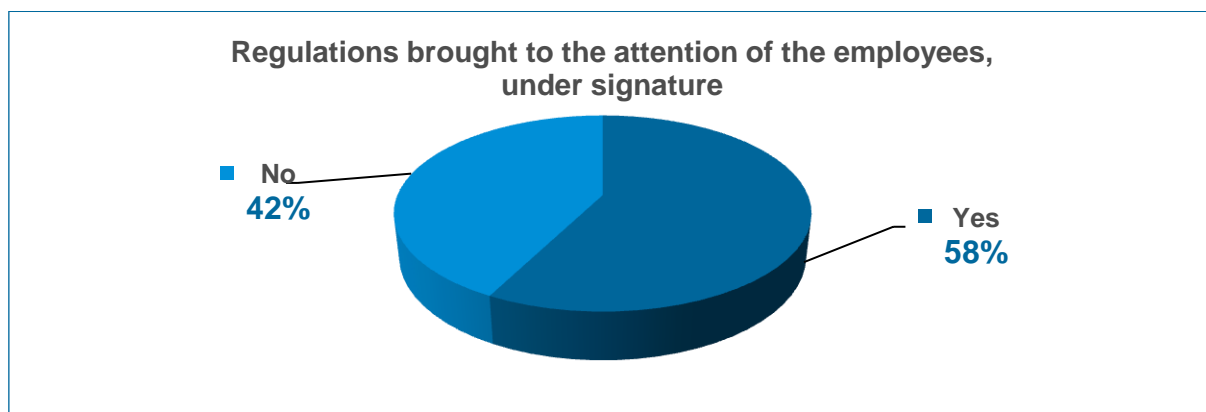
<sup>25</sup> Law 246/2017, art. 8 para. (7), l. (f).



Regarding the SOEs, only half (11 out of 21 SOEs subject to assessment) foresaw actions to prevent and mitigate the risks related to property management in their Integrity Plans. Certain enterprises (6 SOEs out of the 17 SOEs which have a Plan) did not embed actions to prevent and mitigate the risks related to property management, though they have an Integrity Plan (SOE “Moldelectrica”, SOE “Incercom”, SOE “Republican Centre for Animal Breeding and Reproduction”, SOE “Post of Moldova”, SOE “Ungheni River Port”, SOE “Moldova Railways”).

As a result of surveying the employees of the S/MOEs, our remark is that not all employees were briefed under signature about the regulations/internal documents of the enterprise on the ensurance of integrity and efficient management of enterprise's goods. Therefore, 42.4% of the employees participating in the survey claimed they were not informed on those regulations.

**Chart no. 12. The internal documents of the enterprise containing regulations on ensurance of integrity and efficient management of enterprise's goods were brought to the attention of the employees, under signature**



Source: Developed by authors based on the results of surveying S/MOEs employees (85 espondents).

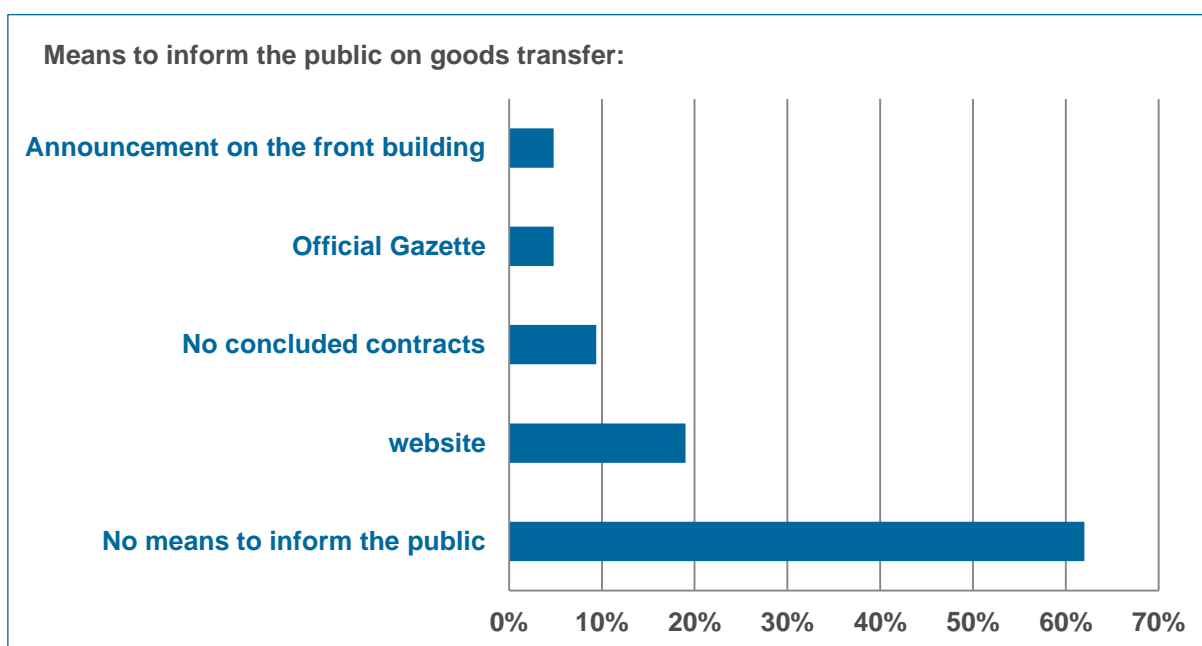
At the same time, the employees stated that they were aware of the implementation by the enterprise of the necessary measures to ensure integrity and efficient management of enterprise's goods. Thus, a large majority of the respondents claimed that the S/MOEs carry out annual inventories of material assets. These are some other measures that S/MOEs employees made reference to:

- Management of the goods by the persons having signed material liability contracts;
- Annual property inventory;
- Inventory, assessment and cadastre registration of the real estate;
- Appointment of the people responsible for the reception, preservation and issuance of goods;
- Establishment of goods consumption norms;
- Provision of property guard and protection;
- Video surveillance;
- Unannounced controls;
- Internal control on the compliant use of enterprise's goods;

- Strict record keeping of the enterprise's goods by organising an annual inventory and an audit;
- The establishment of the Working Group for the development, update and monitoring of implementation of internal normative acts for the prevention and removal of corruption risks;
- Monitoring of the state of the goods, regular repairing (e.g. of the deteriorating buildings);
- Development of regulations and guidelines on efficient use of goods;
- Publication of the Order on the regulation of use of the enterprise's property to inform the employees on the efficient, useful, economical and responsible use of the property of the enterprise;
- Installation of GPS trackers in the vehicle fleet;
- Conclusion of contracts on pecuniary liability with responsible officers;
- Technical and transparent equipment of microscopic dentistry rooms;
- Biannual development of reports on the goods of the enterprise and their submission to the founder;
- Registration of goods in the Real Estate Register and constant information of the founder on the integrity of the managed goods.

As regards the transmission of goods (premises, lands) into rental/lease or gratuitous loan, over half of the responding managers (52.4%) claim that during 2019-2020 the enterprise registered contracts on the rental/lease or gratuitous loan of goods. Yet, **more than half of surveyed managers (64% or 13 out of 21 enterprises) argue that the information (offers, outcomes, etc.) on the transmission of goods were not made public.** At the same time, only in the case of 4 enterprises out of 21 (19%), such information was published on the website.

**Chart no. 13. Publication of information on the rental/lease or gratuitous loan of enterprise's goods**

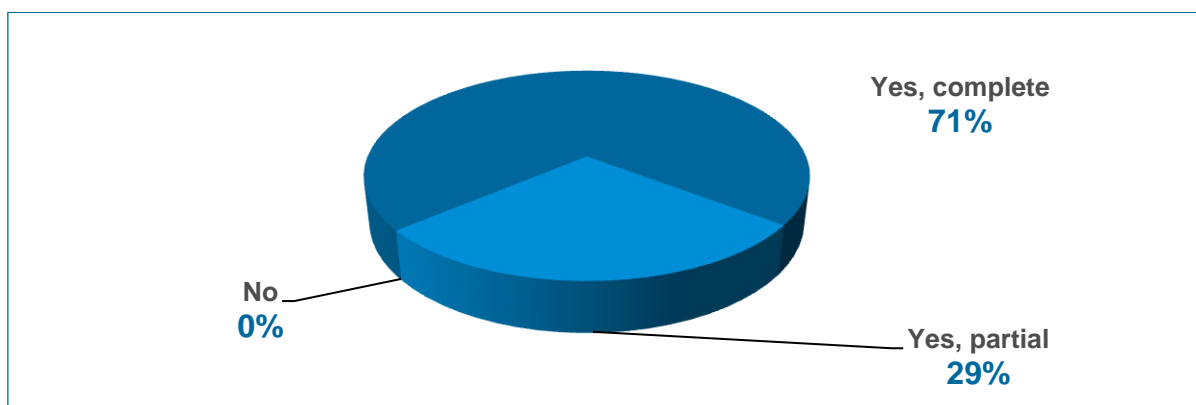


Source: Developed by the authors based on the results of questioning the S/MOEs managers (21 respondents).

Concerning the management of the S/MOEs property, subsequent to surveying the managers, we found that 14.3% of the participants claimed that the assets from the unused property of the enterprise were alienated/commercialised between 2018-2020. The others, which constitute 85.7%, did not alienate (trade) assets from the unused property of the enterprise. Moreover, we found that according to the data from the Public Property Register of the PPA (situation at 01.01.2020), the size of the real estate rented/loaned by the 10 SOEs subject to assessment amounts to 4,282.18 m<sup>2</sup>. In the case of SOEs, the size of the real estate transferred by the 21 SOEs subject to assessment for rental/loan amounts to 71,710.04 m<sup>2</sup> as of 01.01.2020.

In respect of the registration of the right of property on the real estate transferred for management to S/MOEs in the cadastre register, we found that the majority (71.4%) of those 21 questioned companies were completely registered in the Real Estate Register. Despite this, 28.6% of the enterprises partially ensured the registration of real estate.

**Chart no. 14. Registration of real estate in the Real Estate Register**



Source: Developed by the authors based on the results of questioning the S/MOEs managers (21 respondents).

Regarding the property inventory, we shall mention that the annual inventory of the municipal property is compulsory, in line with the legal framework provisions.<sup>26</sup> On the other hand, the legal framework concerning Chisinau municipality does not provide for the entity responsible to run the inventory of the municipal property. The findings of the Audit Report of the Court of Accounts on the 2017 financial report of Chisinau Municipality<sup>27</sup> show that no inventory of the property transferred to the MOEs was carried out. Therefore, the lack of an assets inventory favours the emergence of a high risk of misappropriation of assets of Chisinau municipality.

### **Findings on the management of property:**

- A big part of the S/MOEs employees (42.0%) were not informed under signature about the regulations/internal documents of the enterprise on the ensurance of integrity and efficient management of the goods of the enterprise;

<sup>26</sup> Art. 24 para. (1) and para. (2) of the Law on Accounting no. 113- XVI of 27.04.2007 and art. 11 para. (3) of the Law on Administration and Denationalisation of the Public Property no. 121 of 04.05.2007.

<sup>27</sup> Decision no. 94 of 17.12.2018 on the Report of audit on the 2017 financial report of Chisinau Municipality (www.ccrm.md)

- Only one third of the questioned enterprises (29.0%) partially ensured the registration of the right of property on the goods transferred under their management in the Real Estate Register;
- Nearly half of the questioned enterprises (47.6%) did not disseminate the information (offers, results and other information) about the rent/lease of the goods of the enterprise to the public;
- S/MOEs subject to assessment did not undertake sufficient measures to ensure the integrity and efficient use of the goods of the enterprise.

Therefore, in the process of S/MOEs property management and administration, **the issues that were identified imply a high risk of assets misappropriation and material goods embezzlement.**

## 8. Risk control and management systems

The Integrity Plan template for the enterprises founded by the CPAA and LPAA foresee 2 actions related to the implementation of internal control system and risk management:

RN	Actions	Monitoring Indicator
5.1	Implementation of an efficient internal control system (the methodological support will be requested from the founder)/establishment of all elements of the management control with focus on building the financial discipline and ensurance of assets integrity;	All policies and procedures are approved/revise in view of efficient ensurance of economic activity, assets integrity and reliable financial information;
5.2	Documentation of risks, including fraud and corruption risks	<ul style="list-style-type: none"> <li>• Developed Risk Register;</li> <li>• Established risk mitigation measures</li> </ul>

Following the analysis of the information sent by SOEs and of the findings on the availability of Integrity Plans in Chisinau MOEs, we shall mention **that only one enterprise** (in particular, MOE “Chisinau Municipal Dental Centre”) **out of 10 MOEs subject to assessment, which has an Integrity Plan, foresaw risk prevention actions** such as: ***implementation of an efficient internal control system; establishment of all management control elements with focus on strengthening the financial discipline; documentation of all risks, including corruption risks.***

The synthesis of answers and Integrity Plans of SOEs subject to assessment shows that at least half of SOEs (57.14% or 12 out of the 21 SOEs) foresaw actions to prevent and mitigate corruption risks in their Integrity Plans. Additionally, SOE “CRARA” embedded actions to document all the risks, including fraud and corruption risks in its Integrity Plan. Although certain enterprises have an Integrity Plan, they did not foresee risk prevention actions that would focus on the internal control system or documentation of corruption risks (SOE “Moldelectrica”, SOE “Incercom”, SOE “Ungheni River Port”, SOE “Moldova Railways”).

The analysis of responses to requests for information sent to the 10 MOEs from Chisinau municipality shows that **only half of the MOEs subject to assessment (5 out of 10 MOEs) have a Risk Register, including corruption risk.** Still, only one enterprise (SOE “Funeral Services Company”) enclosed the copy of the Risk Corruption Register, approved in December 2017 that is also available on the website of the enterprise.<sup>28</sup> The remaining 4 enterprises (MOE “Capital Constructions Department”, MOE “Association of Green Spaces Management”, MOE “Electric Transport Company” and MOE “Municipal Centre”) declared they had a Risk Register, however, the document was not enclosed to the letter. Regarding the situation of SOEs, the results of the assessment show that **one**

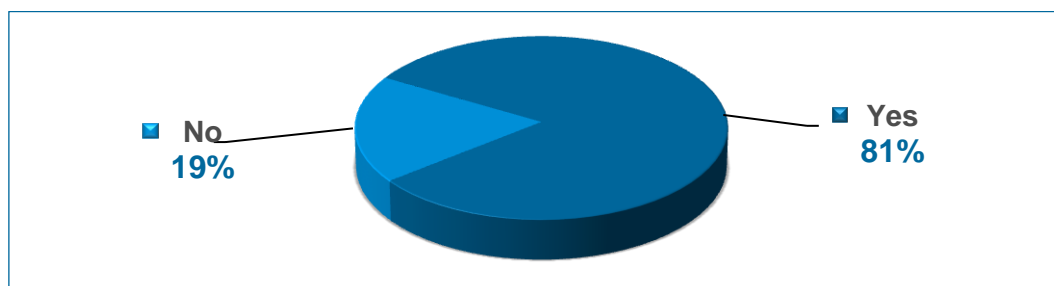
<sup>28</sup> <http://serviciifunerare.md/registrul-riscurilor-csf/>

**third (33.3%) or 7 out of 21 SOEs subject to assessment have a Risk Register** to document and prevent risks, including fraud and corruption risks.

The analysis of the results of surveying the S/MOEs managers (21 respondents) revealed that every fifth S/MOE has not implemented an internal control system. Thus, 81.0% of enterprises implemented an internal control system. Still, the results of survey point out that the activity processes are documented in all surveyed enterprises (21 S/MOEs).

As regards the maintenance and completion of the Risk Register, the situation differs from case to case. Hence, after the analysis of results of surveys, we observed that as a rule, the people in charge with the maintenance and completion of Risk Registers in an S/MOE are the employees of the quality management service, heads of units, the deputy director, the legal section/service, the lawyer of the enterprise, the administrator, the bargaining committee, the legal and financial service, the procurement working group.

**Chart no. 15. Implementation of the internal control system in the S/MOEs**

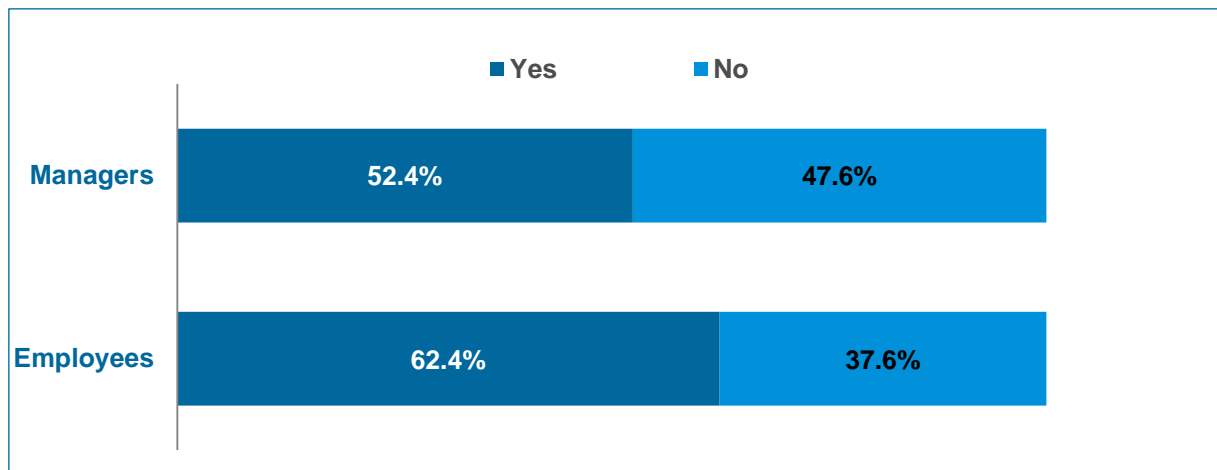


Source: Developed by the authors based on the results of surveying the SOEs/MOEs managers (21 respondents).

In the perception of S/MOEs managers (results of surveying of 21 S/MOEs managers), these are **the most serious risks that could negatively impact the activity and integrity of the enterprise**:

- Risk of external stakeholders' influence on bid rigging;
- Risk of forced involvement of the enterprise's employees in view of offering donations to political parties;
- Risk of forgery in public/accounting documents;
- Risk of involvement of the enterprise's management and employees in various illegal actions/transactions by the founder/other public agents;
- The risk of demanding bribes by third parties, including public agents/decision-making factors of public authorities as well as other claims to benefit from the economic advantages of the enterprise;
- Risk of conflict of interest in contracting goods, works and services;
- Risk of procurement of unjustifiable/useless goods, works and services;
- Risk of embezzlement of property/misappropriation of assets of the enterprise.

**Chart no. 16. Availability of the Risk Register, including fraud and corruption risks (S/MOEs managers vs S/MOEs employees)**



Source: Developed by authors based on the results of surveying S/MOEs managers (21 respondents) and S/MOEs employees (85 respondents).

As a conclusion, we found the following things in relation to the implementation of internal control systems and development of Risk Registers, including fraud and corruption risks:

- Every fifth S/MOE did not implement an internal control system (the results of surveying revealed that 81.0% of S/MOEs implemented an internal control system);
- The administrators of half of SOEs and 2/3 of MOEs subject to assessment did not implement the risk management in the enterprises, and therefore, there's no documentation of risks, including fraud and corruption risks and no measures were taken to prevent and mitigate the risks.

## 9. Management of service/confidential information

The Integrity Plan template for the enterprises founded by the CPAA and LPAA foresees 3 actions at service/confidential information management component, as it follows:

RN	Actions	Monitoring Indicator
3.1	Adoption, by an internal act, of a uniform procedure of service information management;	Approved procedure/ regulation
3.2	Adoption, by an internal act, of a regulation on the use and processing of personal data;  Registration, when relevant, as a user at the Centre for Personal Data Protection (CPDP);	
3.3	Training of people in charge	N/A

Lack of specific regulations on the service/confidential information management and of department provisions on the use of personal data represent risk zones included in the Integrity Plan template. These gaps can favour the risk of trade secrets disclosure, the risk of leakage of restricted information and the risk of personal data disclosure.

As a result of analysis of Integrity Plans and Risk Registers, we found that 45% of the monitored enterprises set as priority ***the adoption of a uniform procedure on service information management by an internal act***, while 48% indicated the need to ***adopt a regulation on the use and processing of personal data by internal act***.

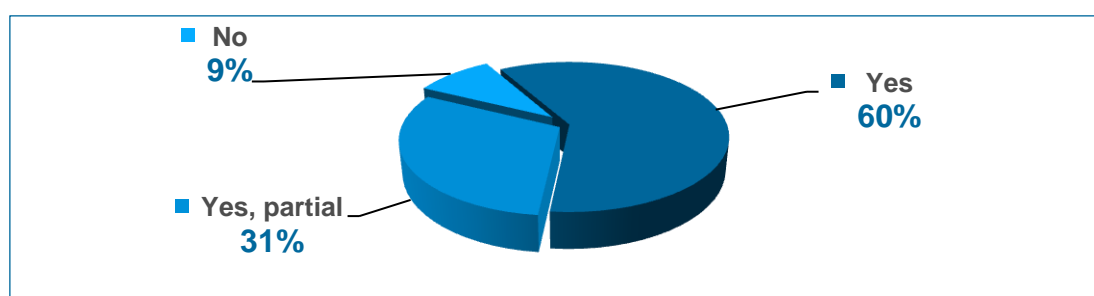
According to the answers of questioned managers, 48% of the enterprises have internal regulations on service information management referring to confidential/secret information, and 52% of enterprises have regulations on the use and processing of personal data. Moreover, the managers said there were regulations on the communication with mass-media (26%) and on the communication with citizens (16%).

Certain mentionings on service information management, confidentiality of information, secret information and restrictive access are foreseen in 18 out of 22 Codes of Conduct of the enterprises. However, these provisions of the codes are rather concise principles and mentionings, not uniformed procedures on service information management. As regards the regulations on the use and processing of personal data, some concise general provisions are encompassed in 5 Codes of Conduct of the enterprises.

According to the answers of the employees, almost 60% of them are aware of the internal regulations on service information management, 31 know them partially, and 9% don't know anything about the acts or their content. In their activity, they have best knowledge of and pay greater attention to personal data (84%), confidential/secret information (55%), communication with citizens (31%), communication with mass-media (19%).



**Chart no. 17. Awareness of the employees of the internal regulations on service information management**



Source: Developed by authors based on the results of the S/MOEs employees' surveys (85 respondents).

According to managers, nearly 39% of enterprises ran **training courses for the people** in charge with service information management in the enterprise between 2018 and 2020.

One of the actions included in the Integrity Plan template foresees **the registration of the enterprise, when relevant, as a user with the NCPDP**. Based on the provisions of art. 23 of the Law on the protection of personal data no. 133/2011,<sup>29</sup> personal data controllers are obliged to notify the NCPDP before processing personal data to be used for a certain purpose. The notification shall include more information among which the purpose of processing and description of personal data subjects, description of the data to be processed as well as the origin of the data.

Based on the information from the Register of personal data controllers,<sup>30</sup> only 3 SOEs and 3 MOEs out of those monitored notified the NCPDP on the processing of personal data:

- SOE “Post of Moldova” – 1 notification in 2017 on the processing of personal data of the employees, customers/consumers, social services beneficiaries;
- SOE “MOLDATSA” – 6 notifications in 2019 on the processing of personal data of the employees, customers/consumers, visitors;
- SOE “Statistica” Publishing and Printing House – 3 notifications in 2019 on the processing of personal data of the employees, social services beneficiaries, visitors;
- MOE “Funeral Services Company” – 2 notifications in 2019 and 1 notification in 2020 on the processing of personal data of the employees, customers/consumers, visitors;
- MOE “Regia Autosalubritate” – 6 notifications in 2019 on the processing of personal data of the employees, students, customers/consumers, social services beneficiaries, debtors, litigants;
- MOE “Chisinau Municipal Dental Centre” – 2 notifications in 2013 and 4 notifications in 2014 on the processing of personal data of the employees, patients, insured persons, medical workers.

<sup>29</sup> Law on Personal Data Protection no. 133/2011

<sup>30</sup> The register of controllers of personal data

## 10. Transparency in the decision-making process

The Integrity Plan template for the enterprises founded by the CPAA and LPAA encompasses 3 actions concerning the assurance of access to information of public interest, as follows:

RNo	Actions	Monitoring Indicator
4.1	Creation/update of the website of the enterprise;  Publication of necessary information on the activity of the enterprise;	Officially created website
4.2	Appointment of a person in charge with the management of the website of the enterprise;	
4.3	Assurance of transparency in the decision-making process having an impact on the public interest	

Lack of official websites of the S/MOEs is an issue that could generate the **risk of limitation of access to information of public interest**.

Based on the analysis, we found that 80.6% of monitored enterprises have a website (16 SOEs and 9 MOEs). The following enterprises don't have a website: SOE "Republican Centre for Animal Breeding and Reproduction", SOE "Ungheni River Port", SOE "Moldtranselectro", SOE "Costesti" Hydropower Node, SOE Department of Services for the Diplomatic Corps, MOE "Department of parks, culture and leisure" (see Annex no. 5 and Annex no. 6).

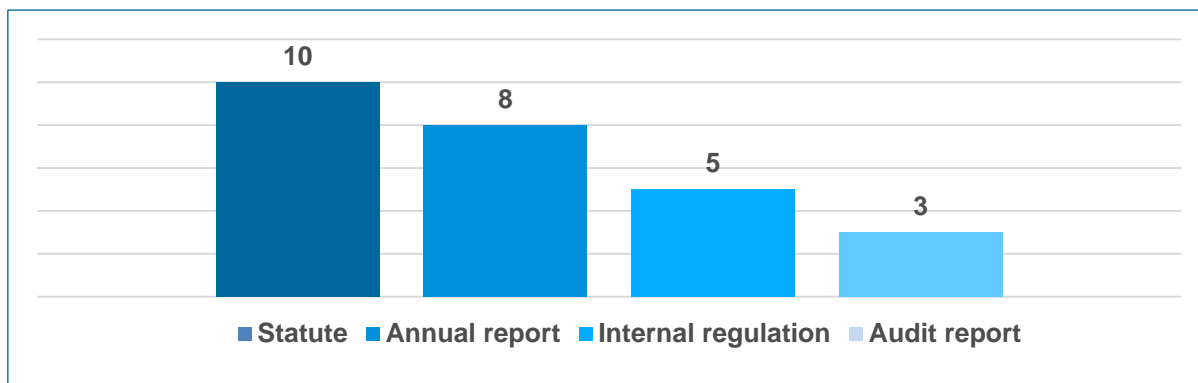
Of those available, **only 7 websites contain permanently updated information** on the activity of the enterprise (5 SOEs and 2 MOEs). The websites of 10 enterprises (6 SOEs and 4 MOEs) are partially updated, while 8 enterprises don't update the content on their websites and don't publish information on the activity of enterprises.

According to art. 18 of the Law 246/2017<sup>31</sup>, the enterprises are obliged to publish **the statute of the enterprise, the internal regulations, the annual report of the enterprise and the audit reports** on their websites and on the founder's official website.

Only 10 SOEs published **the statute of the enterprise** on their websites, while MOE "Capital Constructions Department of Chisinau City Hall" published a few provisions from the statute on the website. At the same time, 14 statutes of the SOEs are published on the website of the founder (in our case, only PPA). On the website of the administration of Chisinau municipality, as founder of SOEs, none of the statutes of the monitored enterprises are published (see Annex no. 5).

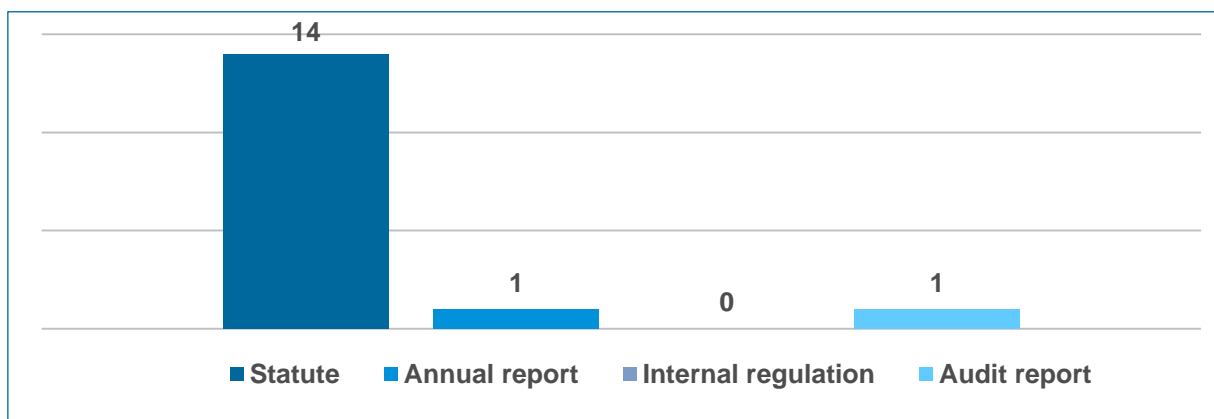
<sup>31</sup> Law on state enterprise and municipal enterprise no. 246/2017

**Chart no. 18. Publication of information on the website of the enterprise**



Source: websites of the enterprises (25).

**Chart no. 19. Publication of information on the website of the founder**



Source: websites of the founders (3)

**Annual Report (2019)** is published on the website by 8 SOEs, while on the website of MOE “Urban Bus Fleet” there's only one activity report for 2018. Additionally, 4 SOEs publish only the annual financial statements. Very often, enterprises publish only the annual financial statements which constitute only one (important) part of the annual report. Likewise, the PPA website contains the financial statements of 11 monitored enterprises, the majority referring to 2018, while the website of “Moldtranselectro” contains the 2019 annual report along with the financial statements. Regarding the monitored MOEs, the most recent activity reports (6 MOEs) published on the website of Chisinau City Hall date back to 2018 (see Annex no. 6).

Only 5 SOEs out of 21 monitored companies publish **internal regulations** on their websites (SE “Athletics Arena”, the air navigation service provider SOE “MOLDATSA”, SOE “Statistica” Printing and Publishing House, SOE “Post of Moldova”, SOE Institute of Geodesy, Engineering Survey and Cadastre “INGEOCAD”). We did not identify any internal regulations published on the websites of the founders of monitored SOEs/MOEs (see Annex no. 5 and Annex no. 6).

**Audit report for 2019** was published only by the SOE “Moldelectrica”, SOE Institute of Scientific Research in Constructions “Incercom”, SOE “Radiocommunications”. Some audit reports from previous years were published by additional 6 SOEs. On the website of PPA there's an audit report of 2019 and two audit reports from previous years. No audit report

of monitored SOEs was published on the website of the enterprises and on the website of the founder (see Annex no. 5 and Annex no. 6).

Nearly 35% of monitored enterprises (11) mentioned as priority the ***designation of a person responsible for the management of the enterprise's website***. Based on the analysis of received documents and of information available on the websites of the enterprises, there's a reduced accomplishment of this action. Lack of results can be noticed in relation to the big number of enterprises that either don't have a website (6), or don't update their websites with information about the activity of the enterprise (8), or partially update this information (10).

Although the action to ***ensure the transparency of the decision-making process with impact on the public interest*** is quite vague, the idea is to inform the public about decisions and provide data on the activity of the enterprise and on its achievements. It would be good to set forth and clarify which are the decisions with such an impact on the public interest in order to avoid any subjective interpretations. In particular, such decisions could primarily refer to such information as enterprise property management, procurement procedures, employment of the employees and are relevant areas.

Based on the Integrity Plans, we found that **only one third (10 out of 31 monitored enterprises) foresaw the action to ensure transparency in the decision-making process with impact on the public interest**. Considering that websites represent the most efficient tool to ensure transparency and based on the findings of this report regarding the publication of information on these portals, there's a low degree of transparency in the decision-making process at the enterprise level.

An important aspect of transparency is the provision of information to the petitioners requiring access to the public information through the applications they lodge. According to the answers of the managers, in 15 enterprises (48%) the administration of the enterprise ensured ***the respect of access to information of public interest***, while in 5 enterprises (16%), there's a partial access to information.

According to surveyed managers, 13 enterprises received requests for access to information between 2018 and 2020. Some enterprises claimed a bigger number of requests for access to information. These are SOE "State Road Administration" (190 requests), MOE "Chisinau Municipal Dental Centre" (127 requests), SOE "Post of Moldova" (no precise figures). According to the answers of managers, **between 2018 and 2020, there were cases when access to information was denied**. In particular, there was a refusal from the MOE "Association for the Management of Green Spaces", a refusal from the SOE "Centre for Applied Metrology and Certification" and multiple refusals (no precise number) from the SOE "Post of Moldova".

Although managers stated only one single case of legal action against the refusal of the enterprise (SOE "Post of Moldova") to provide access to information in the period 2018-2020 (the case finalised with the enterprise being ordered to provide the requested information), we found on the website of the Courts of law and of the Supreme Court of Justice **multiple litigations concerning the right to access to information**. To this end, we shall mention:

- the case "Lawyers for Human Rights" Association vs SOE "Moldelectrica" finalised with the enterprise being ordered to provide the requested information<sup>32</sup>;

---

<sup>32</sup> Decision of the SCJ of 2.10.2019 on the case "Lawyers for Human Rights" Association vs SOE "Moldelectrica"

- the case “Lawyers for Human Rights” Association vs SOE “Moldova Railways” finalised with the enterprise being ordered to provide the requested information<sup>33</sup>;
- the case “Green Future” Association vs MOE “Association of Green Spaces Management” is currently pending for examination<sup>34</sup>;
- There are 6 cases Străisteanu Gheorghe vs SOE “Post of Moldova”, and 2 finalised with the enterprise being ordered to provide the requested information<sup>35</sup>, while in 4 cases there are Decisions of the Court of Appeal (in 3 cases the enterprise was obliged to provide the requested information<sup>36</sup> while in 1 case the request of the applicant was rejected<sup>37</sup>).

We shall highlight that there's still unclarity and confusion in the Law on access to information no. 982/2000<sup>38</sup> regarding the applicability of the legal provisions to SOEs and MOEs. Until the gaps in the normative framework are removed, the enterprises will use the option to refuse the provision of public information requested through applications lodged by the petitioners. Such approaches and practices are contrary to art. 18 para. (4) of Law 246/2017 too. According to these, the enterprises are obliged to satisfy the public interest and honour the requests of the media and civil society strictly in line with the legislation on access to information.

---

<sup>33</sup> *Ruling of SCJ of 27.05.2020* on the case “Lawyers for Human Rights” Association vs SOE “Moldova Railways”

<sup>34</sup> *Agenda of the hearing of 21.10.2020* of the case “Green Future” Association vs MOE “Association of Green Spaces Management” at Chisinau Court of Appeal

<sup>35</sup> *Ruling of the SCJ of 14.11.2018* on the case Străisteanu Gheorghe vs SE “Post of Moldova”; *Ruling of the SCJ of 27.02.2019* on the case Străisteanu Gheorghe vs SOE “Post of Moldova”;

<sup>36</sup> *Decision of Chisinau Court of Appeal of 28.02.2018* on the case Străisteanu Gheorghe vs SOE “Post of Moldova”; *Decision of Chisinau Court of Appeal of 12.06.2018* on the case Străisteanu Gheorghe vs SOE “Post of Moldova”; *Decision of Chisinau Court of Appeal of 27.02.2019* on the case Străisteanu Gheorghe vs SOE “Post of Moldova”

<sup>37</sup> *Decision of Chisinau Court of Appeal of 24.05.2018* on the case Străisteanu Gheorghe vs SOE “Post of Moldova”

<sup>38</sup> *Law no. 982/2000 on access to information*

## 11. Analysis of economic-financial activity

Among the conditions that could favour the materialisation of fraud and corruption risks are the negative indicators of assets profitability (economic) and profitability of equity (financial), the negative indicators of the equity, the negative net worth of the enterprise as well as others that shall be further analysed in relation to assessed MOEs from Chisinau municipality and SOEs.

The activity of MOEs from Chisinau municipality whose founder is CMC is subject to financial monitoring of the economic-financial activity carried out by the Financial Management Department of Chisinau City Hall, in line with the attributions foreseen in the Operating Rules of the Department<sup>39</sup>. The purpose of the financial monitoring activity of the MOEs is the efficient management of the local public property.

### Analysis of economic-financial indicators of the 10 MOEs from Chisinau municipality

According to the data of the Public Property Register, in 2020 (situation on 01.01.2020), the value **of the net worth** of the 10 MOEs (whose founder is CMC) subject to assessment constituted 2.23 billion MDL or with 9.61% more compared to 2019 (situation on 01.01.2019), when the value of net worth constituted 2.10 billion MDL.

We shall highlight that one enterprise out of 10 MOEs, in particular, MOE “Capital Constructions Department” of Chisinau City Hall registered **a negative net value of the property** both in 2019 and 2020 which points to the fact that the total liabilities of the enterprise exceed its assets.

We shall mention that **4 out of 10 MOEs subject to assessment registered a drop in the net worth in 2020** (MOE “Capital Constructions Department” of Chisinau City Hall, MOE “Funeral Services Company”, MOE Road and bridges exploitation company “EXDRUPO”, MOE “Lumteh Lighting Networks”). The remaining 6 MOEs registered insignificant growth of the net value of the property, except the MOE “Urban Bus Fleet”, whose equity dramatically increased in 2020 (nearly 10 times) (see Annex no. 1).

In order to identify the financial and economic vulnerabilities in the activity of MOEs, we analysed the following indicators of economic-financial activity, including: profitability of equity (financial), assets profitability (economic), current liquidity coefficient and the coefficient of autonomy (see Annex no. 3).

**The profitability of equity (financial)** reflects the capacity of the enterprise to use its own capital in view of gaining profit. The level of this indicator shows the value of the profit (losses) obtained upon every MDL invested in the equity. In 2018, the level of the indicator was negative in the case of two enterprises: MOE “Electric Transport Company” (-2.9) and MOE Road and bridges exploitation company “EXDRUPO” (-0.7), which means losses for each MDL invested in the equity. We shall highlight that in 2019, no enterprise registered losses in this regard. The following enterprises registered the highest profits for each MDL invested in the equity in 2019: MOE “Capital Constructions Department” of Chisinau City Hall (69.3%) and MOE “Regia Autosalubritate” (12.5%).

<sup>39</sup> <https://www.chisinau.md/pageview.php?l=ro&idc=435&t=/Primaria/Structura-Primariei/Directia-management-financiar>



Another important indicator that we analysed is **the profitability of assets (economic)** which reflects the efficiency of assets use and the profit (losses) gained for each MDL of the enterprise's assets. Accordingly, the capacity of the enterprise to survive from the financial point of view and to pay the liabilities in due time depends on the efficiency of assets use. Thus, in 2018, the level of economic profitability of 3 enterprises was negative which means the enterprises registered losses: MOE “Capital Constructions Department” of Chisinau City Hall (-0.1%), MOE “Electric Transport Company” (-2.4%), MOE Road and bridges exploitation company “EXDRUPO” (-0.5%). At the end of 2019, only one enterprise registered a negative value of the economic profitability indicator, namely, MOE “Capital Constructions Department” of Chisinau City Hall (-0.2%).

**The coefficient of current liquidity** shows if the enterprise has sufficient current assets to pay the short-term liabilities (optimal range: 2.0-2.5). In 2018, **only 3 MOEs would meet the optimal range of the coefficient**, including: “Funeral Services Company” (2.7), MOE “Association of Green Spaces Management” (2.3) and MOE “Regia Autosalubritate” (2.5). On the other hand, in 2019, there was a regress in this regard; thus, only one enterprise met the optimal level, namely, MOE “Regia Autosalubritate” (2.3). Implicitly, **the other 8 MOEs don't have sufficient current assets to fully pay the short-term liabilities.**

Likewise, one enterprise, i.e. MOE “Department of parks, culture and leisure” registered an excessive level of current liquidities (about 7 times that of the optimal level) both in 2018 and 2019, which shows that **the value of current assets exceeds significantly the short-term liabilities.** This could mean over-dimensioned stocks and/or a very high level of cash, which proves to be negative from the viewpoint of the economic-financial activity.

Furthermore, we analysed the **coefficient of autonomy** (global economy rate), whose optimal level represents at least 0.5. The results of the analysis show that **in the majority of enterprises (8 out of 10 MOEs), the coefficient exceeds 0.5**, so, the share of the equity in the balance sheet on total liabilities side is higher than 50%, which indicates that **enterprises have a satisfactory financial situation.** Nevertheless, in 2019, two enterprises had a coefficient of autonomy below the optimal level, including: MOE “Capital Constructions Department” of Chisinau City Hall (0.0) and MOE “Chisinau Municipal Dental Centre” (0.3).

### **The analysis of economic-financial indicators of the 21 SOEs**

The activity of the SOEs is subject to financial monitoring by the Ministry of Finances based on the Regulation on the financial monitoring of the self-managing public authorities, of SOEs, MOEs and commercial societies with wholly public capital or with majority public shareholdings approved by Governmental Decision no. 56 of 17.01.2018.<sup>40</sup>

In view of identifying the financial and economic vulnerabilities in the SOEs activity, we analysed the following indicators of the financial-economic activity: profitability of equity (financial), assets profitability (economic), current liquidity coefficient and the coefficient of autonomy (see Annex no. 4).

In the case of SOEs subject to assessment (21 entities), their founders are: Public Property Agency (18 SOEs), Ministry of Education, Culture and Research (1 SOE), Land Relations and Cadastre Agency (1 SOE) and Ministry of Economy and Infrastructure (1 SOE). Thus, **the total net worth of the 21 SOEs amounted to 13.13 billion MDL in 2020 (situation of 01.01.2020) or 0.73% less compared to 2019 (situation of**

<sup>40</sup> [https://www.legis.md/cautare/getResults?doc\\_id=102008&lang=ro](https://www.legis.md/cautare/getResults?doc_id=102008&lang=ro)



01.01.2019), when the total net worth amounted to 13.23 billion MDL. This represents a slight worsening of the situation of the SOEs subject to assessment, which indicates **the existence of the risk of asset embezzlement and/or dubious increase of total liabilities**.

Of 21 state enterprises subject to assessment, 10 registered **insignificant growth of the net worth (equity)**, except for the SOE “Costesti Hydropower Node”, whose net worth doubled in 2020 compared to 2019, registering a 104%-growth. The other 11 SOEs out of 21 which were subject to assessment registered **insignificant drops in the value of the net worth** (see Annex no. 2). One enterprise out of 21 SOEs subject to assessment, i. e. SOE “Moldtranselectro” (founder: PPA), registered, both in 2019 (-62,321,800 MDL), and in 2020 (-66,960,700 MDL), a net negative value of the property which indicates that total liabilities of the enterprise exceed the total assets.

One of the main indicators of economic-financial activity of an entity is **assets profitability (economic)** which measures the efficiency of use of the assets from viewpoint of the profit gained for each MDL invested in the assets (optimal level – 10%). The analysis is made based on the data of the annual reports of PPA on the administration and denationalisation of the state public property<sup>41</sup>. The outcomes of the analysis reveal that although **the average level of profitability improved in 2019 (6.28%) compared to 2018 (3.71%)**, nevertheless, this is still **under the optimal 10%-level**. Thus, if for each MDL invested in assets in 2018 an SOE gained a profit of 3.71 bani, then in 2019, for each MDL invested in the assets, an SOE would gain 6.28 bani as profit.

Regarding the situation in 2019, **the optimal level of assets profitability was exceeded by only 2 SOEs: “Post of Moldova” SOE (10.65%) and “Costesti Hydropower Node” SOE (89.23%)**. In the case of 5 SOEs whose founder is PPA, there's a negative assets profitability: “Athletics Arena” SOE (-0.36%), “Ungheni River Port” SOE (-1.13%), “Moldtranselectro” SOE (-0.74%), “Moldova Railways” SOE (-0.76%), “IPOT” SOE (-0.28%).

**The profitability of equity (financial)** reflects the capacity of the enterprise to use its equity to gain profit. The negative values of the indicator designate that the enterprise registered losses. Having analysed the evolution of financial profitability of SOEs by comparing 2019 to 2018, we found a slight worsening of the situation. In 2018, as a whole, the 21 SOEs would generate a profit of 7.71 bani for each MDL invested in the equity, while in 2019, the registered profit dropped by 0.46 bani.

In 2019, SOE “Moldtranselectro” registered **the highest losses for one MDL invested in the equity (-18.5%)**. Other 4 enterprises also registered losses, i.e. “Athletics Arena” SOE (-0.4%), “Ungheni River Port” SOE (-1.2%), “Moldova Railways” SOE (-0.9%), “The State Planning Institute for Land Management” SOE (-0.4%). **In 2019 the highest profit for one MDL invested in the equity was registered by: SOE “Costesti Hydropower Node” (85.5%)**, followed by “Post of Moldova” SOE (32.8%) and the Department of Services for the Diplomatic Corps (20.8%).

Thus, the identified corruption risks have a negative impact on the activity and integrity of the SOEs and MOEs, and a significant impact on the budgetary-fiscal situation as well. Finally, these have a serious impact on the realisation of citizen's constitutional rights and fundamental freedoms (right to information, right to benefit from appropriate public services, right to benefit from adequate living and health standards).

---

<sup>41</sup> <http://www.app.gov.md/rapoarte-anuale-3-364>

## 12. Findings and final conclusions

As a whole, we found that the performance indicators provided in NICS 2017-2020 were not achieved, while the entities subject to assessment (state and municipal enterprises from Chisinau municipality) have backlogs in ensuring the institutional integrity. Therefore, as a result of the assessment of a sample of 31 S/MOEs from the viewpoint of integrity and anticorruption policies, we would like to provide the following findings and final conclusions.

Enterprises don't report/publish the information on the implementation of anticorruption actions embedded in the Integrity Plans and other internal documents aiming to ensure the integrity in the enterprise. The websites of the enterprises and of the founders don't contain such information.

In Chisinau municipality, there's a confusion between the integrity plans of the MOEs from Chisinau municipality and the Integrity Plan of Chisinau City Hall for the years 2017-2018<sup>42</sup>. Several managers of enterprises state that they rely solely on the Integrity Plan of Chisinau City Hall and report to the municipal administration on the achievement of specific actions laid down in the plan. Moreover, these unclarities ensue from the fact that the Integrity Plan of Chisinau City Hall does not contain clear clauses on the need of MOEs to implement integrity measures (with the exception of some areas such as procurement).

The results of the assessment showed that 22 or 71% of the monitored enterprises (17 SOEs and 5 MOEs) have at least an integrity document (Integrity Plan and/or Risk Register) providing for a series of actions to reduce the corruption risks. At the same time, **over a half (55%) of the enterprises (16 SOEs and 1 MOE) out of the 31 enterprises subject to assessment (10 MOEs and 21 SOEs) have an Integrity Plan in the enterprise.** Analyzed in comparison, **10% of MOEs and 76% of assessed SOEs have an Integrity Plan.**

The integrity plan template developed by the NAC served as a fundament for 5 SOEs which adopted its provisions in an identical manner and mirrored them in the plans of the enterprises. One part of the plan was adjusted to the needs of the enterprise and was supplemented with new actions in the area of integrity. On the other hand, none of the monitored enterprises did fully rely on this integrity plan template.

Despite the big number of integrity documents comprising a series of actions to mitigate corruption risks, we could observe a low level of their implementation. Thus, a series of actions were not achieved, other measures were achieved, but the public is not informed about it; moreover, there are measures that were formally achieved, without generating the expected impact.

Only 48% of the monitored enterprises (14 SOEs and 1 MOE) set as a priority the approval by a department act of a **procedure to denounce irregularities and inappropriate influences**, 39% (11 SOEs and 1 MOE) foresaw the need to establish mechanisms for the protection of denounciators/whistleblowers in the enterprises, and 35% of the monitored enterprises (11 SOEs) indicated that they published/disseminated the

<sup>42</sup> <https://www.chisinau.md/libtview.php?l=ro&id=23934&idc=999&t=/Informatii/Consultari-publice/Consultari-publice-a-proiectului-de-decizie-Cu-privire-la-aprobarea-Planului-local-anticoruptie-al-Primariei-municipiului-Chisinau-pentru-anii-2018-2020/>

information regarding the integrity and anticorruption procedures available in the enterprise among employees/clients.

The biggest part of the monitored enterprises doesn't have procedures to denounce irregularities and inappropriate influences. Only 13% of enterprises (4 SOEs) approved such procedures by a department document, whereas 39% (8 SOEs and 4 MOEs) have concise and general provisions included in their Codes of Conduct. Additionally, 29% of enterprises (7 SOEs and 2 MOEs) approved the Register of disclosure of illegal practices and 26% (7 SOEs and 1 MOE) have appointed people/units in charge with the receipt, registration, examination of disclosures and with keeping of the register.

Despite the lack of comprehensive denunciation procedures, the employees of enterprises claim they have sufficient knowledge of the mechanism for the denunciation of corruption and inappropriate influence (80%), which was also highlighted by the managers of enterprises. This is the result of the information and training on the integrity and anticorruption procedures available in the enterprise, i.e. the general rules and procedures of integrity laid down in the codes of conduct, that employees receive upon employment and at least annually (54% of surveyed managers and 79% of the employees).

Based on the responses in questionnaires, we found that the employees of the enterprises are not aware what the position of an integrity adviser/unit is. Although 58% of them mentioned that they were aware of a person/unit in the enterprise to which they could refer/report a case of corruption/ irregularity, while 81% stated they knew the duties of this person/unit, only 4% of employees opted to denounce corruption to the person/unit responsible for integrity in the enterprise. At the same time, the establishment of the position of integrity adviser/unit is not a priority for the managers of monitored enterprises and, only 13% of the enterprises (4 SOEs) have such a position.

Only 3 SOEs have separate documents regulating denunciators/whistleblowers protection mechanisms, whereas 11 other monitored enterprises (9 SOEs and 2 MOEs) have concise general statements on denunciators/whistleblowers protection in their codes of conduct. Such provisions are insufficient to obtain the expected results and mobilise the employees to report the irregularities within the enterprise. In addition, these rules must be linked to the new provisions of the regulatory framework.

According to the responses of surveyed enterprise managers, there were no denunciations of corruption in enterprises and no integrity warnings were sent to the NAC in the period 2018-2020. The lack of denunciations/warnings is a consequence of both absence and inefficiency of denunciators/whistleblowers protection mechanisms. The results of survey show that 58% of the employees don't think they will be protected if they denounced a case of corruption.

The biggest part of the monitored enterprises has **Codes of Conduct** (71%), namely, 17 SOEs and 5 MOEs. One part of enterprises (10) has borrowed and foresaw norms identical to those in the Code of Conduct for the SMEs developed by UNDP, without adjusting it to the particularities of each enterprise. The employees are briefed about the Codes of Conduct; this was confirmed by 45% of enterprise managers and 87% of the surveyed employees.

The codes of conduct of five enterprises were approved prior to the adoption of the Integrity Law (2017), therefore, the rules contained in these codes of conduct do not fully correspond to the requirements of the Law and other integrity-related normative acts that were adopted later.

The availability of a professional/line Code of conduct (the Code of conduct of the healthcare worker and pharmacist in the case of SOE “Chisinau Municipal Dental Centre”) is an asset to the enterprise, but it does not include a number of central integrity provisions which would guide all employees of an enterprise, including those who are from fields other than the medical, and the pharmaceutical areas.

If we take into account all 31 monitored enterprises (those which have codes of conduct and those which do not have such codes), we can conclude that 35% of them (5 SOEs and 6 MOEs) do not regulate the regime of gifts, 35% (4 SOEs and 7 MOEs) do not regulate the conflicts of interest, 32% (4 SOEs and 6 MOEs) do not regulate disciplinary sanctions for violation of norms and no enterprise stipulates anticorruption commitments in relation to its business partners.

To a great extent, the Codes of Conduct (20) are **norms referring to the regime of gifts**; some of them are concise, while others are more detailed. In ten of them there is confusion and ambiguity regarding the minimum sum of the gifts accepted, and they state that it should not exceed 1,000 MDL, without specifying that this sum refers to one calendar year, as provided by the Governmental Decision on the legal regime of gifts.

Most often, **the policy for identification and management of conflicts of interest** is embedded in the Code of conduct (20), but it does not always contain detailed rules and practical examples proper to each enterprise and its specific activity. These issues are important in terms of raising the level of employees' knowledge of conflicts of interest; according to the responses from questionnaires, many employees are confused about the actual potential conflicts of interest.

Only four enterprise managers (13%) mentioned in the questionnaires that employees participated in trainings in the field of conflicts of interest organized by the enterprise between 2018 and 2020. At the same time, 75% of the surveyed employees stated they did not participate in any of those trainings. As a result of this state of affairs, 1/4 of the employees either don't know if conflicts of interest shall be reported or consider that it's not mandatory to report them. In the aforementioned time, no cases of violation of the regime of conflicts of interest were reported.

There's some unclarity and confusion regarding the meaning of **anticorruption commitments in relation to the business partners**. Codes of conduct interpret these commitments as prohibitions for the employees to receive services, privileges, benefits from business clients or as the obligation to respect fair competition between competing enterprises. Anticorruption commitments in relation to business partners mostly refer to the inclusion of anticorruption provisions in the contractual clauses (only 5 surveyed managers mentioned the availability of such examples in the activity of enterprises), as well as anticorruption commitments at the level of branch/sector.

Based on the analysis of the norms included in the codes of conduct of the monitored enterprises, we found that there's no description of procedures to apply sanctions for the violation of norms of conduct. The codes contain general mentionings, sometimes the forms of disciplinary accountability are enlisted.

Having analysed the Integrity Plans and Risk Registers, we found that 45% of the monitored enterprises (13 SOEs and 1 MOE) have prioritized the adoption by an internal act of a standardised procedure regarding **service information management**, while 48% (13 SOEs and 2 MOEs) stated the need to adopt, by an internal act, the regulation on personal data processing. In practical terms, according to the responses of the surveyed

managers, 48% of enterprises have internal regulations on the management of service information that relate to confidential/secret data, while 52% of enterprises have regulations on the use and processing of personal information.

In the case of 18 S/MOEs, the codes of conduct provided for statements regarding the management of service information, confidentiality of information, secret and restrictive information, and in 5 such codes there are certain regulations regarding the use and processing of personal information. However, **these provisions from the codes are rather principles and concise remarks, without being uniformed procedures.**

The vast majority of employees claimed that they were aware of the internal regulations in the enterprise regarding the service information management and pay enhanced attention to the information constituting personal data (84%) as well as to confidential/secret data (55%). At the same time, **nearly 39% of enterprises provided trainings for the people in charge with the management of service information in the enterprise between 2018 and 2020.**

Although monitored enterprises are entities that process personal data, **only 3 SOEs and 3 MOEs have notified the NCPDP about the processing of personal data**, indicating the purpose of the processing, describing the subjects of personal data, describing the data to be processed, as well as the origin of these data.

**The biggest majority of monitored enterprises (81%) have websites (16 SOEs and 9 MOEs)**, however, these don't represent reliable sources to get information from. Only 7 websites contain permanently updated information on the activity of the enterprise (5 SOEs and 2 MOEs).

According to the requirements of Law no. 246/2017, only 10 enterprises published the statutes of the enterprise on their website, 8 enterprises published the 2019 Annual Report, 5 enterprises published their internal regulations on the website, whereas 3 enterprises published the 2019 audit report on the website. These are all SOEs and no MOEs published such documents on their websites. At the same time, 14 statutes of the monitored enterprises are published on the PPA website: a 2019 annual report and a 2019 audit report. No internal regulations of enterprises are published on this website. Regarding the website of the administration of Chisinau municipality, as founder of the MOEs, none of the aforementioned document owned by MOEs was published.

Some of the documents enlisted in the Law on state enterprise and municipal enterprise are published on the websites of enterprises and/or founders, but they contain information from previous years. At the same time, quite often, only the annual financial statements of enterprises are published and they represent only one (important) part of the annual report.

About 35% of the monitored Enterprises (10 SOEs and 1 MOE) gave priority to the appointment of a person responsible for managing the enterprise's website, and 32% (9 SOEs and 1 MOE) provided for the action to ensure the transparency of the decision-making process having an impact on the public interest. There's a reduced accomplishment of these actions, considering that 6 monitored enterprises do not have websites, 8 enterprises do not update their information on the website, and 10 enterprises partially update their information, omitting the decisions having an impact on the public interest.

Despite claims that enterprises largely respect the access to information of public interest (48% – full and 16% – partial), the situation concerning this subject still remains uncertain



and unusual. Quite often, enterprises refuse to provide information requested by citizens because of unclear norms in the Law on access to information that are prone to interpretation. The emerging caselaw has proven that people requesting information win the litigations against S/MOEs in the courts of law.

Only one MOE out of 10 MOEs (MOE “Chisinau Municipal Dental Centre”) and 13 SOEs out of the 21 SOEs subject to assessment laid down actions to **prevent procurement-related risks** (risk of procurement procedure rigging, risk of money laundering, risk of unjustified procurement, risk of failure to report conflicts of interest).

There's no clarity in relation to the use of some unique rules in the procurement process at the S/MOE level. Thus, some enterprises apply their own internal regulations approved by the manager/management board or founder, other enterprises apply laws in public procurement and subsequent regulations. There's only one enterprise (SOE “State Roads Administration”) which mentions that it applies the GD no. 351 of 10.06.2020 on the approval of the regulation regarding the procurement of goods, works and services by the state enterprise, recently approved by the Government in view of implementing art. 8 para. (7) l. (r) of Law No. 246/2017.

We noticed that the transparency of the procurement process is low, in particular at the stage of monitoring the procurement contracts. Thus, only 2 out of the 10 MOEs (“Funeral services company” and “EXDRUPO”) and only one SOE (“State Roads Administration”) published information/reports on the execution of procurement contracts on their website. Only 4 out of 10 MOEs and 4 SOEs out of the 21 subject to the assessment have the annual procurement plans of the last 2-4 years (2017-2020) available on the websites, in particular: MOE “Funeral<sup>43</sup> services company”, MOE “Regia Autosalubritate”, MOE “EXDRUPO” and MOE “Chisinau Municipal Dental Centre”, SOE “Moldelectrica”, SOE “Centre for Applied Metrology and Certification”, SOE “State Roads Administration”, SOE Printing and Publishing House “Statistica”.

The lack of transparency in the procurement process, both at the planning stage, but especially at the stage of contract execution implies the following **corruption risks in the procurement process**: risk of misinforming the businesses, of favouring certain economic operators, improper performance of the obligations of the members of the working group; conflicts of interest; corruption of the members of the working group; poor execution of contracts; promotion of personal or group interests and their concealment. All these generate inefficiency in the use of financial resources of the enterprises, which negatively affects the budgetary and fiscal policies, a fact proven by the economic and financial indicators.

Only one MOE out of the 10 assessed and only half of the SOEs (11 out of 21 SOEs) provided for **actions** in the Integrity Plan **to prevent and mitigate risks related to property management**, including **the risk of asset misappropriation and property/material goods embezzlement**.

The majority (71.4%) out of those 21 S/MOEs claimed that the real estate was fully registered in the Real Estate Register. And, 28.6% of enterprises partially ensured the registration of real estate. At the same time, almost half of the surveyed managers (47.6%) claimed that no means were used to bring the information (offers, results, etc.) on the transfer of the enterprise's goods to the public's attention. At the same time, some S/MOEs claimed they published such information on the websites.

---

<sup>43</sup> <http://serviciifunerare.md/achizitii-publice/rapoarte-de-monitorizare-a-contractelor-de-achizitii-publice/>

Only half of MOEs (5 out of 10 MOEs) and one third of SOEs (7 out of 21 SOEs) have a Risk Register, including the corruption risk to document and prevent the risks, including fraud and corruption, and undertake specific actions.

The analysis of the results of surveying S/MOEs managers (21 respondents) reveals that every fifth S/MOE does not have an internal control system in place. Therefore, 81.0% of enterprises implemented an in-house control system.

According to the S/MOEs employees who participated in focus groups, the activity and integrity of S/MOEs is negatively affected, because of the lack of clear rules and discretion in the application of public sector rules (procurement, property management, transparency in decision-making, access to information, internal control, etc.). Focus group participants expressed their views on the impact of integrity plans on the activity and integrity of the enterprise: in practical terms, the impact is insignificant (focus group participant, 4 September).



## 13. Recommendations on strengthening the integrity of S/MOEs

- 1** It is necessary that the information on the implementation of anticorruption actions embedded in the integrity plans and other internal documents, be published on the websites of enterprises and on the websites of the founders of these S/MOEs. The founder will be responsible for the request, monitoring and communication of such information to the public; eventually, these can be additionally included in the founder's annual report.
- 2** S/MOEs have the responsibility to adopt internal normative acts on integrity foreseen by the normative framework and to implement the actions laid down in the acts. Enterprises must have integrity plans, risk registers and codes of conduct, as well as other internal acts/policies to regulate specific integrity issues (examples: conflict of interest, regime of gifts, etc.). It is essential that the provisions of these internal acts of the enterprises fully comply to the requirements of the law on integrity and related normative acts in the area of integrity that were adopted subsequently.
- 3** MOEs shall develop and implement their own Integrity Plans at the level of enterprise, considering the peculiarities of the activity and specific corruption risks. The measures provided for in the local Anticorruption Plan draft of the Chisinau City Hall (which was previously subject to public consultations, but shall be approved for the next few years<sup>44</sup>), can be supplementary to the actions included in the plans of enterprises.
- 4** The Integrity Plan template developed by NAC represents a real support for the enterprises in view of developing their own Integrity Plans. Enterprises must identify and include in their plans new, additional integrity actions based on the specificity of each enterprise. A similar recommendation refers to the Codes of Conduct developed by the enterprises in line with the template of the Code of Conduct developed by UNDP.
- 5** Enterprises shall develop and apply in practice procedures to denounce irregularities and inappropriate influences. It were good that these procedures be approved by a separate internal act, however, enterprises can also opt to include these procedures in their codes of conduct, by adding detailed rules. Furthermore, the enterprises shall approve/create other relevant tools such as approval of the internal register of disclosures, appointment of a person/unit responsible for the receipt, registration, examination of disclosures and for keeping the register. A greater attention shall be paid to the way the mechanisms for denouncers/whistleblowers protection are regulated, so as they comply with the new provisions of the normative framework.

<sup>44</sup> <https://www.chisinau.md/libtview.php?l=ro&id=23934&idc=999&t=/Informatii/Consultari-publice/Consultari-publice-a-proiectului-de-decizie-Cu-privire-la-aprobarea-Planului-local-anticoruptie-al-Primariei-municipiului-Chisinau-pentru-anii-2018-2020/>

---

**6** Managers of enterprises shall establish the position of an integrity adviser/unit in the enterprise so that employees could notify/report a case of corruption or irregularity. Thus, there are several options for enterprises such as to include an integrity unit in the organigram of the enterprise; to approve an activity regulation of the integrity adviser/specialised division; to introduce the respective tasks in the job description of the person appointed as an integrity adviser; to determine the specific clauses in the labour contract (including concurrent positions)/annex to the labour contract with the person who will perform the duties of the integrity adviser.

---

**7** For enterprises that follow the rules of professional/line codes of conduct it is relevant to develop their own codes of conduct, in which they will include provisions on integrity binding for all employees of the enterprise.

---

**8** The companies will insert in the Codes of Conduct detailed norms on the regime of gifts, conflicts of interest, disciplinary sanctions for the violation of norms and anticorruption commitments in relation to their business partners. One of the options that enterprises have is to approve separately the internal acts/policies that would regulate the aforementioned areas.

---

**9** The norms on the regime of gifts that are embedded in the Code of Conduct and internal acts shall comply with the provisions of the normative framework in force which was recently amended, to avoid different interpretations related to the minimum sum of accepted gifts (it shall not exceed 1,000 MDL during one calendar year).

---

**10** To increase the level of understanding of the employees on conflicts of interest and the need to report them, the Code of Conduct and the act/policy on the identification and management of conflict of interest of an enterprise, practical examples shall be included, depending on each enterprise and the nature of its activity.

---

**11** Enterprises shall demonstrate their proactive role in the prevention of corruption cases by undertaking anticorruption commitments in relation to their business partners. Thus, the enterprises have the possibility to embed clauses on corruption and potential penalties for the breach of these provisions in the contracts with their business partners. Likewise, enterprises shall disclose their own anticorruption policies to the potential business partners and check if these have efficient anticorruption programmes. Additionally, state and municipal enterprises can launch and participate in collective/sector anticorruption initiatives to send a joint message that corruption shall not be accepted.

---

**12** We recommend the inclusion of some detailed provisions and procedures on disciplinary sanctions for the violation of conduct norms in the Codes of Conduct or their express specification in the internal regulations of the enterprise.

---

---

**13** The managers of enterprises shall notify the employees (upon employment and at least annually) and continue their training process (at least, annually) on the provisions of the legal framework in the area of integrity and the internal integrity procedures/acts available at the enterprise. In particular, these trainings shall focus on the mechanism of denouncement of corruption and inappropriate influences, conduct and ethics norms, conflicts of interest, regime of gifts and other integrity aspects. The employees of S/MOEs participating in the focus groups state that more training/awareness activities are needed for S/MOEs concerning all aspects that envisage the ensurance of integrity and prevention of corruption (in cooperation with NAC).

---

**14** The enterprises shall channel their efforts towards the approval of internal regulations on the management of service information (confidential/secret/restrictive information) and regulations regarding the use and processing of personal data.

---

**15** As data controllers processing the personal data, the state and municipal enterprises have the duty to report to the Centre for Personal Data Protection, by indicating the purpose of processing, description of subjects of personal data and the data to be processed, as well as the origin of these data.

---

**16** The enterprises lacking websites shall take efforts to develop them, while those which have websites shall constantly update them with information concerning the activity of the enterprises that might be relevant to the public. It were good to appoint one person responsible for the publication and update of the information on websites so that a website becomes a reliable source of public information.

---

**17** Based on the requirements of the law on state and municipal enterprise, all enterprises have the duty to publish on their websites the statute of the enterprise, annual activity reports, financial information as well as other data in line with the law, internal regulations and annual audit reports. These documents must be published on the founders' websites too.

---

**18** To exclude the current non-ordinary confusions and practices, the law on access to information shall be amended in view of including S/MOEs as providers of information obliged to respond to the requests of the applicants and provide the information of public interest.

---

**19** The use of procurement procedure (mandatory for SOEs and recommended for MOEs) of the Regulation on the procurement of goods, works and services by the state enterprise was approved by GD no. 351 of 10 June 2020.

---

**20** Ensurance of internal control at each stage of the procurement process by reporting the information on planning, awarding and execution of all procurement contracts, including the low-value contracts to the management board.

---

---

**21** Ensurance of transparency and efficiency of the procurement process by publishing on the S/MOEs websites the annual procurement plans along with the amendments that occurred during the year, as well as information/periodic reports (semi-annual and annual) on the execution of procurement contracts which shall encompass such information: contracted economic agent, the value of contract, the implementation period and the sum of the contract that is used, non-compliances of the contractor in the implementation process and applied penalties, where relevant.

---

**22** To enhance the trust of the society in the fact that S/MOEs respect the principles of good governance in the procurement process, it is recommended to implement a policy in the S/MOEs allowing the representatives of the civil society to engage in the procurement process, being appointed as members of the working group for procurement (with the right to a consultative vote).

---

**23** Implementation of an efficient internal control system in the S/MOEs in view of ensuring the integrity of assets, efficiency of economic-financial activity and trustworthiness of financial and accounting information.

---

**24** To use more efficiently the goods of SOEs and MOEs and ensure the integrity of property, it's necessary to develop and/or improve the internal Regulations on the property management and to inform all employees under signature.

---

**25** Ensurance of the integral inventory of assets, of lands transferred under the management of the enterprise in parallel with a compliant counting of the value of the real property in the enterprise's balance by the management of S/MOEs (administrator/management board).

---

**26** Establishment and application of disciplinary sanctions to S/MOEs managers for non-compliant and inefficient management of municipal/state property.

---

## Annexes

### Annex no. 1. List of Chisinau municipal enterprises (MOEs) subject to assessment (Founder: Chisinau Municipal Council)

RN	Name of MOE	Field of activity (strategic importance at the municipal level)	Share capital (situation on 01.01.2019), lei <sup>45</sup>	Share capital (situation on 01.01.2020), lei <sup>45</sup>	Integrity Plan	Risk Register	Code of ethics and conduct
1	MOE "Capital constructions Department, Chisinau City Hall"	Accrual and management of investments in capital constructions at the municipal level	216,300	216,300	No	Yes*	No
2	MOE "Department of parks, culture and leisure"	Parks for recreation and entertainment	970,200	970,200	No	No	Yes
3	MOE "Funeral Services"	Management of the activity of municipal cemeteries	8,227,800	8,227,800	No	Yes	Yes
4	MOE "Association of Green Spaces Management"	Management and sanitation of green spaces at municipal level	8,831,700	8,831,700	No	Yes*	No
5	MOE "Urban Bus Fleet"	Municipal public transport services	84,621,500	163,005,600	No <sup>46</sup>	No	No
6	MOE Regia "Autosalubritate"	Waste collection and transportation	21,574,800	33,404,800	No	No	No
7	MOE "Electric Transport Company"	Municipal public transport services	302,920,400	302,920,400	No	Yes*	Yes
8	MOE "Road and Bridges Exploitation Company "EXDRUPO"	Maintenance of public roads, bridges, subways, river infrastructure, rain sewages; sanitation of the roadways;	85,041,600	85,041,600	No	No	Yes
9	MOE "Chisinau Municipal Dental Centre"	Healthcare services	6,450,500	6,450,500	Yes	Yes*	Yes
10	MOE "Electrical Lighting Networks "Lumteh"	Repair and maintenance of public lighting networks and traffic lights at the municipality level	3,537,200	3,537,200	No	No	No
<b>MOEs TOTAL SHARE CAPITAL</b>			<b>522,392,000</b>	<b>612,606,100</b>			

\*Note: MOE "Capital Construction Department", MOE "Association of Green Spaces Management", MOE "Electric Transport Company" and MOE "Chisinau Municipal Dental Centre" mentioned in their response to the request for information that they have the Risk Register, but it was not attached (copy), as a result, the content of the documents was not analysed.

<sup>45</sup> According to the data of Public Property Register (Sub-register of SOEs and MOEs) - <http://www.app.gov.md/registru-patrimoniu-lui-public-3-384>

<sup>46</sup> They have implemented the Integrity Plan of Chisinau City Hall for 2017-2018

## Annex no. 2. List of SOEs subject to assessment

RN	Name of SOE	Field of activity (strategic importance)	Share capital (situation on 01.01.2019) <sup>47</sup> , lei	Share capital (situation on 01.01.2020) <sup>47</sup> , Lei	Integrity Plan approved	Risk Register	Code of ethics and conduct approved
<b>Founder: Public Property Agency</b>							
1	SOE Scientific Institute of Research in Constructions "Incercom"	Research, standardisation and technical approval; products certification for the construction sector	8,564,100	8,564,100	Yes	No	Yes
2	SOE "Republican Centre for Animal Breeding and Reproduction"	Activities concerning the zoological industry	4,433,390	4,433,390	Yes	Yes	Yes
3	SOE "Athletics Arena"	A complex designed for sport activities and events	127,552,800	127,552,800	Yes	Yes	Yes
4	SOE "Publishing Company"	Editing and printing activities	42,355,400	42,355,400	Yes	No	Yes
5	SOE "Post of Moldova"	Postal services at the national level	54,433,900	54,433,900	No	Yes	Yes
6	SOE "Ungheni River Port"	Transport and forwarding services on waterways	87,212,100	87,212,100	Yes	No	Yes
7	SOE for Air Traffic Flow Capacity Management "MOLDATSA"	Air navigation services	116,790,000	116,790,000	Yes	Yes	Yes
8	SOE "Moldtranselectro"	Electricity transportation	47,903,970	47,903,970	No	No	No
9	SOE "Centre for Applied Metrology and Certification"	Certification services, laboratory testing, metrological controls	20,837,000	20,837,000	Yes	No	Yes
10	SOE "State Road Administration"	Maintenance, repair, rehabilitation, development, modernisation and administration of national public roads	17,082,650	17,082,650	Yes	No	Yes
11	SOE "Moldova Railways"	Transportation of goods and passengers by rail	2,129,814,170	2,208,096,790	Yes	Yes	Yes
12	SOE "Costesti" Hydropower Node	Generation of electricity	16,073,900	16,073,900	Yes	No	Yes
13	SOE "Radiocommunication"	Radio and television broadcasting services	108,757,900	108,757,900	Yes	No	No
14	SOE Department of Services for the Diplomatic Corps	Logistics services for diplomatic missions accredited in the Republic of Moldova and for the Moldovan diplomatic missions abroad	3,630,200	3,630,200	Yes	No	Yes
15	SOE Publishing Printing House "Statistics"	Publishing activities (publications, statistics and accounting forms etc.)	11,650,400	7,595,450	Yes	Yes	Yes
16	SOE "Planning Institute of Land Management"	Geodesic research, land organisation	10,828,880	10,828,880	No	No	Yes
17	SOE Publishing House "Universul"	Editing and printing activities	49,720,400	49,720,400	Yes	Yes	No
18	SOE Chisinau Glass factory	Glass production	403,577,340	403,577,340	No	No	No
<b>Founder: Ministry of Education, Culture and Research</b>							
19	SOE Trade Intermediation Company "Mold-Didactica"	Supplying educational institutions with training tools, school books, methodological and didactic literature	5,968,700	5,968,700	Yes	No	Yes
<b>Founder: Agency for Land Relations and Cadastre</b>							
20	SOE Institute of Geodesy, Engineering Survey and Cadastre "INGEOCAD"	Geodetic, geological, topographic and cartographic activities	28,441,550	28,441,550	No	No	Yes
<b>Founder: Ministry of Economy and Infrastructure</b>							
21	SOE "Moldelectrica"	Electricity transportation through high-voltage electricity networks	438,864,000	438,864,000	Yes	No	Yes
<b>SOEs TOTAL SHARE CAPITAL</b>			<b>3,730,862,550</b>	<b>3,808,720,420</b>			

<sup>47</sup> According to the data of the Public Property Register (Sub-register of SOEs) - <http://www.app.gov.md/registru-patrimoniului-public-3-384>

### Annex no. 3. Analysis of economic and financial indicators for MOEs, Chisinau municipality (Founder: Chisinau Municipal Council)

RN	Name of MOE	Net worth (equity), 2019, lei	Net worth (equity), 2020, lei	Financial profitability, 2018, %	Financial profitability 2019, %	Assets profitability (economic), 31.12.2018, %	Assets profitability (economic), 31.12.2019, %	Current liquidity, 2018	Current liquidity, 2019	Coefficient of autonomy, 2018	Coefficient of autonomy, 2019
1	MOE "Capital Construction Department", Chisinau City Hall	-1,150,700	-2,784,000	217.8	69.3	-0.1	-0.2	0.2	0.1	0.0	0.0
2	MOE "Department of parks, culture and leisure"	1,870,100	1,879,900	6.3	2.4	6.2	2.4	18.8	18.9	1.0	1.0
3	MOE "Funeral Services"	30,459,700	30,099,400	0.6	1.1	0.6	1.0	2.7	1.9	0.9	0.8
4	MOE "Association for the management of green spaces"	54,189,900	55,538,200	5.0	7.8	4.4	6.6	2.3	1.7	0.9	0.8
5	MOE "Urban Bus Fleet"	8,713,300	91,045,800	5.4	1.2	1.0	0.6	0.7	1.6	0.2	0.7
6	MOE Regia "Autosalubritate"	51,849,100	74,882,400	10.9	12.5	7.8	9.3	2.5	2.3	0.7	0.8
7	MOE "Electric Transport Company"	522,529,900	623,968,700	-2.9	0.5	-2.4	0.4	1.8	1.1	0.8	0.9
8	MOE "Exploitation of Roads and Bridges Company "EXDRUPO"	1,385,520,700	1,384,169,900	-0.7	0.0	-0.6	0.0	1.2	1.2	0.9	0.9
9	MOE "Chisinau Municipal Dental Centre"	6,176,100	6,695,200	3.3	9.0	1.6	3.2	0.8	0.5	0.4	0.3
10	MOE Electrical Lighting Networks "Lumteh"	37,371,000	33,679,300	6.3	0.6	4.1	0.3	1.2	1.2	0.6	0.6
	<b>TOTAL/AVERAGE</b>	<b>2,097,529,100</b>	<b>2,229,174,800</b>	<b>25.2</b>	<b>10.44</b>	<b>2.26</b>	<b>2.36</b>	<b>3.22</b>	<b>3.05</b>	<b>0.64</b>	<b>0.68</b>

Source: Developed by the authors according to the data of the Public Property Register (Sub-register of SOEs and MOEs) <http://www.app.gov.md/registrul-patrimoniului-public-3-38>, and the financial monitoring results of the economic-financial activity for 2018-2019 - <https://www.chisinau.md/lib.php?l=ro&idc=677&t=/Bugetul-municipal-Chisinau>



## Annex no. 4. Economic-financial activity indicators of SOEs subject to assessment

RN	Name of SOE	Financial profitability, 2018, %	Financial profitability, 2019, %	Assets profitability, 2018, %	Assets profitability, 2019, %	Net worth, 2019, lei	Net worth, 2020, lei
<b>Founder: Public Property Agency</b>							
1	SOE Scientific Institute of Research in Constructions "Incercom"	0.96	1.6	0.97	1.20	30,246,200	30,242,200
2	SOE "Republican Centre for Animal Breeding and Reproduction"	1.68	3.1	2.07	2.76	15,446,900	17,146,700
3	SOE "Athletics Arena"	-1.15	-0.4	-1.14	-0.36	101,962,500	101,596,800
4	SOE "Publishing Company"	1.20	0.5	1.07	0.66	63,510,500	63,395,400
5	SOE "Post of Moldova"	39.12	32.8	11.05	10.65	99,211,700	129,995,000
6	SOE "Ungheni River Port"	-1.85	-1.2	-1.72	-1.13	76,357,400	75,482,200
7	SOE for Air Traffic Flow Capacity Management "MOLDATSA"	2.23	4.2	3.00	4.57	217,079,700	248,967,200
8	SOE "Moldtranselectro"	4.26	-18.5	-0.43	-0.74	-62,321,800	-66,960,700
9	SOE "Centre for Applied Metrology and Certification"	8.10	6.8	6.38	6.70	36,492,117	33,858,300
10	SOE "State Road Administration"	0.07	0.0	0.06	0.01	7,750,590,240	7,558,052,900
11	SOE "Railways of Moldova"	-2.53	-0.9	-2.13	-0.76	2,965,731,400	2,952,299,400
12	SOE "Costesti" Hydropower Node	59.07	85.5	7.58	89.23	27,260,266	55,602,500
13	SOE "Radiocommunication"	7.55	1.7	8.40	2.05	153,040,100	152,923,000
14	SOE Department of Services for the Diplomatic Corps	21.65	20.8	5.02	5.21	12,051,300	13,020,200
15	SOE Publishing House "Statistica"	0.93	1.1	0.86	0.90	11,650,400	11,299,500
16	SOE "Planning Institute of Land Management"	7.28	-0.4	5.52	-0.28	23,291,900	22,817,100
17	SOE Publishing House "Universul"	10.41	0.6	-9.38	0.58	87,374,400	87,867,900
18	SOE Chisinau Glass factory	3.39	— <sup>48</sup>	3.32	5.08	377,493,350	387,500,470
<b>Founder: Ministry of Education, Culture and Research</b>							
19	SOE Trade Intermediation Company "Mold-Didactica"	-6.82	0.02	0.93	0.38	6,401,700	6,444,300
<b>Founder: Agency for Land Relations and Cadastre</b>							
20	SOE Institute of Geodesy, Engineering Survey and Cadastre "INGEOCAD"	3.93	5.8	3.71	6.28	56,543,200	56,894,900
<b>Founder: Ministry of Economy and Infrastructure</b>							
21	SOE "Moldelectrica"	2.44	1.9	2.25	1.77	1,176,720,100	1,191,263,400
	<b>TOTAL/AVERAGE</b>	<b>7.71</b>	<b>7.25</b>	<b>2.26</b>	<b>6.42</b>	<b>13,226,133,573</b>	<b>13,129,708,670</b>

Source: Developed according to the data of the Public Property Register (Sub-register of MOEs and SOEs)<sup>49</sup> and annual Reports on the administration and denationalisation of public property for 2019-2020 – drafted by PPA<sup>50</sup>

<sup>48</sup> No data available in the PPA Report

<sup>49</sup> <http://www.app.gov.md/registrul-patrimoniului-public-3-384>

<sup>50</sup> <http://www.app.gov.md/rapoarte-anuale-3-364>

## Annex no. 5. Websites analysis and publication of information by MOEs (Chisinau municipality) according to Law no. 246/2017

RN	Name of ME	Website	Regular update	Publication of information according to Law no.246/2017							
				Statute		Internal regulations		Annual Report		Audit report	
				ME	Founder	ME	Founder	ME	Founder	ME	Founder
1	MOE “Capital Construction Department”, Chisinau City Hall	<a href="http://www.dcc.md">www.dcc.md</a>	No	Partial	No	No	No	No	Partial	No	No
2	MOE “Department of parks, culture and leisure”	N/A	N/A	N/A	No	N/A	No	N/A	No	N/A	No
3	MOE “Funeral Services”	<a href="http://www.serviciifunerare.md">www.serviciifunerare.md</a>	Yes	No	No	No	No	No	No	No	No
4	MOE “Association for the management of green spaces”	<a href="http://www.agsv.md">www.agsv.md</a>	No	No	No	No	No	No	No	No	No
5	MOE “Urban Bus Park”	<a href="http://www.autourban.md">www.autourban.md</a>	Partial	No	No	No	No	Partial	Partial	No	No
6	MOE Regia “Autosalubritate”	<a href="http://www.autosalubritate.md">www.autosalubritate.md</a>	Partial	No	No	No	No	No	Partial	No	No
7	MOE “Electric Transport Company”	<a href="http://www.rtec.md">www.rtec.md</a>	Partial	No	No	No	No	No	Partial	No	No
8	MOE Road and Bridges Exploitation Company “EXDRUPO”	<a href="http://www.exdrupo.md">www.exdrupo.md</a>	Partial	No	No	No	No	No	Partial	No	No
9	MOE “Chisinau Municipal Dental Centre”	<a href="http://www.stom-mun.md">www.stom-mun.md</a>	Yes	No	No	No	No	No	No	No	No
10	MOE “Electrical Lighting Networks “Lumteh”	<a href="http://www.lumteh.md">www.lumteh.md</a>	No	No	No	No	No	No	Partial	No	No

Source: Developed by the authors according to the analysis of MOEs and founder’s (CMC) websites – Chisinau City Hall website.

## Annex no. 6. Websites analysis and publication of information by SOEs according to Law no. 246/2017

RN	Name of SOE	Website	Regular update	Publication of information according to Law no. 246/2017							
				Statute		Internal regulations		Annual Report		Audit report	
				SOE	Founder	SOE	Founder	SOE	Founder	SOE	Founder
1	SOE Trade Intermediation Company "Mold-Didactica"	<a href="http://www.mold-didactica.com.md">www.mold-didactica.com.md</a>	Yes	No	No	No	No	Partial	No	No	No
2	SOE "Moldelectrica"	<a href="http://www.moldelectrica.md">www.moldelectrica.md</a>	Partial	Yes	No	No	No	Yes	No	Yes	No
3	SOE Scientific Institute of Research in Constructions "Incercom"	<a href="http://www.incercom.md">www.incercom.md</a>	No	No	Yes	No	No	Yes	No	Yes	No
4	SOE "Republican Centre for Animal Breeding and Reproduction" (RCABR)	N/A	N/A	N/A	Yes	N/A	No	N/A	Partial	N/A	No
5	SOE "Athletics Arena"	<a href="http://www.manej.md">www.manej.md</a>	Yes	No	Yes	Yes	No	Yes	No	Partial	No
6	SOE "Publishing Company"	<a href="http://www.poligrafic.md">www.poligrafic.md</a>	No	No	Yes	No	No	No	Partial	No	Yes
7	SOE "Post of Moldova"	<a href="http://www.posta.md">www.posta.md</a>	Partial	Yes	Yes	Yes	No	Partial	No	No	No
8	SOE "Ungheni River Port"	N/A	N/A	N/A	Yes	N/A	No	N/A	No	N/A	No
9	SOE for Air Traffic Flow Capacity Management "MOLDATSA"	<a href="http://www.moldatsa.md">www.moldatsa.md</a>	Partial	Yes	Yes	Yes	No	Yes	Partial	No	No
10	SOE "Moldtranselectro"	N/A	N/A	No	Yes	N/A	No	N/A	Yes	N/A	No
11	SOE "Centre for Applied Metrology and Certification"	<a href="http://www.e-cmac.md">www.e-cmac.md</a>	Yes	Yes	Yes	No	No	Yes	Partial	Partial	No
12	SOE "State Road Administration"	<a href="http://www.asd.md">www.asd.md</a>	Yes	No	No	No	No	Yes	No	Partial	No
13	SOE "Moldova Railways"	<a href="http://www.railway.md">www.railway.md</a>	No	Yes	Yes	No	No	Partial	Partial	No	No
14	SOE "Costești" Hydropower Node	N/A	N/A	N/A	No	N/A	No	N/A	Partial	N/A	No
15	SOE "Radiocommunication"	<a href="http://www.radiocom.md">www.radiocom.md</a>	No	Yes	Yes	No	No	Yes	Partial	Da	No
16	SOE Department of Services for the Diplomatic Corps	N/A	N/A	Yes	No	N/A	No	N/A	Partial	N/A	No
17	SOE Publishing Printing House "Statistica"	<a href="http://www.editurastatistica.md">www.editurastatistica.md</a>	Yes	Yes	Yes	Yes	No	Partial	Partial	Partial	No
18	SOE "Planning Institute of Land Management"	<a href="http://www.ipot.md">www.ipot.md</a>	No	Yes	No	No	No	No	No	Partial	No
19	SOE Publishing House "Universul"	<a href="http://www.editurauniversul.md">www.editurauniversul.md</a>	Partial	No	Yes	No	No	No	Partial	No	Partial
20	SOE Chisinau Glass factory	<a href="http://www.glass.md">www.glass.md</a>	Partial	Nu	Yes	No	No	No	Partial	Nu	Partial
21	SOE Institute of Geodesy, Engineering Survey and Cadastre "INGEOCAD"	<a href="http://www.ingeocad.md">www.ingeocad.md</a>	Partial	Yes	No	Yes	No	Yes	No	Partial	No

Source: Developed by the authors according to the analysis of SOEs and founders' website.