

## Video-conference<sup>1</sup>: **Transparency of Moldovan public capital enterprises: between efficiency, reforms and financial independence**

Location: Online

Date: May 28, 2020

### **Transcript of Opening speech by Peter Golias, INEKO Director**

Good morning, ladies and gentlemen,

My name is Peter Golias and I am speaking with you from Slovakia because I could not come to Moldova due to coronavirus epidemic.

It is a pleasure for me to open this videoconference which should present results of transparency and financial health rating of Moldovan public companies. The conference is part of a project funded by the SlovakAid and implemented by IDIS Viitorul in cooperation with Slovak think tank INEKO that I am representing.

As some of you know, we launched our first project in Moldova back in 2015 when we collected and published financial data of all local governments in Moldova including municipalities and all regions. Later, we started to evaluate also transparency of local governments and to publish the rating based on methodology used by Transparency International in Slovakia.

In 2018 we included public companies into our analysis and started to publish both transparency and financial health rating. Today we are here to show you the update of these ratings, compare it with previous evaluations and give some lessons to be learned based on the examples from both Moldova and Slovakia.

The goal of these activities is to increase incentives for more transparent management of local government authorities and public companies. We believe that this can be done by opening relevant data and easy comparison of evaluated institutions based on relevant indicators. Therefore we have created internet portals where all this information is easily available. These portals should empower citizens, journalists, activists but also top representatives of local governments and public companies with knowledge about governance of their municipality or company in comparison with others.

All these activities are based on methodologies and successful projects implemented in Slovakia. Based on our experience, the evaluations and rankings help to increase transparency and financial stability

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<sup>1</sup> *The videoconference is part of the initiative "[Supporting democracy, independence and transparency of key public institutions in Moldova](#)" implemented by the Institute for Development and Social Initiatives (IDIS) "Viitorul", in partnership with the Institute for Economic and Social Reforms in Slovakia (INEKO) and is financially supported by the Official Development Assistance Program of the Slovak Republic (SlovakAid). The initiative aims to inform the public about the development of democracy and the independence of key state institutions, as well as to improve the transparency and financial stability of local public authorities and state-owned enterprises in the Republic of Moldova.*

which is a key for good governance and efficient spending of public money. At the same time these activities help to decrease the risk of corruption and power abuse which are the main barriers to democratic development and which impede the living standard of general public.

This year we want to focus more on the quality of democracy and governance of democratic institutions in Moldova. Therefore we have together with IDIS Viitorul launched surveys among local experts but also among general public and emigrants where we ask what they think are the biggest barriers to better democracy in Moldova. Right now we are processing the answers and we will publish results in the Report on Democracy sometimes in June.

At the same time we will evaluate the independence and openness of key public institutions in Moldova based on a methodology brought from Slovakia. These institutions will include judiciary and regulatory authorities which should prevent from the economic or political abuse of power. Based on Slovak experience, if these institutions get captured by some interest groups and stop working in public interest, this can lead to undermining the trust of citizens and social capital in the country. In the end this can lead even to criminal acts, huge corruption, and waste of money as well as economic and democratic stagnation. Our project will offer recommendations how to avoid this, how to build strong, professional, transparent and truly independent institutions.

However, all this will come in the upcoming months. Now we have to focus on fresh evaluations of transparency and financial health ratings of public companies. As you will see in presentations of my colleagues, it is a good sign that the average transparency rating has slightly improved and there is almost half companies with relatively stable financial health. For sure it will be a huge challenge to preserve financial stability in the aftermath of the coronavirus epidemic.

Nevertheless, we can see big potential for improvement in both these areas. Especially in transparency rating where the average score lags behind Slovak or Ukrainian companies. Of course we keep in mind that this is only the second update of public companies rating. I hope and I would like to wish you that the next updates will bring stronger improvements just like it was the case with local governments in Moldova.

So that is it from me. Thank you for your attention and I hope that next time we will be able to come to Moldova and to discuss the findings of our project in person.

Good Bye!