



## Press release

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### **TOP of state-owned enterprises with the best financial sustainability: S. Metalferos and the State Center for the Attestation and Approval of Phytosanitary Products, the first in the ranking**

SE State Center for the Attestation and Approval of Phytosanitary and Fertilizer Products, S.A. Metalferos and SE Fintehinform are the state-owned enterprises in Moldova with the best financial performance. At the opposite pole are I.S Air Moldova and S.A Moldovagaz. This is the conclusion of experts from the Institute for Development and Social Initiatives (IDIS) "Viitorul". The ranking of financial sustainability of state-owned enterprises, available on [www.companies.viitorul.org](http://www.companies.viitorul.org), was presented today, June 26, at a public conference.

For the calculation of the financial sustainability indicator, the financial situation of the 50 largest state-owned enterprises in Moldova in 2015 and 2016 with assets and social capital of more than one million lei was analyzed. State-owned enterprises were assessed on the basis of four criteria: enterprise liquidity, profitability, leverage and performance.

*"Transparency standards are fairly modest in the case of state-owned enterprises and often the usual procedures by which private companies validate their results are missing from the majority state-owned companies. I refer here to tenders, the decision-making process based on the profitability of the actions or other procedures. Thus, the portal for monitoring the activity of state-owned enterprises and the discussions we have will help us to identify the existing gaps and to establish the necessary policies to raise the level of transparency for these enterprises"*, stated IDIS Director, Igor Munteanu.

*„Our goal is to evaluate financial health and transparency of state-owned enterprises in Moldova because we want them to compete, to be more transparent and have higher financial stability. By competition, they can improve and offer better information to citizens about their activities. We found out that a lot of state-owned companies in Moldova do not publish even basic financial data and this is not good because the public has the right to know about the financial situation of the enterprise and that's why we hope that in this project to increase the public pressure on the Government and state owned enterprises to publish all necessary documents”*, underlined the INEKO director, Peter Golias.

Thus, in terms of financial stability, companies providing administrative services to the population are the best. During SE. The State Center for the Attestation and Approval of Phytosanitary Products excels in profitability, with a score of 9.4 out of 10, S.A. Metalferos is characterized by a high level of liquidity, with a score of 9.8 and sales of over 1 billion lei, and SE. Fintehinform - with a low rate of indebtedness. At the top of the list are companies that supply energy resources and management infrastructure that can be declared bankruptcy in terms of financial stability. They score is less than 3.

*"Analyzing the ranking of state-owned enterprises by their financial performance, we see that some have high performance not necessarily because they are good, but because they are protected by law, and other businesses have a lower performance because they are from a sector where regulation is very bad. And then the citizen will have to understand why a state-owned enterprise is in the top most financially sustainable - whether it has a good management, there is performance or we have vicious legislation that protects it from the competition. We have*

*state-owned enterprises that influence the political class and businesses that defend business secrets, but information of public interest must be offered to everyone*”, believes the economic policy expert, Veaceslav Ionita.

Although they have the highest assets and significance for the country's development, these state-owned enterprises have the lowest score and poor financial sustainability. This is particularly the case with Air Moldova, Moldovagaz, the State Road Administration or the Railways. Air Moldova, Termoelectrica and S.A. North Western Electric Distribution Networks are also among the companies with the largest losses registered in 2016. Therefore, the main airline managed by the state has recorded losses of 227 million lei in 2016 compared to a profit of 1.1 million lei profit in 2015. Termoelectrica cut its losses by 80% to 72 million lei and the North West Distribution Networks increased their losses by over 15 times to 62 million lei.

The state-owned companies with the highest earnings in 2016 are Moldovagaz - 262 million lei, Moldtelecom - 103 million lei and Metalferos with a profit of 41.3 million lei. Also, only 66% of the analyzed companies presented the financial statements on the web page and only 10% presented the audit report, according to [www.companies.viitorul.org](http://www.companies.viitorul.org).

According to the State Registration Chamber, 1 572 state and municipal enterprises and 4 483 joint stock companies operate in Moldova, where in less than 5% of these companies the state holds a share. The sales revenue of these enterprises accounted for 20% of total sales of economic agents in the country in 2016.

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Top of the most transparent state-owned enterprises in the Republic of Moldova can be found on the open data portal [www.companies.viitorul.org](http://www.companies.viitorul.org).

*The event is held within the initiative „Promoting transparency and financial sustainability of regional policies, state – owned enterprises and local authorities in Moldova”, implemented by IDIS "Viitorul”, in partnership with the Institute for Economic and Social Reforms in Slovakia (INEKO). The initiative is financially supported by the Official Development Assistance of the Slovak Republic (SlovakAid). It aims to improve the efficiency of the state administration, self-government and civil society in the area of creation and control of regional policies, administration of state-owned enterprises, and monitoring of budgets and information openness of municipalities.*

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