

Transparency of state-owned enterprises in Moldova – List of enterprises selected for evaluation

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Project

This document includes a list of Moldovan state-owned enterprises (SOEs), which have been selected to be subject to an assessment of their transparency policy, to identify the data necessary for evaluation and the data sources. For the sake of comparison, municipal and private enterprises from Moldova and SOEs from Romania, Russia and Slovakia have been selected. The list has been developed under the initiative "**Promoting transparency and financial sustainability of regional policies, state-owned enterprises and local authorities in Moldova**". The initiative is being implemented from September 2017 through March 2019 by the Slovak Institute for Economic and Social Reforms (INEKO) in partnership with IDIS "Viitorul", Moldova with the financial support of the Official Development Assistance of the Slovak Republic (SlovakAid). The initiative aims to increase the transparency, financial accountability, and quality of regional policies, state-owned enterprises and local authorities in Moldova.

Background

The SOEs transparency was not a topic frequently discussed in the Republic of Moldova. The SOEs activity was opaque and kept outside the public space. As a result, the SOEs and the Joint Stock Companies where the State holds the majority ownership contracted loans/credits amounting to MDL 15 billion under vague and non-transparent conditions. Some enterprises have incurred debts, which amount exceeded the value of their assets; in other words, *de facto*, they are no longer in the State ownership. Procurement is carried out without complying with transparent procedures. That is why the SOEs are considered to be the political party wallet. In fact, all SOEs have been assigned to different political parties.

This deplorable situation is a source of great concern for our external partners. Moreover, one of the requirements imposed by the EU to Moldova for providing macro-financial assistance is to ensure transparency in SOE activity. To this end, one year ago, the Government drafted a new law and submitted it to the Parliament. However, the draft law was sent back to the Government in spring 2017 for further development. The Government improved the draft law and submitted it again to the Parliament, which passed it in November 2017 in the final reading. The Law has been promulgated by the President of the RM. In our opinion, the Law shall enter in force in January-February 2018. According to the provisions of the new Law, all SOEs and municipal enterprises are to be transformed in Joint-stock

Companies. These enterprises are also required to make public their activity reports or any other information of public interest. The Ministry of Finance asked the Expert Community, IDIS Viitorul inclusive, to come up with proposals on the type of data to be made public by the SOEs.

At present, the state and municipal companies in Moldova are governed mainly by several laws, the most important being as follows:

1. The Law on State Companies approved in 1994¹. In 2017 the Government drafted² a new Law on State Companies, which, unfortunately, does not address some of the main issues, namely the sectors and the purpose of funding the state owned companies are not defined; there is no important change related to holding the management accountable; the professional requirements for the management and the transparency requirements of management selection are not specified; there is no delimitation and specification related to procurement procedures;
2. The Law on Local Public Administration approved in 2006³;
3. The Law on Public Property of Local Administrative Units approved in 1999⁴;

In addition, it is worth mentioning that the Public Property Agency⁵ is the state entity that monitors the state property, i.e. stakes in companies or companies created from scratch by local and state institutions.

Company Selection Process:

We aim to analyze companies from different sectors, which assets value exceeds 1 million MDL and where the state's share is more than 51%. The selection process will be conducted according the information presented by the Public Property Agency that holds the books with the information on all companies owned by the State and on municipal entities, and which are updated on a yearly basis. The information used is the most recent, i.e. as of 2017.

Table 1. List of selected State Owned Enterprises from Moldova

	The name of the company Joint stock companies in which the State holds shares	State owned part		The value of Common Shareholder Equity, MDL
		Value of shares owned by the State	%	
1	JSC "TUTUN-CTC"	5076982	90,81	373186180
2	JSC COMBINATUL DE PANIFICATIE DIN CHISINAU "FRANZELUTA"	983203	52,51	273661530
3	JSC "DRUMURI-CAHUL"	2382336	98,85	32285220

¹ <http://lex.justice.md/index.php?action=view&view=doc&id=311598>

² <http://particip.gov.md/proiectview.php?l=ro&idd=4018>

³ http://lex.justice.md/document_rom.php?id=C8E304A4:037190E8

⁴ <http://lex.justice.md/md/311681/>

⁵ <http://www.app.gov.md/ro/advanced-page-type/registrul-patrimoniului-public>

4	S.C."GARA NORD" JSC	1700	85	30349260
5	JSC "SANFARM-PRIM"	445234	99,11	18230000
6	JSC "TERMOELECTRICA"	55405166	100	1735133390
7	JSC "RETELELE ELECTRICE DE DISTRIBUTIE NORD-VEST"	10017369	100	277931000
8	JSC "RETELELE ELECTRICE DE DISTRIBUTIE NORD"	9079462	100	871023000
9	JSC CENTRUL INTERNATIONAL DE EXPOZITII "MOLDEXPO"	26790	100	41963500
10	JSC "Energocom"	1000	100	36081360
11	JSC Uzina de tractoare "Tracom"	2424191	93,18	60383300
12	JSC "Metalferos"	281065	78,28	339148700
13	JSC MOLDO-RUSA "MOLDOVAGAZ"	4708876	35,33	-3132737000
14	JSC "MOLDTELECOM"	98419395	100	4324877120
State Owned Enterprises				
	The name of the company	The value of equity	Assets, MDL	Profit or losses, MDL
15	Research in the area of swine selection and cross breeding "Moldsuinhibrid"	9940520	8335830	-3870510
16	Institute of Agricultural Machines "Mecagro"	43093100	15928400	2605700
17	State Centre for Certification and Type Approval of Phytosanitary Products and Fertilisers	6684560	2851000	1334030
18	National Centre for Verification of Alcoholic Production Quality	33789930	19761160	1665370
19	Quality Wine Group of Enterprises "Milestii Mici"	126446130	35553560	4405800
20	Agricultural Information Centre	22622700	11123200	393300
21	Water management System "Nistru - Centru"	1172300	37891500	575900
22	Air Company "Air Moldova"	115951700	587856830	8578450
23	Moldova Railroad Company	2823455690	1975737110	-53236870
24	State Road Administration	7009937490	8142755350	930020

25	Fluvial Port "Ungheni"	69655340	76348230	-201500
26	Motor road stations	34542920	24861060	5814680
27	"Naval Register"	73890	0	22910
28	"Moldaeroservice"	26685080	26280430	85510
29	SOE for using the air space and servicing the air traffic "MOLDATSA"	215359240	123718100	2830640
30	Railroad Construction Company "Confercai"	2656940	4314490	-2000
31	National Research and Design Institute in the area of Territorial Improvement, Urbanism and Architecture "Urbanproiect"	8901200	1922770	85500
32	State Design Institute "Ruralproiect"	1731600	564600	49000
33	"Polygraphic Group of Enterprises"	62431900	21315300	1022600
34	Editorial-Polygraphic Company "Tipografia Centrala"	16185400	21478000	57200
35	Commercial Intermediation Firm "Mold-Didactica"	6942110	3846700	88590
36	"Technical Centre for Industrial Security and Certification"	22447200	16386100	2392500
37	"Real Estate Deployment Department "	16070000	15826300	221700
38	"Moldelectrica"	1127029800	1214932400	5612500
39	"Centre for Applied Metrology and Certification"	19284900	33798800	1145800
40	"Fintehinform"	2741200	463400	357900
41	"Fiscservinform"	7924300	9220400	1239800
42	"Vamservinform"	53803700	32841800	2267200
43	Department of Services for Diplomatic Corps	9380200	2187500	2610600
44	"State Registration Chamber "	11031130	7319910	1347900
45	"Guards Services"	77253400	35003230	1690200
46	"Cartus"	8781500	89100	318500
47	"Pulbere"	1806800	54500	159600
48	"Centre for Training of National Army Professionals "	19584870	26760370	1527900

49	"State Information Resources Centre "Registru"	276896900	269263600	17531600
50	SOE "Posta Moldovei"	74888400	80421600	10511500
51	SOE "MoldData"	1431900	8134600	129900
52	SOE "National Centre for Radio Frequencies"	129011700	24818200	29642200
53	SOE "Radio-communications"	146558100	92241600	4925300
54	SOE "Paramilitary Guard Team"	2743900	600000	414900
55	SOE "Academy of Science Printing House "	1897200	1677380	-461200
56	Editorial-Polygraphic Enterprise "Stiinta"	4421000	1311990	57000
57	Institute of Geodesy, Technical Surveys and Cadastré "INGEOCAD"	55740600	4453700	8031700
58	SOE "Cadastru"	116799500	59317900	1773200
59	Free Enterprise Zone "EXPO-BUSINESS- Chisinau"	10869600	12293220	-5470
60	SOE "The Palace of the Republic"	155159400	119839300	-1120900
61	SOE Complexul "Casa Presei"	22137300	655400	1469200
62	SOE "State Information Agency "Moldpres"	5335200	1982300	157100
63	SOE "Centre for Special Telecommunications "	63035400	37039900	832400

Table 2. List of selected municipal and private companies from Moldova and SOEs from Slovakia, Russia and Romania

Name of company	Owner	Share	Legal form of ownership	Total revenues Million (€)	Number of employees	Industry
Slovak Post	State (SK)	100%	Joint Stock Company	298	13 570	Postal service
Heating Plant Kosice	State (SK)	100%	Joint Stock Company	70	418	Energy
Public Transport Company Bratislava	Municipality (SK)	100% (Bratislava City)	Joint Stock Company	45,7	2 755	Public transport
Slovak Passenger Railways	State (SK)	100%	Joint Stock Company	328,9	5 924	Railway public

						transport
Postnord	State (SWE/DEN)	100% (60% Sweden, 40% Denmark)				Postal service
Transport of London	Municipality	100% (The Greater London Authority)				Public transport
Vattenfall	State (SWE)	100%				Energy
NI Water	State (GB/NI)	100%				Water and sewerage services
Sudzucker Moldova	Private (Germany, Moldova)		Join Stock Company	70,1		Sugar
Floarea Soarelui	Private		Join Stock Company	58,7	650	SunFlower Oil
Supraten	Private		Join Stock Company	52,8	960	Building materials
Orange	Private (France)		Join Stock Company	116	900	GSM
Russian Post	State (RU)	100%	Federal State Company	2.360	371.753	Postal service
MosGorTrans	Municipality (MOU)	100%	State Company	600	38.000	Municipal Transport
RJD	State (RU)	100%	State Company	30.000	777.000	Railway Companies
GazProm	State (RU) State companies (RU)	51%	Public Join Stock Company	85.000	467.400	Gaz Companies
TaRom	State (RO) State companies (RO)	State (97%) State companies (3%)	Join Stock Company	239	1840	Air Lines Companies
Romanian Post	State (RO)	100%	Join Stock Company	240	27.000	Postal service
CFR-Calatori			Join Stock Company	355	13.000	Rail Way

RomGaz	State (Ro) Private	85%	Join Stock Company	950	5.500	Gas
JSC "Apa Canal Chisinau"	Municipalities (Chisinau)	100%	Join Stock Company	26	2.300	Water
ME Regia "Apa Canal Balti"	Municipalities (Balti)	100%	Municipal Company			Water
ME "Apa-Canal" Straseni	Municipalities (Straseni)	100%	Municipal Company			Water
JSC "Regia Apa-Canal Soroca"	Municipalities (Soroca)	100%	Join Stock Company			Water
ME "Apa-Canal" Cahul	Municipalities (Cahul)	100%	Municipal Company			Water

Table 3. Indicators of Transparency

Economic Indicators	<ul style="list-style-type: none"> - Publishing the annual reports; - Summary of profits and losses 	http://www.app.gov.md/ro/advanced-page-type/registrul-patrimoniului-public http://www.mec.gov.md/ro/documents/terms/app-rapoarte
Communication and access to information	<ul style="list-style-type: none"> - Quality of contracts, invoices, orders; - Feedback to citizens 	<p>Companies WEB Pages, like</p> http://www.moldtelecom.md/companie/rapoarte Survey
Procurement and Property	<ul style="list-style-type: none"> - Procurement policy and transparency; - Using electronic procurement platforms; - Evaluation of properties; - Amount of credits/loans; - Property recordkeeping and Property 	https://achizitii.md/ro/ http://tender.gov.md/ro Annual Report Public Companies Administration provided by Ministry of Economy Court of Accounting reports

	Register.	
Human Resource Management	<ul style="list-style-type: none"> - Publishing the data on the enterprise management, including their resumes; - Publishing the enterprise management income derived from salaries, bonuses and other benefits. - 	<p>Companies web pages, like</p> <p>http://www.moldtelecom.md/companie/organ</p> <p>https://declaratii.ani.md/searchDeclarations/index</p>
Ethics	<ul style="list-style-type: none"> - Enterprises shall have an Anti-corruption Strategy in place; - Enterprises shall have Anti-corruption Procedures in place; - Enterprises shall have a Code of Ethics in place. 	<p>Companies web pages:</p> <p>https://www.orange.md/?l=1&p=1&c=1&sc=13</p>
Grants and Charity	<ul style="list-style-type: none"> - Publishing the information on all sponsorship actions and grants provided by the enterprise; - Setting procedures for selecting sponsorship activities. 	<p>Companies web pages:</p> <p>https://fundatia.orange.md/despre-fundatie/consiliul-director-al-fundatiei-orange-moldova/</p>

<p>Conflict of Interest</p>	<ul style="list-style-type: none"> - Publishing all information on potential conflicts of interests; - Notification when a SOE has signed contracts with any affiliated persons and/or companies. 	<p>http://ani.md/node/112 (note: its new activities of agency, data will be collected from 2018)</p>
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Data Reliability

The data will be collected on a centralised basis from the WEB Portal of the Public Property Agency, Ministry of Finance, Ministry of Economy, from the official Mayoralties WEB pages, as well as from the Websites of each enterprise.

Upon need, some financial data can be requested from the National Department of Statistics.

The data on labour remuneration and on income derived by enterprise management have been made public since 2014, being posted on the Webpage of the National Integrity Agency. At present, there are three electronic procurement platforms in Moldova. We shall make use of their data to determine the extent to which the SOEs apply these platforms in their activity relative to the private companies.

As for the municipal water supply enterprises, there is a professional association that publishes data and summary reports of all its members.