



# **MONITORING REPORT**

## **TRANSPARENCY OF PUBLIC CAPITAL ENTERPRISES FROM THE REPUBLIC OF MOLDOVA**

*(state-owned enterprises, municipal-owned enterprises and of whole  
and majority state-owned or municipal-owned enterprises)*

***Viorel PIRVAN***



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# I. Introduction

The important public services in the Republic of Moldova, such as power and water supply, transportation, telecommunications and other public services, are provided by undertakings under the full or partial control of the state or administrative and territorial units. Such undertakings represent a significant share in the country Gross Domestic Product (GDP) and are amongst the largest employers of labour force.

The state-owned and municipal-owned enterprises were always out of public scrutiny although their activity is most at risks of corruption due to their proximity to governance and civil servants. Conflicts of interests frequently arise in this area, as generous contracts are being granted by the state, while the money provided to those undertakings could be appropriated for other purposes, including political aims. Very often the state-owned enterprises had been classified as “parties’ purse”, being taken over by political parties as soon as the elections were over.

The procurements within such undertakings are carried out without following any transparent procedures, and there is no binding legal framework to be complied with in terms of public procurement. These undertakings contract loans worth billions of MDL under indefinite and obscure terms and conditions, incurring debts that exceed the value of assets they hold, with the risk to dispossess those assets from the state’s or administrative and territorial units’ ownership. The undertakings concerned ignore the legal provisions on access to information and fail to make available to citizens the requested information.

This miserable state of affairs raises huge concerns amongst external partners of the Republic of Moldova. At the same time, one of the European Union’s conditions to provide micro-financial

support to our country is to increase the transparency of activities carried out by state-owned enterprises (SOEs), municipal-owned enterprises (MOEs) and by whole and majority state-owned and municipal-owned companies.

The Law on State-owned Enterprises (repealed in December 2017) provided for the obligation that those entities published their yearly activity reports, financial statements and financial performance outcomes. Nonetheless, such information was not disclosed at all or was made public in part by some enterprises. The disclosure of information by the municipal-owned enterprises is vaguely governed by the Moldovan legal framework, the latter enabling them not to publish a series of data. In late 2017, the Parliament passed a new Law on State-owned and Municipal-owned Enterprises, requiring them to publish their Charters, in-house regulations and annual reports on their official Websites. Such documents shall disclose a range of financial, economic, organisational data and other paramount information about their activity. At the same time, according to the provisions of the new Law, within 24 months, all state-owned and municipal-owned enterprises shall be reorganised in other legal types of organisation covered by the legislation in force, for instance, in Joint Stock Companies (JSCs).

The best way to prevent and mitigate corruption within state-owned and municipal-owned enterprises is to ensure their transparent activity, implementing corporate governance standards and opening the data on enterprise activity, economic indicators, public procurement, undertakings’ employment process and other core information about these public entities.

## II. Research goal and methodology

IDIS “Viitorul”, having taking up the Slovak experience, monitored 68 Moldovan state-owned, municipal-owned enterprises, as well as whole and majority state-owned and municipal-owned enterprises (hereinafter referred to as public undertakings) to **determine the level of transparency** in their activity during 2017.

Likewise, for the sake of comparison, 16 similar undertakings from Romania, Russia, Slovakia, Sweden, North Ireland, and Great Britain were subject to monitoring, as well as four private Moldovan companies.

Following the monitoring, **a ranking of most transparent undertakings was developed**. The ranking is available on the Website at: <http://companies.viitorul.org>.

In addition, **recommendations were laid down to enhance transparency and ensure the provision of public information to citizens**.

To this end, undertakings from different sectors of the national economy were selected for monitoring purposes depending on the value of their assets, only if their assets value exceeded one million MDL. As for the state-owned or municipal-owned enterprises, only those entities were selected where the state or the administrative and territorial unit share exceeded 51%, with some exceptions for the companies representing important areas with a great impact on the society, where the state or the administrative and territorial unit share was lower.

The selection process was conducted in compliance with the data published by the Public Property Agency, which holds the registers of state-owned/municipal-owned enterprises and the registers of joint stock companies where the state or the administrative and territorial units

hold shares. The updated 2017 data were retrieved from those registers.

The transparency of undertakings was assessed during **April – June 2018**, using a quantitative approach based on:

- questionnaires sent out to Moldovan undertakings subject to monitoring, via which a series of public data were required;
- requests from third parties sent out to Moldovan undertakings subject to monitoring, by which they solicited public information in compliance with the Law on Access to Information;
- information identified on the Websites of Moldovan undertakings subject to monitoring;
- information identified on the Websites of undertakings subject to monitoring from other countries: Romania, Russia, Slovakia, Sweden, North Ireland and Great Britain;
- information from the public authorities web portals ([www.declaratii.ani.md](http://www.declaratii.ani.md));
- information from the public procurement web portals ([www.etender.gov.md](http://www.etender.gov.md), [www.achizitii.md](http://www.achizitii.md), [www.yptender.md](http://www.yptender.md) and [www.e-licitatie.md](http://www.e-licitatie.md))

The undertakings were evaluated and assigned to **six areas (transparency criteria), comprising 42 indicators**. The assessed areas covered the most important dimensions of organisation and activity carried out by the companies of public interest, as well as those deemed important for the company transparent management, such as ethics or the conflict of interests. The outcomes are based on the data available to the public, which are easy to measure and verify. The maximum score for an enterprise, including all the areas, amounted to 100 points.

	Areas (Transparency Criteria)	Share, %
I	Economic Indicators	19
II	Transparency and Access to Information	24
III	Public Procurement and Property	23
IV	Human Resources	14
V	Ethics and Conflict of Interests	13
VI	Grants and Sponsorships	7

The overall ranking score of an enterprise may vary from 0% (the weakest) to 100% (the best). The undertakings were classified also according to a gradual scale (from F to A+) to ensure quicker comparison.

More detailed information regarding the transparency criteria, indicators and the questions addressed to undertakings is available on the web ranking headings at: <http://companies.viitorul.org>.

**Note:** following the launch of the central public administration reform and reorganisation of state-owned enterprises, in the course of selecting the undertakings for monitoring purposes, developing the monitoring methodology and conducting the monitoring process by IDIS “Viitorul”, out of 68 evaluated undertakings, 16 were reorganised in public institutions or were privatised by private companies (overall, circa ¼ of undertakings subject to monitoring). These were included in the ranking of most transparent undertakings. Subsequently, the transparency criteria are to be adjusted to develop a common ranking of public entities (undertakings and public institutions).



### III. Summary

**The monitoring of Moldovan enterprises with public capital shows a low level of transparency and disclosure of information regarding their organisation and work. Although the largest and most important Moldovan undertakings were subject to evaluation, their overall average slightly exceeded 17% out of a maximum of 100.** For comparison, the overall average of enterprises from other countries, monitored in parallel, exceeded 58 percentage points.

The undertakings with public capital show certain openness in terms of Economic Indicators. Thus, 29% of the monitored undertakings published on their Website the 2017 reports, while 43% published some information and economic and financial results, having disclosed such indicators as the net profit, sales revenue and other indicators related to enterprise activity.

Despite the uneven interpretation of the legislation on access to information, circa 1/3 of the monitored undertakings responded to the questionnaire circulated by IDIS “Viitorul”, while 28% of undertakings responded to the request of an individual and provided the information requested by that individual.

At the same time, the undertakings do not make public the core information such as their Charter, published only by nine undertakings subject to monitoring on their Websites. Consequently, the information on the undertaking Founders/Owners/Shareholders and the percentage of their shares/holdings was published by 26 undertakings. The public is not informed about the outcomes of the meetings held by the undertaking management bodies, as only some incomplete information was published by two undertakings subject to monitoring.

The public procurement carried out by the undertakings is an area lacking transparency. Thus,

circa 93% of the monitored undertakings do not publish the notices of intent (public procurement plans), 73% of them failed to publish notices of invitation to public procurement tenders and none of them used the electronic platforms for procurement procedures in 2017. Moreover, the undertakings did not make public the procurement results, nor did they publish the awarded public procurement contracts.

The undertakings with public capital do not disclose the information regarding the assets (land plots and real estate) they manage or own. Therefore, only six undertakings subject to monitoring published on their Website some information on rental of spaces managed by them.

Circa 3/4 of the monitored undertakings do not publish any job vacancies on their Website, and only one enterprise published on its web page the selection results to fill the job vacancies in 2017. At the same time, only three undertakings stated in their yearly reports the salary range of their Administrator and the allowances paid to the management board members, while four undertakings displayed incomplete information to this end. Further, circa 90% of the monitored undertakings provided no information about the income earned by the management body members.

Following the monitoring, three undertakings were identified to develop and publish a Code of Ethics for their employees. Only one monitored enterprise developed and published anti-corruption programmes, covering provisions related to frauds, conflicts of interests, and other risks. Likewise, none of them published a Corporate Governance Code on their Website.

As for “Grants and Sponsorships”, the Moldovan undertakings with public capital scored zero points.



## IV. Transparency areas assessment results

### 1. General and Comparative Aspects Regarding Enterprise Transparency

**The overall transparency average of 68 state-owned enterprises, municipal-owned enterprises and of whole and majority state-owned and municipal-owned enterprises of the Republic of Moldova amounted to 17.4 percentage points.**

**The most transparent undertakings subject to monitoring obtained less than 50.0% out of 100.0%, with an accumulated score of 44.0%,** being assigned to Category “C-” (SOE “MoldAT-SA” and SOE “Center of Special Telecommunications”). At the same time, circa 2/5 of the monitored undertakings obtained less than 10.0% out of 100.0%.

Depending on the undertaking type (undertaking owners), a better situation was revealed in state-owned enterprises, with an average score of 17.7% relative to the municipal-owned enterprises, which recorded an average score of 12.7%. Such results can be explained by the fact that, as a rule, the state-owned enterprises are larger, employing more people and having more funds.

Nonetheless, three municipal-owned enterprises were positioned above the middle ranking, reflecting that smaller undertakings could be transparent as well. The municipal-owned enterprises obtained higher scores than the state-owned enterprises for a series of transparency indicators. For example, publication of undertaking Charter on the Website, as well as the information regarding the undertaking Founders/Owners/Shareholders and the percentage of their shares/holdings. Likewise, the municipal-owned enterprises have a better average score in terms of

answering the questions comprised by the questionnaires circulated by IDIS “Viitorul”.

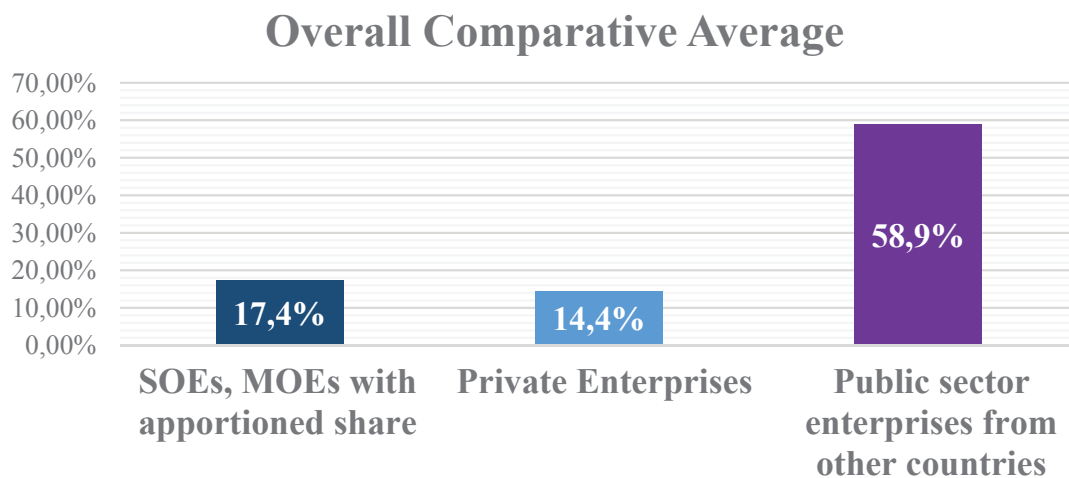
**The overall transparency average of four private Moldovan undertakings is also low, reaching only 14.4% out of 100.** The highest score to this end was obtained by JSC “Floarea Soarelui” (28 percentage points).

According to the Transparency Ranking, **the public sector undertakings from other countries were the most transparent ones in 2017. They obtained an average score of 58.9%,** which is three times higher than the score obtained by the Moldovan undertakings with public capital. The highest average score was attained by “Heating Plant Kosice” (82.7%), a heat production and distribution company from Slovakia. The least score was accumulated by “Mosgortrans” (14.9%), an enterprise that manages public transportation in Moscow.

The Moldovan state-owned and municipal-owned enterprises and those with apportioned share are positioned the best for “Economic Indicators” and “Transparency and Access to Information” categories, obtaining a score of 34.3% and, respectively, 34.2%. “Public Procurement and Property”, “Ethics and Conflict of Interests” and “Grants and Sponsorships” represent the most problematic transparency areas for these undertakings, as their average score did not exceed 4.0%. At the same time, the undertakings with public capital obtained no point for 11 transparency indicators out of 42 (26.0%).

Likewise, the monitored private undertakings obtained the highest scores for “Transparency and Access to Information” (27.6%) and “Economic

**Figure 1.** Overall transparency average of undertakings depending on their owner and country of origin.



Indicators" (25.0%). The private undertakings displayed the worst score for "Public Procurement and Property", with zero points, but they have no obligation to conduct the procurement in compliance with the legislation on procurement or to publish the information on managing and alienating the company property. It is even worse that the state-owned enterprises, municipal-owned enterprises and those with apportioned share obtained an average score of just 3.9% for "Public Procurement and Property", where there are significant deficiencies in terms

of transparency and access to such information, deemed to be public.

The undertakings from other countries also recorded excelled scores for these two categories - "Economic Indicators" (88.7%) and "Transparency and Access to Information" (74.6%), while the average score exceeded 70.0%, i.e. more than twice as much than the average score obtained by the Moldovan state-owned enterprises, municipal-owned enterprises and those with apportioned share. The foreign undertakings obtained also significantly

**Table.1.** The average scores for each transparency area depending on undertaking owner and country of origin.

	SOEs, MOEs, with apportioned share	Private Undertakings	Public Sector Undertakings from Other Countries
<b>I. Economic Indicators</b>	34.3%	25.0%	88.7%
<b>II. Transparency and Access to Information</b>	34.2%	27.6%	74.6%
<b>III. Public Procurement and Property</b>	3.9%	0.0%	43.4%
<b>IV. Human Resources</b>	10.4%	3.6%	49.3%
<b>V. Ethics and Conflict of Interests</b>	2.2%	11.5%	45.2%
<b>VI. Grants and Sponsorships</b>	0.0%	14.3%	26.8%
<b>TOTAL</b>	<b>17.4%</b>	<b>14.4%</b>	<b>58.9%</b>

higher scores for the other areas relative to Moldovan companies. The undertakings obtained scores above 40.0% for “Public Procurement and Property”, “Human Resources”, “Ethics and Conflict of Interests”. These undertakings scored also pretty well for “Grants and Sponsorships”, accumulating 26.8% relative to Moldovan state-owned enterprises, municipal-owned enterprises and those with apportioned share, which accumulated zero points to this end.

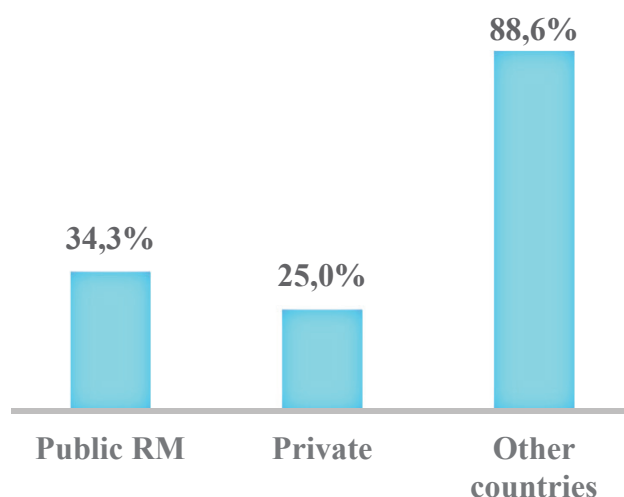
## 2. Economic Indicators

Performance indicators of undertakings shall be determined on the basis of economic and financial results, with the description of profits, losses, other indicators of undertaking activity. The transparency of economic indicators is important to reveal the efficiency of enterprise work.

The monitoring outcomes show that **20 undertakings with public capital out of 68 published their 2017 reports on their Website**. Annual reports for three years (2015 – 2017) were published by 1/5 of the monitored undertakings, while ¼ published such reports in part, for some consecutive years only.

It is worth mentioning that the yearly reports are not standardised for all undertakings. Most frequently, the reports were displayed as tables comprising economic indicators. There were cases when the reports were more comprehensive, displaying some text, analysis, description of developments, progress, regress, charts for several comparative years, etc. The international practices show the need of having more structured reports, comprising detailed information and descriptions of undertaking core activities and areas.

**The Analysis of undertaking economic and financial indicators and assessment of economic and financial results**, in the light of the evolution of core indicators (net profit, sales revenue and other indicators related to the specific work conditions of the corresponding undertaking) for 2017 **was published on the Websites of 29 undertakings** with public capital (43.0%). Such analyses were published for three consecutive



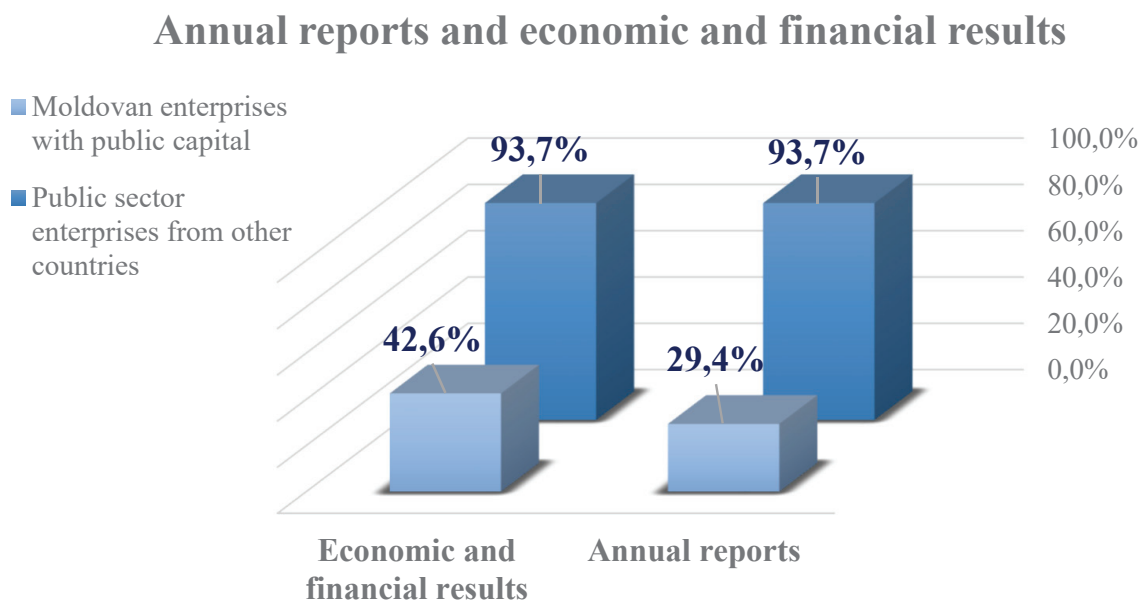
years (2015 – 2017) by 21 undertakings subject to monitoring.

The comparative analysis of enterprises from other countries revealed that 93.7% of them published their yearly reports of the Websites, as well as their analyses of economic and financial indicators and the assessment of economic and financial results.

Circa 1/5 of the monitored Moldovan undertakings with public capital made public the results of inspections and of economic and financial audits they were subject to in 2017. Also, about 2/5 of the monitored undertakings published on their Website the information on their share capital.

The monitoring revealed that **the undertakings did not publish the information on borrowing/lending activity during 2017 on their Website**. In their annual economic and financial analyses,

**Figure 2.** Transparency of annual reports and of economic and financial results of Moldovan enterprises with public capital and of enterprises from other countries.

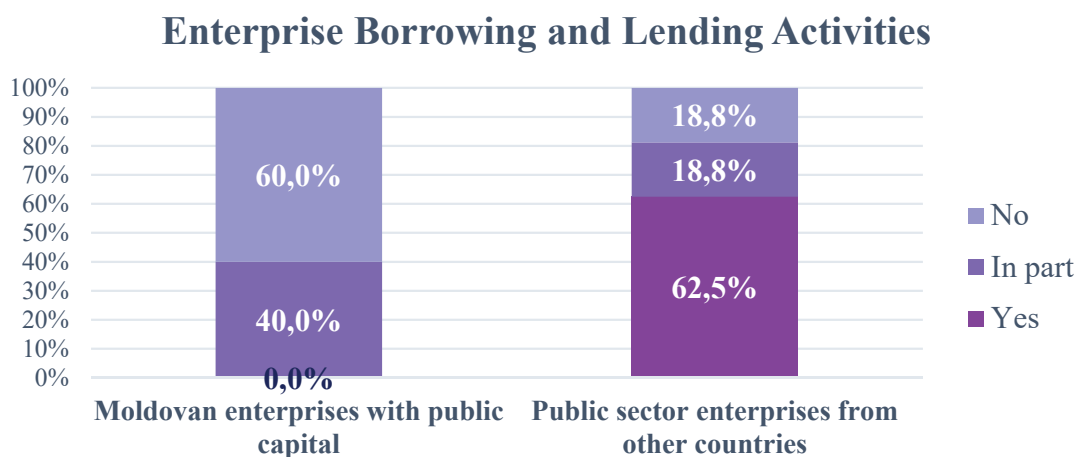


the undertakings published just the overall status regarding their borrowing and lending activities. Such data were published by 27 undertakings subject to monitoring.

For comparison, 62.5% of undertakings subject to monitoring from other countries published on the Website the information on their borrowing/lending activity.

The best examples in terms of transparent economic indicators include the following undertakings: “MoldATSA”, “Center of Special Telecommunications”, “Casa Presei”, “Moldpres”, “Poșta Moldovei”, “Termoelectrica”, “Moldelectrica”, “Paramilitary Guard Troop”, “Radiocommunications” and “Bus stations and facilities”, each of which accumulated 95.0% for this criterion.

**Figure 3.** Transparency of borrowing and lending activities carried out by Moldovan enterprises with public capital and by public sector enterprises from other countries.

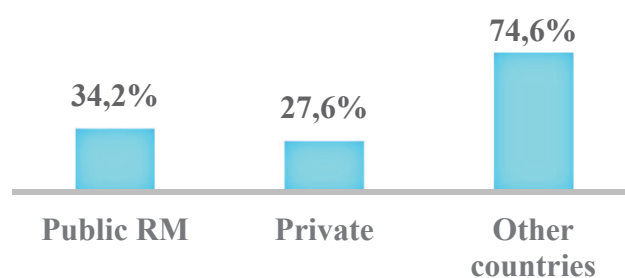


### 3. Transparency and Access to Information

Particular attention in the analysis was paid to the extent to which the legislation on access to information was complied with by the monitored undertakings. As per the provisions of Law No. 982 of 11.05.2000 on Access to Information, individuals and legal entities have the right to solicit, upon lodging a written application, any information, except for the data mentioned by the legislation, held by Information Providers, while the latter have the obligation to provide the requested information to Applicants.

As per the Law, some of the holders of official information are legal entities, which, on the legal basis or on a contract basis with a public authority or public institution, are empowered to manage certain public services and collect, select, possess, store, hold official information. The undertakings with public capital interpret such legal provisions that the latter do not apply to state-owned enterprises, municipal-owned enterprises and to whole and majority state-owned and municipal-owned enterprises. Some undertakings imply that the information related to the enterprise activity represents commercial secret, falling under the protection of Law No.171/1994 on Commercial Secret.

IDIS “Viitorul” sent out questionnaires to the enterprises subject to monitoring, soliciting a series of public information. It **received back 23 filled**



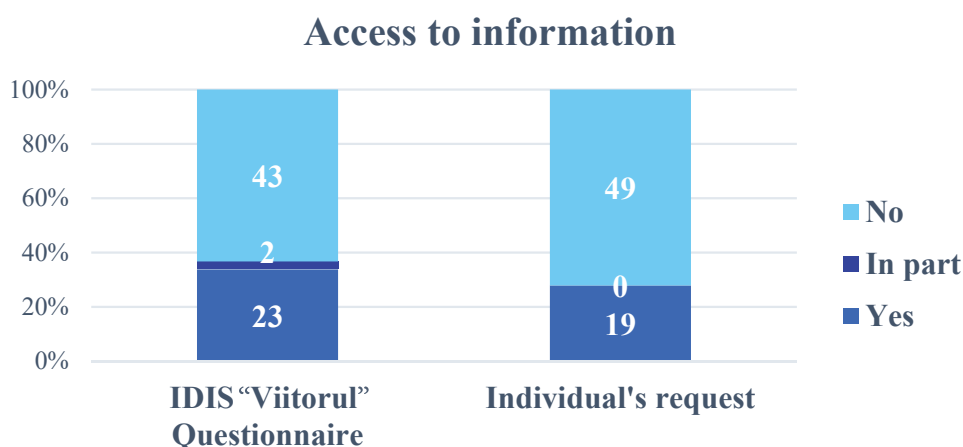
**questionnaires**, while two undertakings provided incomplete information.

At the same time, upon IDIS “Viitorul” initiative, a third party lodged requests to undertakings, soliciting certain public information, namely “the total amount of money paid to Lawyers in 2017 as per the legal assistance contracts”. Thus, the undertaking reaction to information requests lodged by individuals was checked. Subsequently, **19 undertakings with public capital responded to that individual and provided the requested information.**

Out of 68 enterprises subject to monitoring, 56 have Websites (82.0%) in place; however, not all websites are used as tools to make public the information about the enterprise activity as many Websites remain idle/non-functional or contain little useful information.

The websites of 27 undertakings display the contact data of their Administrators and responsible

*Figure 4. Responses of enterprises with public capital to the requests for public information.*





people, enabling the public to require information/lodge requests, while 29 Websites contain incomplete information of such kind.

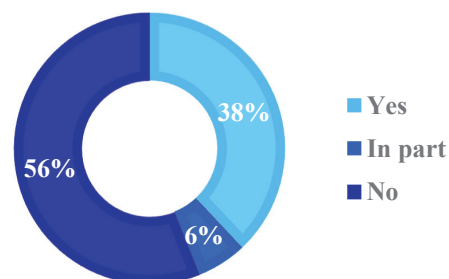
Circa 56.0% of the monitored undertakings did not publish any information on their Founders/ Owners/Shareholders and the percentage of their shares/holdings on the Websites. Such information can be found on the Websites of 26 undertakings (38.0%), while four undertakings published incomplete data. For comparison, such data are published by 87.5% of the monitored undertakings from other countries.

**Only nine undertakings subject to monitoring (13.0%) published on the Websites their Charter** – a core document developed upon the company establishment, which defines the types of activity, the share capital, the assets transferred to the undertaking, management bodies, the way of sharing and using the net profit, the way of covering the losses, the way of reorganising and winding-up the undertaking, and other important provisions related to its activity.

One of the monitored indicators was to assess the possibility to search for and copy a text from an undertaking annual report published on the website, because access to information means also the ability to use the public information in an easy and affordable manner. The outcomes show that ¼ of the monitored undertakings published their annual reports in a format enabling the public to search and copy a text from that report.

**Figure 5. Transparency of Owners and of their apportioned shares in enterprises with public capital.**

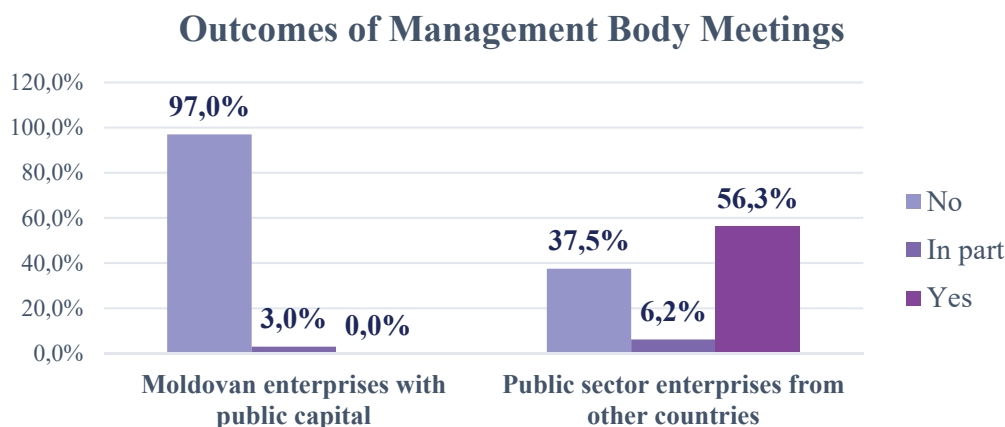
#### OWNERS AND APPORTIONED SHARE



The undertakings subject to monitoring did not publish the outcomes of Management Board meetings /General Assembly (decisions, minutes) on their Websites. To this end, only two of them published some incomplete information about the outcomes of management body meetings. The undertakings from other countries acquired better scores on this indicator, while there were identified nine undertakings, which published all the outcomes of management bodies meetings, and one enterprise that published some information about the meetings conducted in 2017.

**“MoldATSA”, which accumulated a score of 79.0% in this area and “Apă – Canal Cahul”, with 75.0% are the best examples of providing access to information.**

**Figure 6. Transparency of outcomes of meetings conducted by Management Boards / General Assembly of Moldovan enterprises with public capital and of companies from other countries.**



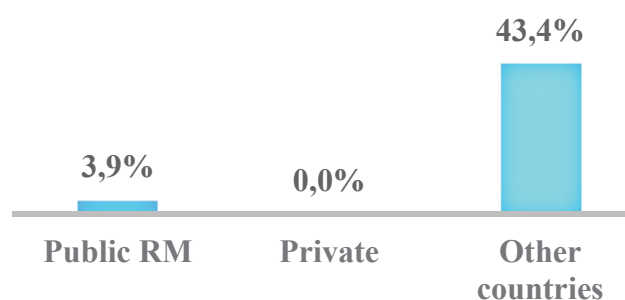
## 4. Public Procurement and Property

Law on Public Procurement No.131/2015 is further interpreted that the undertakings with public capital are not contracting entities and are not required to conduct procurement procedures in compliance with the legislation of public procurement.

The monitoring outcomes show that the procurement is carried out by those undertakings on the basis of in-house regulations regarding the procurement of goods, works and services, approved by the management bodies. Exempted from this are the holders of licences working in the power, heat and gas supply sectors and the operators rendering water supply and sewerage services, which shall comply with the Regulation approved by the National Agency for Energy Regulation Management Board Decision No.24/2017 dated 26.01.2017.

To this end, only five undertakings out of 68 published the notices of intent (public procurement plans) on the Websites. None of the monitored enterprises made public the acts based on which they established procurement working groups and their composition.

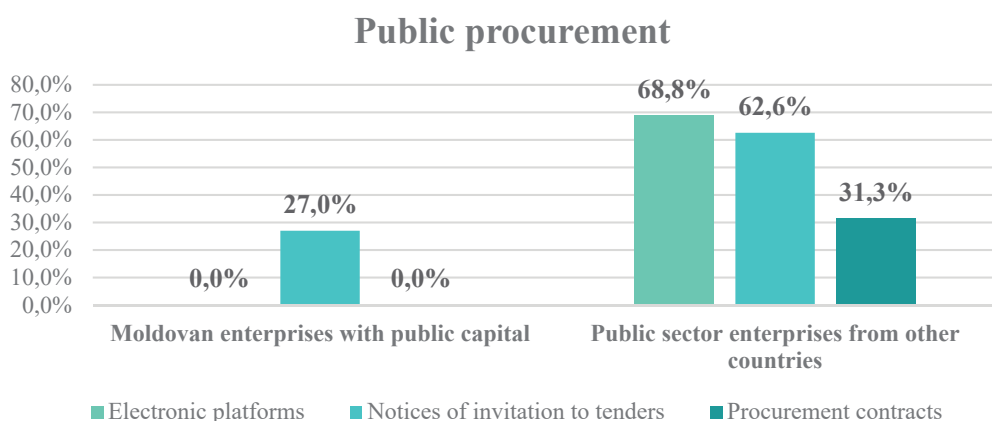
**Circa 73.0% (50 undertakings) did not publish notices of invitation to public procurement tender on their Website.** None of the monitored enterprises used in 2017 the electronic platforms for public procurement procedures.



**Only SOE “State Road Administration” published on its Website the information about the winners of public procurement procedures,** awarded with contracts in 2017. Further, the undertakings do not make public the public procurement outcomes and the procurement contracts concluded with the successful economic operators.

The comparative monitoring outcomes show that the procurement conducted by the undertakings from other countries is more transparent. However, some backlogs and difficulties have been noted in terms of publishing the public procurement contracts. In some countries the undertakings with public capital are required to publish the public procurement contracts, but the legislation provides for some exemptions, which may classify some contracts without publishing them on the Website. All those four undertakings with public capital from Slovakia, which published all public procurement contracts on their Websites, represent examples of best practices.

*Figure 7. Transparency of public procurement conducted by Moldovan enterprises with public capital and by undertakings from other countries.*





One of the most vulnerable areas for the undertakings with public capital is the administration of assets (real estate, land plots). This is due to the lack of accurate records of undertaking assets, failure to register all the assets with the Cadastre Office, the reduction in value of such property, increased interest in such assets and confusing, contradictory, inadequate, and superficial legal framework leading to unfair interpretations.

Following the monitoring it was revealed that **none of the enterprises published on the Website the information from their register of assets** to include the assets conveyed as contributions to the share capital by Founders/Owners/Shareholders, assets conveyed for administration by Founders/Owners/Shareholders and the assets owned by the undertaking,

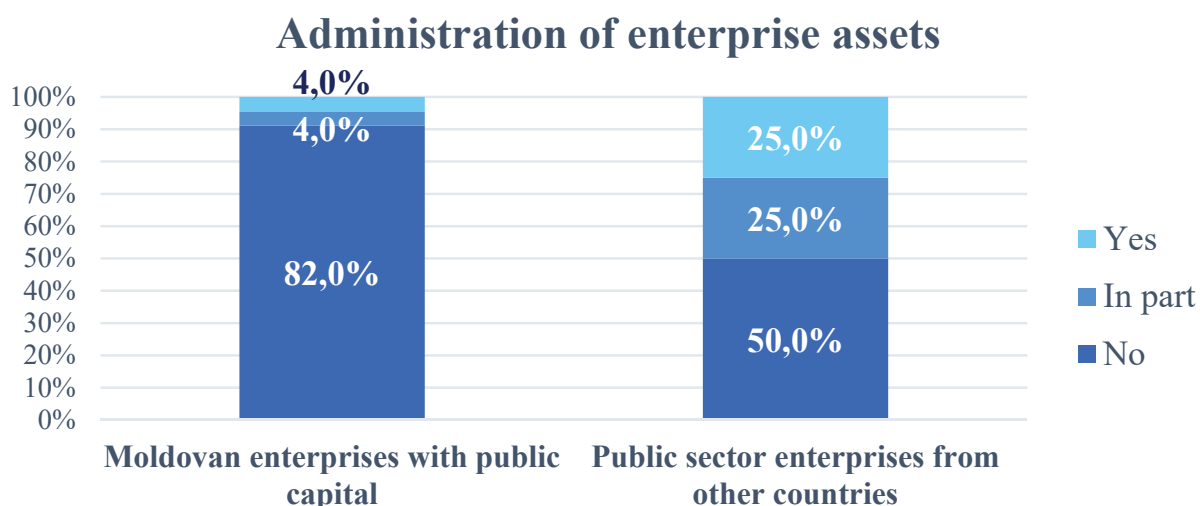
gained by it from its economic and financial activity.

Out of 68 undertakings subject to monitoring, **only six (three in full and three in part) published the information (offers, outcomes, other information) regarding the conveyance, trading, rental/leasing or bailment of undertaking assets on their Website**. As a rule, such information reveals the undertakings that are specifically involved in space rental/leasing ("Tracom", "Expo Business Chisinau", "Casa Presei").

As for the undertakings from other countries, only ¼ of the monitored ones made public the information regarding the administration of undertaking property, while ¼ published only incomplete information about the conveyance, trading, rental/leasing or bailment of undertaking assets on the website.

**The best examples of transparency in the area of Public Procurement and Property include "Tracom" and "Casa Presei", both accumulating a score of 26.0% for this criterion.**

*Figure 8. Transparency of administration of assets held by Moldovan enterprises with public capital and by undertakings from other countries.*



## 5. Human Resources

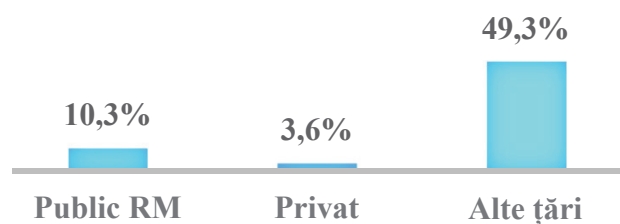
It is important that the undertakings with public capital have in place transparent policy for staff recruiting and employment, making public the information on members of management bodies, their labour remuneration and bonuses.

The management of human resources still remains an obscure area for the undertakings with public capital not willing to disclose such information to the public. Thus, only 21 undertakings subject to monitoring published their number of employees on the Websites.

**Circa 74% of undertakings did not publish their job vacancies on their Website. Only one undertaking (“State Road Administration”) published on the Website some results of recruiting procedures for filling the job vacancies in 2017.**

The undertakings from other countries exercise greater openness in terms of publishing their job offers – 81.0% of the monitored undertakings published such announcements on the Website. A better situation has been noted regarding the transparency of employment procedure results, even if the average score obtained for this indicator is not significant – 12.5%.

None of the monitored enterprises from the Republic of Moldova made public the rules on staff recruiting and employment, and only one enter-



prise (“State Road Administration”) made public the rules on organising and conducting the competition for filling the job vacancy of undertaking’s Administrator.

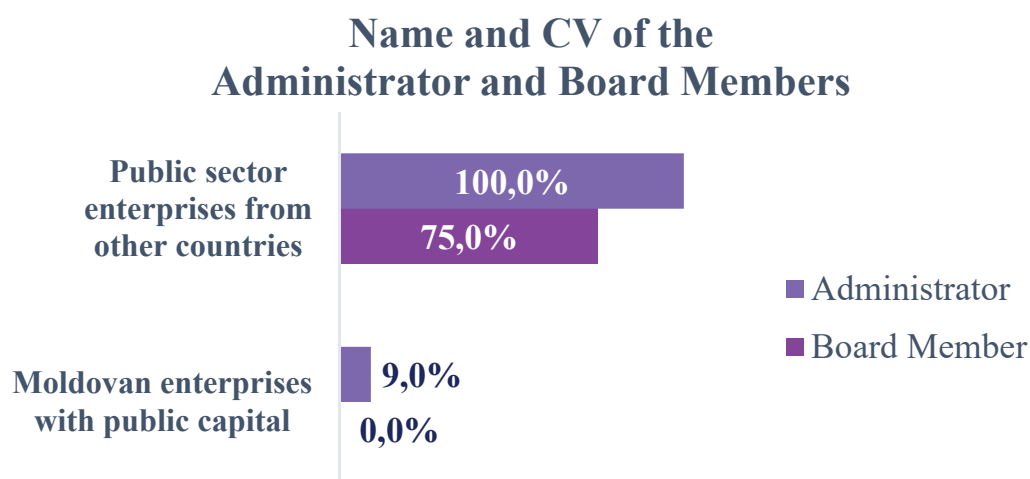
Lack of transparency has been revealed also in terms of members of undertaking management bodies. Hence, **only six undertakings subject to monitoring made public the Administrator’s CV**, containing information on his/her higher education and work experience. Circa 1/2 of undertakings did not publish the names and CVs of Management Board members, while the other undertakings that published such information mentioned just the members’ names with no CV attached.

Remuneration of management body members still remains hidden for the general public. **Circa 90% of the monitored undertakings failed to provide any information about the earned income, allowances, premiums, bonuses, other material aids and benefits derived by the Administrator and Management Board members**

*Figure 9. Transparency of recruiting and employment process at enterprises with public capital.*



**Figure 10.** Transparency of the selection and employment process in enterprises with public capital.



in 2017. Thus, only three undertakings stated in their yearly reports the size of Administrator's salary and allowances received by Management Board members ("Center of Special Telecommunications", "Casa Presei", Editorial and Polygraphic Enterprise "Știința"), while four undertakings provided incomplete information.

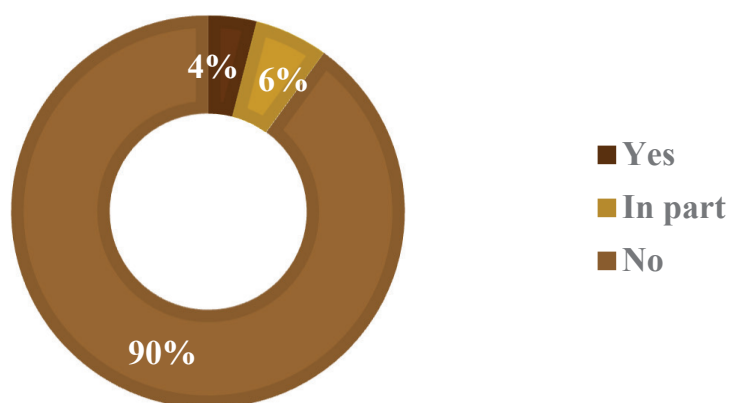
In some questionnaires filled by the undertakings it is mentioned that the information on remuneration of management body members (Management Board) is available on the portal of State-

ments on Wealth and Interests [www.declaratii.ani.md](http://www.declaratii.ani.md). It is worth noting that many such statements are missing on that portal. To this end, it is necessary to publish the information on the remuneration of management body members on the undertaking Websites to increase its transparency.

The undertakings with public capital from other countries show a greater level of openness to this end. Thus, ¼ of them publish the information on the income earned by the company management.

**Figure 11.** Transparency of income earned by the Administrator and Board members of Moldovan enterprises with public capital.

### REMUNERATION OF MANAGEMENT BODY MEMBERS



None of the monitored enterprises with public capital from the Republic of Moldova made public the Board decision regarding specific thresholds for the Administrator's salary in 2017, which could be limited on the basis of economic and financial results attained by the undertaking during the previous year. Additionally, there are only six undertakings with public capital that disclosed the monthly average salary of employees per enterprise.

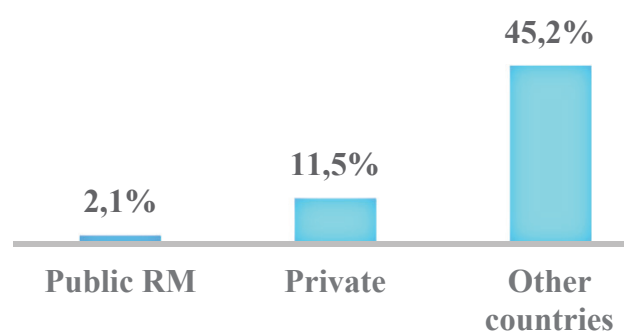
**The best example of transparency in terms of human resources management is showed by the "Center of Special Telecommunications", which obtained a score of 50.0%.**

## 6. Ethics and Conflict of Interests

The undertakings subject to monitoring displayed some shortcomings in terms of developing and implementing the corporate governance rules and standards, anti-corruption compliance, integrity and business ethics.

Following the monitoring, there were identified only three **undertakings that developed and published a Code of Ethics** for their employees. **Only one monitored enterprise ("Moldpres") developed and published anti-corruption programmes**, containing provisions regarding frauds, conflicts of interests, gifts, and other risks. **None of the undertakings published a Corporate Governance Code (standards) on their Website. Only one monitored enterprise has developed and published some elements of an anticorruption program.**

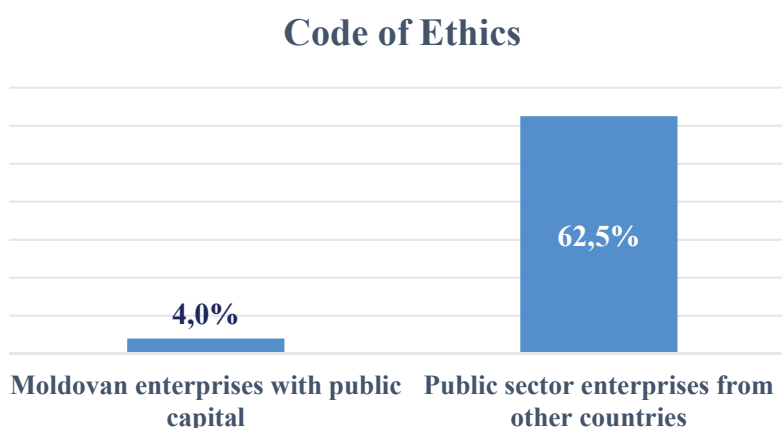
The situation of undertakings from other countries is different. Hence, 62.5% of those un-



dertakings published Codes of Ethics on their Website, 37.5% of them published Corporate Governance Codes and 43.7% developed and published anti-corruption programmes, with provisions relating to fraud, conflicts of interest, gifts and other risks.

As for the private undertakings, we shall mention JSC "Orange", which published a Code of Ethics for employees and anti-corruption programmes on its Website.

*Figure 12. Publication of Codes of Ethics on the Websites by the Moldovan enterprises with public capital and by enterprises from other countries.*



Only three Moldovan undertakings with public capital established a mechanism to report any misconduct and corruption deeds (hot-line, e-mail) and made it public on their Website. Only “Moldpres” developed and made public its protection mechanisms for whistle-blowers – Regulation on whistle-blowers within the undertaking.

There is no information available on the undertaking Websites about staff or manager training courses organized by the enterprise on anti-corruption issues.

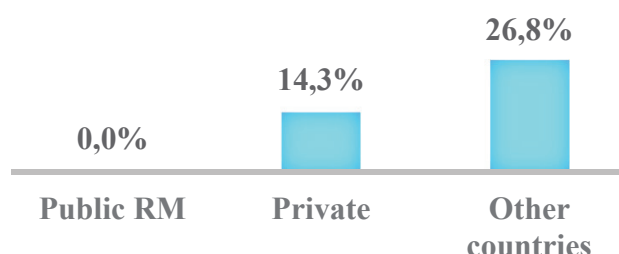
**The best example in terms of developing and publishing documents and information related to ethics and conflict of interests is represented by “Moldpres”, which obtained a score of 62.0% in this area.**

## 7. Grants and Sponsorships

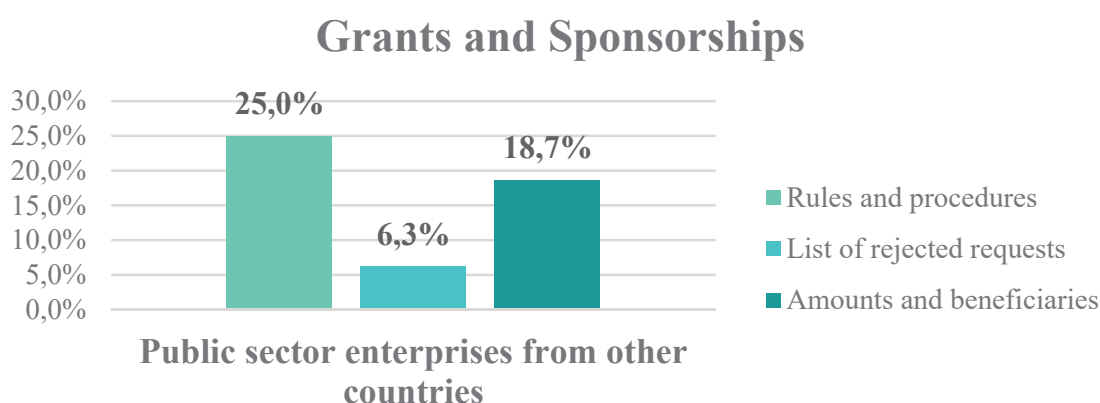
Transparency of philanthropic actions and sponsorships carried out by the undertakings with public capital reduces the risk of using the undertaking funds for other purposes or their use under circumstances when the undertaking is facing financial difficulties.

The monitoring revealed that the undertaking Websites were missing the following information:

- rules and procedures for assigning grants, donations, sponsorships;
- list of financial support requests that were rejected throughout 2017 and the reason for their rejection;
- the amounts and beneficiaries of grants, donations, sponsorships during 2017 (such as different events and social, cultural, educational, sports activities or other types of activities supported by the undertaking).



*Figure 13. Transparency of philanthropic actions and sponsorships carried out by the enterprises from other countries.*



In this context, **the undertakings with public capital from the Republic of Moldova failed to get any point in the area of “Grants and Sponsorships”**.

Although this is also a tough area for the undertakings from other countries, some of them managed to publish the information related to philanthropic actions and sponsorships conducted on their Website.

Regarding the monitored private undertakings, we identified transparent policy of JSC “Orange” to publish on its specially designed Website [www.fundatia.orange.md](http://www.fundatia.orange.md) the projects and programmes supported financially by the Company, including the reports on project and programme implementation. Such best practices are mainly due to the fact that JSC “Orange” is a company with venture capital and its owners come from other countries.

## V. Recommendations

Based on the results of monitoring the transparency of undertakings with public capital, a number of recommendations have been laid down to help the undertakings become more transparent. These recommendations are easy to implement, as they require the companies to publish the information they have already available. The recommendations are presented as per the transparency areas assessed in this report.

### Economic Indicators

1. The undertaking annual activity report is one of the important documents, which needs to be made public, while its structure shall be aligned with the national and international best practices. This action implies presenting analytical information and detailed description of undertaking core activities, having appraised the achieved results.
2. The undertaking Performance Indicators are of public interest, and the undertakings shall publish the information and economic and financial outcomes, having described the derived profits, incurred losses and other activity-related indicators.
3. It is appropriate to publish and update the information on enterprise borrowing/lending activity (if any) on their Website on a yearly basis. This information shall be clear and detailed, avoiding the simple display of figures in the annual economic and financial analyses.
4. The outcomes of inspections and economic and financial audits the Moldovan undertakings with public capital were subject to shall be made public.

### Transparency and Access to Information

5. It is worth mentioning the importance and the need to have Websites in place to be filled and updated on a permanent basis, as they serve for the undertakings with public capital as an efficient tool for the dissemination of public information.
6. The undertaking Websites shall comprise such mandatory information as Administrator's and responsible people's contact data, enabling the public to solicit information/submit requests to undertakings.
7. It is necessary to publish the undertaking Charter on its Websites – a core document developed upon the company establishment, which defines the types of activity, the share capital, the assets transferred to the undertaking, management bodies, the way of sharing and using the net profit, the way of covering the losses, the way of reorganising and winding-up the undertaking, and other important provisions related to its activity.
8. The undertaking Website shall contain information on its Founders/Owners/Shareholders and the percentage of shares/holdings they have.
9. It is important to publish on the Website the topics covered during the meetings held by the Management Board/General Assembly, entered into decisions and minutes.
10. It is recommended that the enterprises publish documents on their Website, especially their annual reports, in a format enabling the public to search for and copy texts from those documents, having facilitated in this way the use of public information.



11. It is important that the undertakings with public capital are open, comply with the legislation on access to information, respond to the submitted requests and provide the information requested by individuals, legal entities, Media and other stakeholders.

## Public Procurement and Property

12. It is recommended to make public the annual public procurement plans (notices of intent) and to publish all notices of invitation to public procurement tenders on their Websites.
13. It is advisable to make public the acts by which working groups were established in the area of procurement (Procurement Committees) and their composition.
14. The trend is that all public entities use electronic platforms for public procurement procedures. Even though they were not used

throughout 2017, they may be used in the subsequent years.

15. It is recommended that the enterprises make public the concluded public procurement contracts, having disclosed such mandatory information as: the procurement object and value, economic operator, date of conclusion and duration, information about contract revision/prolongation. It is important that citizens are able to easily find a certain contract on the enterprise Website based on certain criteria, such as: the date of contract conclusion, name of the economic operator, the contract amount/value, the type of goods, works, services, etc.
16. In order to enhance asset management transparency, we recommend the undertakings to publish the information on the assets they manage or own (land plots and immovable property) on their Website, as well as any information related to asset alienation and transfer to third parties.

## Human Resources

1. It is advisable to disclose on the undertaking Website the number of employees and the monthly average salary per undertaking.
2. The undertakings shall ensure public access to all information related to staff recruiting and employment, having published on their Website the job offers, the organised recruiting competitions to fill the job vacancies, as well as the recruiting procedure outcomes.
3. It would be advisable to publish on the website the rules for staff recruiting and employment, as well as the rules for organising and conducting the competition for filling the job vacancy of undertaking Administrator.
4. It would be appropriate to publish under a distinct heading on their Website the names and CVs of Management Board members and of the Administrator, containing data on their higher education, work experience and other relevant information.
5. The undertakings shall provide the information on earned income, allowances, premiums, bonuses, other material aids and benefits provided to the Administrator and to Management Board members.
6. The undertakings shall develop and make public the decisions regarding specific thresholds set for Administrator's salary, conditioned by the undertaking performance indicators.

## Ethics and Conflict of Interests

1. The undertakings shall have in place and make public tools to report any misconduct and corruption deeds (hot-line, online forms, etc.) within the undertaking. In order to make the reporting tools more efficient, it is recommended to have protection procedures and guarantees in place for whistle-blowers.
2. In order to prevent any conflicts of interests and corruption deeds, to strengthen integrity and set up certain professional standards, we deem necessary to develop and publish a Code of Ethics for undertaking employees and anti-corruption programmes, containing provisions regarding bribery, conflicts of interests, gifts, other risks and procedures to be followed in each specific case for company employees and management. Likewise, it is appropriate that undertakings develop and implement a Corporate Governance Code (standards).
3. The undertakings shall conduct and make public information about anti-corruption training courses organised for their employees or managers.

## Grants and Sponsorships

1. It is important that the enterprise published under a separate heading on its Website all information related to philanthropic actions and sponsorships it was involved in, namely:
  - rules and procedures for assigning grants, donations, sponsorships;
  - list of financial support requests that were rejected throughout 2017 and the reason for their rejection;
  - the amounts and beneficiaries of grants, donations, sponsorships during 2017 (such as different events and social, cultural, educational, sports activities or other types of activities supported by the undertaking).

## VI. Transparency ranking

	ENTERPRISE	I. ECONOMIC INDICATORS	II. TRANSPARENCY AND ACCESS TO INFORMATION	III. PUBLIC PROCUREMENT AND PROPERTY	IV. HUMAN RESOURCES	V. ETHICS AND CONFLICT OF INTERESTS	VI. GRANTS AND SPONSORSHIPS	OVERALL SCORE	CLASS
1	SOE "Center of Special Telecommunications"	95%	71%	9%	50%	0%	0%	44%	C-
2	SOE "MoldATSA"	95%	79%	9%	36%	0%	0%	44%	C-
3	SOE "Moldpres"	95%	67%	0%	7%	62%	0%	43%	C-
4	SOE "Casa Presei"	95%	54%	26%	29%	15%	0%	43%	C-
5	SOE "Poșta Moldovei"	95%	67%	9%	18%	8%	0%	40%	D+
6	SOE "National Center for Radio Frequencies"	89 %	71 %	9 %	14%	0 %	0 %	38%	D+
7	JSC "Termoelectrica"	95%	63%	17%	7%	0%	0%	38%	D+
8	SOE "Paramilitary Guard Troops"	95%	50%	13%	21%	0%	0%	36%	D+
9	SOE "Moldelectrica"	95%	54%	13%	14%	0%	0%	36%	D+
10	SOE "Radiocommunications"	95%	58%	0%	29%	0%	0%	36%	D+
11	JSC. "Tracom"	68%	56%	26%	14%	0%	0%	35%	D
12	SOE "State Road Administration"	84%	44%	22%	18%	0%	0%	34%	D
13	SOE "The Palace of the Republic"	84%	54%	0%	7%	0%	0%	30%	D-
14	SOE "Bus stations and facilities"	95%	33%	0%	21%	0%	0%	29%	D-
15	SOE "Centre for Applied Metrology and Certification"	84%	33%	0%	21%	0%	0%	27%	D-
16	JSC "Franzeluța"	68%	48%	0%	7%	0%	0%	26%	D-
17	SOE "National Centre for Verifying the Quality of Alcoholic Products"	66%	40%	0%	14%	0%	0%	24%	E+
18	SOE "Moldova Railway"	55%	42%	9%	7%	0%	0%	24%	E+
19	SOE "Agricultural Information Centre"	55%	46%	4%	7%	0%	0%	24%	E+
20	SOE "Guard Services"	45%	50%	9%	7%	0%	0%	24%	E+
21	JSC "Apă-Canal Cahul"	8%	75%	0%	18%	0%	0%	22%	E+
22	SOE Institute for Geodesy, Technical Prospecting and Cadastre "INGEOCAD"	47%	46%	0%	14%	0%	0%	22%	E+
23	SOE CRIS "Registru"	8%	54%	9%	21%	15%	0%	22%	E+
24	JSC "Gara Nord"	61%	33%	0%	7%	0%	0%	21%	E+
25	SOE. "Metalferos"	53%	38%	0%	7%	0%	0%	20%	E
26	SOE "Cartuș"	29%	54%	0%	7%	0%	0%	20%	E
27	SOE Agricultural Machinery Institute "Mecagro"	55%	17%	9%	21%	0%	0%	20%	E
28	SOE. "Fiscservinform"	18%	33%	13%	18%	15%	0%	19%	E
29	MOE. "Apă-Canal Bălți"	32%	42%	0%	14%	0%	0%	18%	E

30	SOE Editorial and Polygraphic Enterprise “Știința”	0%	50%	0%	43%	0%	0%	18%	E
31	SOE ”Fintehinform”	0%	67%	0%	14%	0%	0%	18%	E
32	SOE ”Cadastru”	16%	54%	0%	7%	0%	0%	17%	E
33	SOE “State Registration Chamber”	16%	50%	0%	0%	15%	0%	17%	E
34	SOE “Mold-Didactica”	32%	42%	0%	7%	0%	0%	17%	E
35	SOE Water Management System “Nistru-Centru”	47%	25%	0%	7%	0%	0%	16%	E
36	JSC “Apă-Canal Chișinău”	8%	33%	9%	14%	15%	0%	16%	E
37	Î.S. “State Center for Attestation and Certification of Phytosanitary Products and Fertilisers”	40%	25%	0%	7%	0%	0%	15%	E-
38	SOE “Vamservinform”	18%	27%	9%	14%	0%	0%	14%	E-
39	SOE “MoldData”	16%	33%	0%	14%	0%	0%	13%	E-
40	JSC “Tutun-CTC”	39%	17%	0%	11%	0%	0%	13%	E-
41	SOE “Technical Centre for Industrial Security and Certification”	18%	27%	0%	4%	0%	0%	11%	E-
42	SOE “Moldaeroservice”	8%	33%	0%	0%	0%	0%	10%	F
43	SOE for Researching the Selection and Cross Breeding of Pigs “Moldsuinhibrid”	0%	38%	0%	0%	0%	0%	9%	F
44	Free Entrepreneur Zone “EXPO-BUSINESS-Chisinau”	0%	17%	17%	7%	0%	0%	9%	F
45	JSC International Exhibition Center “MOLDEXPO”	0%	17%	17%	7%	0%	0%	9%	F
46	JSC “Moldetelecom”	16%	17%	0%	11%	0%	0%	9%	F
47	SOE “Division of Services for Diplomatic Bodies”	0%	29%	0%	7%	0%	0%	8%	F
48	SOE National Research and Design Institute in the area of Territorial Development, Urbanism and Architecture “Urbanproiect”	0%	33%	0%	0%	0%	0%	8%	F
49	JSC. “Energocom”	0%	33%	0%	0%	0%	0%	8%	F
50	SOE Air Company “Air Moldova”	8%	21%	0%	7%	0%	0%	8%	F
51	JSC ”Power Distribution Networks Nord- Vest”	0%	21%	9%	4%	0%	0%	8%	F
52	SOE Quality Wine Factory “Mileștii Mici”	11%	21%	0%	0%	0%	0%	7%	F
53	SOE ”Power Distribution Networks Nord”	16%	13%	0%	7%	0%	0%	7%	F
54	MOE “Apă – Canal Strășeni”	29%	0%	0%	0%	0%	0%	6%	F
55	SOE “Fluvial Port Ungheni”	8%	17%	0%	0%	0%	0%	6%	F
56	SOE “Pulbere”	8%	17%	0%	0%	0%	0%	6%	F
57	JSC “Sanfarm-Prim”	0%	17%	0%	11%	0%	0%	6%	F
58	SOE “Polygraphic Factory”	0%	21%	0%	0%	0%	0%	5%	F
59	SOE State Design Institute “Ruralproiect”	0%	17%	0%	7%	0%	0%	5%	F
60	JSC “Moldovagaz”	0%	17%	0%	7%	0%	0%	5%	F
61	JSC “Apă-Canal Soroca”	8%	4%	0%	0%	0%	0%	3%	F
62	SOE “Registrul Naval”	8%	0%	0%	0%	0%	0%	2%	F
63	JSC “Drumuri Cahul”	8%	0%	0%	0%	0%	0%	2%	F
64	SOE “Training Centre for National Army Professionals”	0%	0%	0%	7%	0%	0%	1%	F
65	SOE “Printing House of the Academy of Science”	0%	4%	0%	0%	0%	0%	1%	F
66	SOE of Railroad Construction “Confercai”	0%	0%	0%	0%	0%	0%	0%	F
67	SOE “Division for Real Estate Operation”	0%	0%	0%	0%	0%	0%	0%	F
68	SOE Editorial and Polygraphic Firm “Tipografia Centrală”	0%	0%	0%	0%	0%	0%	0%	F



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