

Comparative research on challenges  
for Functional Analysis and Audits (FR)  
in economic downturn

**The case of Moldova**

# 1. Primary considerations for FR (2006 and on)

- Public sector is too big
- Perceived inefficiency in functioning of the government
- Perceived and experienced overlapping of functions
- Cost of bureaucracy to business, corruption
- Government does not serve and steer

## 2. Economic downturn context of FR

- Stable yearly growth of GDP 6-7% for the period 2001-2008;
  - Covers period of 1<sup>st</sup> stage and 2<sup>nd</sup> stage
- Decline in GDP of 9% during 2009, forecasted 0,5% growth in 2010
  - Covers period of 3<sup>rd</sup> stage

### 3. FR scale, terms

- Reform of Central authorities: 1<sup>st</sup>, 2<sup>nd</sup>, 3<sup>rd</sup> stages:
- 1<sup>st</sup> stage (2006): horizontal ministerial level; not Cabinet and its apparatus, ANALYSIS, RECOMMENDATIONS
- 2<sup>nd</sup> stage (2006-7): vertical, sectoral level; government-wide and subordinated agencies of central authorities; ministries revisited; ANALYSIS, RECOMMENDATIONS
- 3<sup>rd</sup> stage (2008-09): institutional capacity evaluation, institutional development plans; human resources improvements; IMPLEMENTATION, some analysis

## 4. Level of political support for FR

- 1<sup>st</sup> stage and 2<sup>nd</sup> stage
  - Inter-ministerial committee for the strategic planning formed by the Cabinet;
  - Led by prime-minister and composed of key ministries (Finance, Justice, Economy);
  - Each ministry has a vice-minister responsible for FR reforms
  - Division for coordination of policies and Division for Personnel policies

## 5. FA coverage and comprehensiveness

- 2<sup>nd</sup> stage FR
  - Mandate and role of the institution in the sector;
  - Review of all functions and results associated with functions
  - Evaluation of financial cost allocation for the identified functions
  - Decision-making and policy-making at government level

## 6. FR methodology stage 1: FR ministerial level

- Questionnaire on the identification of the existing functions (unassisted);
- Debrief and review of the questionnaires by the trained local consultants;
- Evaluation of the time input of each function (staff, finances);

## 7. FR methodology stage 2: FR sector level

- Consultants (external) reporting to entity at prime minister office
- Questionnaire on the identification of the existing functions (unassisted);
- Debrief and review of the questionnaires by the trained local consultants;
- Review of the annual reports to identify the outputs of functions;
- Evaluation of the time input and the cost of each function;
- Institutional reports, sectoral reports;
- Discussions with the beneficiary institutions;

## 8. FR methodology stage 3: sector institutional capacity

- Sector-based leadership for reform (respective ministry leadership with support from strategic policy division of Government),
- Consultants reporting directly to responsible sector ministry,
- Questionnaires on institutional capacity: human resources, decision-making process,
- Debrief and review of the questionnaires by the trained local consultants,
- Institutional reports on existing capacities and gaps;
- Elaboration of sector strategic development plans;
- Implementation of selected actions from seed fund;

## 9. FR findings and results: 1<sup>st</sup> & 2<sup>nd</sup> stages - 1

- Misaligned mandates, roles and responsibilities of government bodies for policy development and its implementation
- Overlapping responsibilities and duplications of functions
- Functions not consolidated around core sector policies

## 10. FR findings and results: 1<sup>st</sup> & 2<sup>nd</sup> stages - 2

- Potential for conflict of interest due to a failure to separate policy, regulation and service delivery functions
- Functions not contributing to government responsibilities and policies, and existence of unfunded mandates
- Inappropriate staffing levels and/or staff utilisation
- Lack of and need for systemic solutions to proper delegation

# 11. FR findings and results: 3rd stage

- Institutional capacities are weak:
  - absence of relevant skills, knowledge, particularly in policy-making process;
  - Insufficient infrastructure and cooperation among institutions for policy related functions (transparency of decision-making, availability of relevant data and desegregated statistics ),
  - Mentality to conserve, maintain the status quo
- Inadequate leadership for change:
  - immediate objective orientation;
  - Maximization (competition) of departmental interests at the expense of public interest

## 12. Results and sustainability of FR

- 2<sup>nd</sup> stage findings
  - Concentration of the policy-related functions in the ministries (2008-09),
  - Accountability of agencies towards relevant ministries (2008-09);
  - Reducing functional overlapping horizontally and vertically (some cases);
  - Creation of new functions that lacked (2008-09 within 3<sup>rd</sup> stage),
  - Consolidation of policy-related functions (2008-09);
- 3<sup>rd</sup> stage (implementation 2<sup>nd</sup> stage findings)
  - consolidation of policy related functions (policy, legislative, impact analysis)
  - Consolidation of strategic planning and budgeting processes (sector-based institutional planning, related strategic planning to budgeting processes, PFM)
  - Improving transparency in decision-making (law, regulations),
  - public sector human resource management reform (pay system, data-base)

# 13. Crises situation 2009 and on

- FR findings are only partly used to cut funding
- FR capacity is only partly used strategic processes of
  - Strategic institutional sector planning
  - Budgeting processes