

Annex 10. Reform priorities by main sectors and their implications during 2007-2009

Sectors	Sector Analysis Overview	Priority measures identified for reforms	Implications for the allocation of funds within MTEF	Share of sectors within the total spending, per cent		
				2007	2008	2009
General destination government services	<p>§ Spending in 2005: ◇ MDL 919.6 million; ◇ 6.6 per cent of total expenditure; and ◇ 2.5 per cent of GDP.</p> <p>§ The efficiency of public services is relatively low: Ø Weak capacity to harness up-to-date management tools; Ø Although staffing costs account for a big chunk in the budget, the size of salaries still is low in the public sector; and Ø Low level of salaries and labor compensation has a negative impact upon motivation and work efficiency for public servants.</p> <p>§ Lack of a single integrated information system for the management of public funds: Ø Outdated information technologies used within the treasury system; and Ø Scanty opportunities for information exchange and processing within the given sector.</p> <p>§ Limited opportunities for an information system within fiscal administration; and</p> <p>§ Incomplete statistical data, missing statistical information on people's revenues from one's own individual farming sector.</p>	<p>§ Public administration reforms;</p> <p>§ Efficient use of human, financial, and material resources: Ø Eliminate overlapping and duplication in tasks and terms, both between public authorities and between them and private sector; Ø Review the current system and split competencies between all levels of public administration; Ø Promote regulatory framework reforms; and Ø Implement modern systems of management, procedures and practices in public administration.</p> <p>§ Human resource development and promotion policy: Ø Splitting political tasks from the administrative ones; Ø Selection, hiring and promotion of staff on a competitive basis; Ø Setting up a system for labor compensation that would allow the recruitment and retention of staff in management and skilled technical areas; and Ø Training and in-service retraining of public servants.</p> <p>§ Improvement of management in budget and fiscal sectors by: Ø Consolidating the treasury system; and Ø Automated fiscal procedures.</p> <p>§ Scaling up of statistical analysis networks in the individual farming sector by districts; and</p> <p>§ Building up of information societies all over the country and implement electronic governance.</p>	<p>§ There will be a drop in the costs incurred by ensuring the work of public administration authorities. Some measures will require additional costs, as follows: Ø Implementation of central public administration reform strategy; Ø Implementation of an information society building strategy "Electronic Moldova"; Ø Automated fiscal procedures, including the setting up of a fiscal cadastre; and receipts of on-line reports; Ø Running local elections in 2007; Ø Running parliament elections in 2009; Ø Development of customs infrastructure; and Ø Automated decision-making process within the Government.</p>	4,9	4.3	3.9
External operations	<p>§ Spending in 2005: ◇ MDL 256.2 million; ◇ 1.8 per cent of total expenditure; and ◇ 0.7 per cent of GDP.</p> <p>There is need to further develop the ties between the Republic of Moldova and other countries in view</p>	<p>§ Consolidation of diplomatic system in the Republic of Moldova by: Ø Streamlining the structure of existing diplomatic missions in the country; Ø Opening new diplomatic missions; and Ø Additional staffing some diplomatic missions dealing with the process of European integration.</p>	<p>§ Streamlining the structure of diplomatic missions will result in fund savings, which in part will be rechanneled to open other diplomatic missions and provide existing missions with additional staff; and</p>	1.1	1.0	0.9

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	<p>of boosting up the country's social and economic development and its integration with the European Union.</p> <p>Failure to timely meet its member commitments with international organizations resulted in the accrual of considerable arrears.</p>	<p>§ Review the status of membership of the Republic of Moldova within international organizations; and</p> <p>§ Repayment of debt accrued on membership fees that the Republic of Moldova is owing to international organizations, in line with phased-out repayment deadlines.</p>	<p>§ Review the membership status of the Republic of Moldova within international organizations, and compliance with the deadlines for phasing out the debts payable, thus entailing financial resource savings.</p>			
Justice and constitutional lawfulness	<p>§ Spending in 2005:</p> <ul style="list-style-type: none"> ◊ MDL 126.7 million; ◊ 0.9 per cent of total expenditure; and ◊ 0.3 per cent of GDP. <p>§ There is need to develop the professional skills of staff working in the legal system.</p>	<p>§ Improvement of institutional capacity and adequate organization of the legal system staffing;</p> <p>§ Development of a training and in-service retraining system for the staff working in the legal system; and</p> <p>§ Ensuring that the National Justice Institute is operational.</p>	<p>§ Measures to streamline the legal system will yield both resource savings and more funds, whereas the overall impact exerted by these will require no additional budget allocations; and</p> <p>§ Having made the National Justice Institute operational will result in additional budget means allocated to it.</p>	0.7	0.7	0.6
Public order enforcement, defense, and national security	<p>§ Spending in 2005:</p> <ul style="list-style-type: none"> ◊ MDL 921.5 million; ◊ 6.6 per cent of total expenditure; and ◊ 2.5 per cent of GDP. <p>§ Staff maintenance costs in the social sector have the biggest share in the structure of spending earmarked for public order maintenance, defense, and state security (salaries, nutrition, health insurance, and payment of utility costs);</p> <p>§ Technical and material resources of the Army is outdated and is no longer meeting current demands;</p> <p>§ Low capacity to train and prepare the military for battle and operative-tactical maneuvers; and</p> <p>§ Situation in penitentiary facilities is a complex issue that depends upon several factors, such as inadequate hygiene and sanitary conditions, under-nutrition, potable water supply, under-provision</p>	<p>§ Gradual shifting of border guards towards a contract-based service;</p> <p>§ Actions based upon penitentiary reform concept implementation:</p> <ul style="list-style-type: none"> Ø Develop a system for training and in-service retraining for staff; Ø Create a training center within the framework of the Department of Penitentiary Facilities, and develop the syllabus for staff training in the penitentiary system; Ø Reconstruct the existing premises of penitentiaries in Taraclia and Cahul; Ø Improve the legal framework in this area, guarding activities, sentinel surveillance, escorting, security, and reorganize education actions carried out with those in detention. <p>§ Setting up a Basic Center for Public Keys;</p>	<p>§ Suggested reforms will ensure the following:</p> <ul style="list-style-type: none"> Ø Streamlining of staffing costs and maintenance costs; and Ø Rechanneling of allocated resources to priority areas as identified. <p>§ Some measures will target additional fund allocations, as follows:</p> <ul style="list-style-type: none"> Ø Testing, classification of expired ammunition, disposal of defective weaponry and equipment the recovery of which is 	4.9	4.5	4.2

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	with technical equipment etc.	<p>§ Reaching of the targets set for the National Army as set out in the program “Partnership for Peace” and within the framework of the UN;</p> <p>§ Improvement of actions taken by peace enforcing forces located in the Security Zone;</p> <p>§ Implementation of an Army Forces construction and development plan by:</p> <ul style="list-style-type: none"> Ø Completing the reorganization of military central command authorities and streamlining of military units; Ø Developing, approving and carrying out of major programs for upgrading the air defense means, aviation, artillery, ground equipment, and transmission systems; Ø Improving the military infrastructure, in particular improvement of living conditions of the military, and security and storing conditions for the ammunition, weapons, and military and special equipment; Ø Improving the military recruits training system. Development and implementation of a new approach to training based on initial general training of the body of recruits enrolled at the Training Center of the National Army; and Ø Implementing a planning tool by programs. 	<p>deemed unfeasible;</p> <ul style="list-style-type: none"> Ø Gradual shift to contract-based services; and Ø Creation of a Basic Center for Public Keys. 			
Education	<p>§ Spending in 2005:</p> <ul style="list-style-type: none"> ◇ MDL 2,697.0 million; ◇ 19.3 of total expenditure; and ◇ 7.3 per cent of GDP. <p>§ Spending on education, as a proportion of GDP, as well as the share it has in the overall budget expenditure, are high, versus other countries, yet the quality of education services and access to education still are inadequate;</p> <p>§ Network of education facilities is not adapted to education requirements and demographic trends of</p>	<p>Ensuring of people’s access to high quality education services by:</p> <p>§ Increasing the access to education services:</p> <ul style="list-style-type: none"> Ø Improvement of institutional framework in order to ensure equal opportunities for access to basic education; Ø Streamlining of education facility networks and their adjustment to the current body of students and the one to come during the next seven years; Ø Channeling most of resources towards primary and secondary general education; 	<p>§ High level of costs and their inefficiency are a prove of having to more efficiently use the existing resources in order to change the situation to the better in this sector;</p> <p>§ Channeling of budget resources towards mandatory education;</p> <p>§ Increase in spending earmarked for nutrition in</p>	16,4	15,7	14,3

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	<p>downward sloping natality rates. As a result, the average number of attendees in these is small, thus entailing an inadequate use of budget funds;</p> <p>§ Lack of faculty staff at education facilities operating in rural areas;</p> <p>§ Considerable variations in average costs incurred per person (child, pupil, student), by budgets, by education layers, and by facilities;</p> <p>§ Low efficiency of professional schools and colleges:</p> <ul style="list-style-type: none"> Ø Use of teaching potential up to 40-60 per cent of its capacity only, thus resulting in high maintenance costs in the system; Ø Overlaps in staff training; and Ø Huge number of non-faculty staff. <p>§ Outdated systems that are not meeting the labor market demands and are not responsive to the labor market needs:</p> <ul style="list-style-type: none"> Ø Curriculum is not fully matching economic market demands; Ø Inadequate arrangements for quality and education control; and Ø Missing comprehensive information on the work of education system. <p>§ Failure to make full use of human resources available in the given sector, coupled with the lack of a faculty and management in-service training and retraining strategy; and</p> <p>§ Considerable discrepancy between education layers and types of education facilities in terms of student-to-faculty ratio and student-to-manager/administrative staff ratio. Lack of normative acts to regulate this area.</p>	<ul style="list-style-type: none"> Ø Setting out of strict responsibilities and skill-mix of local public authorities, and civil society in view of ensuring adequate working conditions for education facilities out into the regions; Ø Supply of free textbooks and provision of free hot meals for breakfast for children enrolled in school years I to IV; and Ø Provision of students attending professional and vocational schools with one meal a day. <p>§ Education services quality improvement:</p> <ul style="list-style-type: none"> Ø Develop and implement government standards for education; Ø Consolidate the teaching systems: curriculum, teaching, and evaluation; Ø Renovation of schools and school buildings from rural areas, providing schools with furniture, information technology equipment for training, equipment needed by children with special education needs; Ø Draft and approve the classifier of education services rendered by government at not cost to the user for each level within the education system; Ø Develop a National Skill-mix Framework, bringing the training programs and student enrollment plans for colleges and universities in line with trends reported on the labor market; Ø Provide more opportunities for basic education and ongoing in-service training for the faculty; Ø Reconsider the role of professional education and making it match the local demand for it; Ø Set up and develop a system of services alternative to institutionalization; Ø Extend the process of education facility accreditation on all levels of it; Ø Support for gifted children; and Ø Implement the program “High quality education in rural areas of Moldova”. 	<p>pre-school facilities;</p> <p>§ Increase in spending earmarked for hot meal breakfasts given to children of school years I to IV;</p> <p>§ Increase in spending earmarked for food, cloths, shoes and personal hygiene items in boarding schools of all sorts and orphanages, with gradual adjustments made to meet natural norms;</p> <p>§ Allocation of funds to meet the needs of pre-school facilities in terms of explanatory – teaching resources, and stationery;</p> <p>§ Resources freed up following the network streamlining will be made available and channeled to improve the quality and access to education services;</p> <p>§ Providing additional allocations in view of updating the teaching resources of professional secondary education facilities;</p> <p>§ Additional funds earmarked for securing the nutrition in professional secondary education facilities;</p> <p>§ Additional funds will be made available to provide the faculty with free of</p>			

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		<p>§ Streamlining the management of human, financial and material resources by:</p> <ul style="list-style-type: none"> Ø Creating a centralized system for the collection, monitoring and processing of various information within the education system; Ø Creating new models of monitoring and evaluation of education system and school performance; Ø Developing and implementing energy saving measures; Ø Developing and implementing certain mechanisms to support the faculty based upon performance indicators and competitiveness; Ø Developing the concept and setting up an in-service ongoing faculty training mechanism; and Ø Developing a normative framework to organize and ensure the mobility of pupils, students, and the faculty at institutional, national and international levels. 	<p>charge guidelines for all classes in the lower secondary education;</p> <p>§ Earmark financial means for providing the students of school years I to IV with free textbooks;</p> <p>§ Additional spending for increasing the share of student stipends and fellowships by 35 per cent in 2007;</p> <p>§ Additional allocation of funds for supporting the young specialists from rural areas; and</p> <p>§ Shifting away from inefficient resource-based practices to output-based mechanisms and those based upon the number of students.</p>			
Science, and innovations	<p>§ Spending earmarked for science/research and innovations in 2005:</p> <ul style="list-style-type: none"> ◇ MDL 139.5 million; ◇ 1.0 per cent of total expenditure; and ◇ 0.4 per cent of GDP. <p>§ Total amount of spending increased by 23.3 per cent versus 2005, technologic transfer went up about three times, and co-funding for international research programs and government programs – doubled;</p> <p>§ Starting in 2006, all institutional topics were aiming at sorting out the burning issues of a struggling field of science;</p>	<p>Policy actions in science/research and innovations will focus on the accomplishment of the following priorities:</p> <p>§ Streamline the use of financial means by ongoing monitoring of research and technological shift programs/projects accomplishment by the Supreme Board for Science and Technological Development with ceasing of those yielding no concrete outcomes;</p> <p>§ Conducting an analysis over the use of financial means by strategic directions of science/research and innovation sector activities for 2006-2010, approved through a Parliament Resolution no.160-XVI as of July 21st, 2005, for 2005-2006 to develop and approve new government programs targeting a rapid sorting out of burning issues pervading in the national economy;</p> <p>§ The full completion of provisions set under the</p>	<p>§ According to the government's financial capacity, the area of sciences/research and innovations will have the following share in the funds earmarked for 2007-2009: 0.6 per cent of GDP in 2007; 0.7 per cent of GDP in 2008; and 0.8 per cent of GDP in 2009.</p>	1.4	1.7	2.0

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	<p>§ Resuscitation of technical and material resources has started up in science/research facilities;</p> <p>§ Six ongoing research government programs went on within the area of science/research and innovations;</p> <p>§ Streamlining of research and innovation infrastructure was not completed because of delays in the decision-making process within certain ministries pending decisions with respect to research facilities subordinate to them;</p> <p>§ No network for innovations and technology transfer in place; and</p> <p>§ Some of the burning issues pending solutions in this sector are the completion of infrastructure streamlining, improve the efficiency of fundamental and applied research and technology transfer facilities, strengthening the research support in order to accomplish the EGPRSP, National Program “Moldovan village”, “Republic of Moldova – European Union” plan of actions, improving the quality of professional training of highly skilled faculty, consolidation of technical and material resources in science/research and innovation facilities, improving the efficiency of research works conducted, and under-payment of staff, specifically under-payment of engineers and young researchers.</p>	<p>Government resolutions on the streamlining of research/science and innovation sector infrastructure;</p> <p>§ Setting the structure of an innovational area, diversification, and widening the dimensions and size of technological transfer works;</p> <p>§ Improvement of the norm-setting framework on the funding of technological transfer programs/projects;</p> <p>§ Consolidation and upgrade of technological and research capacity of science/research and innovation facilities and organizations by means of purchasing research equipment;</p> <p>§ Setting up of research laboratories and centers supplied with specialized equipment for shared use of equipment, sets, and experimental samples within facilities;</p> <p>§ Increase of salary paid to the staff doing research and carrying out innovation works, including young specialists, the body of engineers and maintenance staff, pursuant to provisions of the new Law on salary payments;</p> <p>§ Conduct an in-depth analysis on the training of high quality skills research staff in each of the national economy’s sectors throughout 2004-2006, as well as the development of a government program for 2007-2009 following this analysis; and</p> <p>§ Setting attractive conditions in science/research for young specialists, training and retraining of specialists in the area of science/research and innovations, increase the fellowship for doctoral students.</p>				
Culture, arts, religion, sports and youth-targeting actions	<p>§ Spending in 2005: ◇ MDL 315.4 million; ◇ 2.3 per cent of total expenditure; and ◇ 0.9 per cent of GDP.</p> <p>§ Degradation and ongoing decay of the technical status of certain monuments of outstanding</p>	<p>§ Restoration and harnessing of national cultural assets, protection and conservation of historical assets with outstanding architectural value in order to set opportunities for citizens to access cultural values;</p> <p>§ Filling up the stock of books in public libraries funded from the budgets of administrative territorial units;</p>	<p>§ Implementation of national program “Moldovan village” by funding the actions of reconstruction of cultural facilities in the regions;</p> <p>§ Increase the per capita norms established for setting</p>	2,0	2,0	1,8

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	<p>importance, cultural buildings in the regions etc.;</p> <p>§ Inadequate budget allocations earmarked for the fulfillment of subscription to periodicals and development of collections;</p> <p>§ Dilapidation of technical and material resources of culture-related facilities, missing funds to provide these with equipment that is meeting the modern day demands;</p> <p>§ Low access to national culture values in the regions;</p> <p>§ Inadequate budget support provided to municipal theatre and concert performance facilities;</p> <p>§ There is an inefficient management in the operations of theatres and concert facilities in the way human and financial resources are used, indicative of loss, dilapidation, and debts owed to the budget; and</p> <p>§ Inadequate funding for upgrading of and providing the national public facility for audio-visual – “Teleradio-Moldova” company – with equipment.</p>	<p>§ Upgrading and informatization of cultural facilities, specifically those located in the regions, including securing their access to worldwide web;</p> <p>§ Implementation of national project “Caravan of culture”;</p> <p>§ Securing budget funding for municipal theatres and concert facilities in the amount set in line with legal provisions;</p> <p>§ Reconsider the terms of funding earmarked for theatres and concert facilities by granting them a budget facility status and the management of their funds through the treasury system in order to ensure the transparency and the use of those as those have been designed for; and</p> <p>§ Phased implementation of the company’s technical re-supply and development project.</p>	<p>cross-budget ties in order to provide libraries with belletristic literature;</p> <p>§ For this purpose, per capita funds have been provided for within the amount of transfers to the budgets of administrative territorial units;</p> <p>§ Allocations planned for this project will remain flat at the level reported in 2006;</p> <p>§ Increase allocations in order to increase budget transfers made to given facilities;</p> <p>§ This measure will require no budget involvement;</p> <p>§ Budget allocations for technical re-supply will remain flat at the level reported in 2006. Additional funds will be earmarked for running a body of correspondents in Brussels, broadcasting of the Radio Moldova International repertoire.</p>			
Health care	<p>§ Spending in 2005: ◇ MDL 1,572.4 million; ◇ 11,3 per cent of total expenditure; and ◇ 4.3 per cent of GDP.</p> <p>§ Although the process of health care system restructuring in Moldova reported a considerable progress to date, yet it didn’t considerably contribute towards improving the quality of health care services, and providing mainstream population with better access to these services;</p> <p>§ A large proportion of the work-age yet socially</p>	<p>§ Increase the level of access and social equity that people have to health services by:</p> <p>Ø Facilitating the mechanisms for mandatory health insurance coverage of people able to work, first of all, who, according to the Law, pay a fixed amount in health insurance premiums, including people that work their farm land on an individual basis; and</p> <p>Ø Developing and strengthening primary and emergency health care systems.</p> <p>§ Taking further measures towards improving the quality</p>	<p>§ The increase in spending earmarked for health care, coupled with steps taken towards universal coverage of population with health services provided within the framework of a unified mandatory health insurance package;</p> <p>§ The increase in health care spending per person will contribute towards the</p>	13,0	13,1	13,1

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	<p>disadvantaged population, specifically that is the case in rural areas, still is beyond the reach of a real access to health care services because of financial issues and difficulty to find transport;</p> <p>§ There is a high rate of communicable and parasitic diseases, as well as high morbidity owing to cardiovascular conditions, and cancer;</p> <p>§ Increase in the number of conditions of endocrine, nutrition, metabolism, blood and blood-forming organs, blood circulation system, as well as an increase in the number of complications in pregnancy, childbirth, and <i>post-partum</i>;</p> <p>§ Serious concerns are raised by an increase in the number of socially-determined illnesses – tuberculosis, HIV/AIDS, drug addiction related conditions;</p> <p>§ Under-staffing of health facilities, specifically those operating in the rural area, with specialist physicians; and</p> <p>§ Inadequate supply of health facilities with up-to-date biomedical equipment, and improvement of material and technical resources: running water supply systems, centralized heating, sewer, centralized natural gas supply.</p>	<p>of health care services provided to people:</p> <ul style="list-style-type: none"> Ø To consolidate the capacity of health care personnel at the national and regional levels to fulfill their duties under these new conditions; Ø To consolidate the technical and material resources, and strengthen the institutional potential; and Ø To widen the array of compensated pharmaceuticals for treatment regimens in outpatient settings. <p>§ Stimulate the recruitment of health care personnel in economically disadvantaged regions by setting adequate conditions for young specialists in rural areas;</p> <p>§ Increase the efficiency in the way resources are used by:</p> <ul style="list-style-type: none"> Ø Developing a monitoring and evaluation system for outcomes; Ø Implementing mechanisms to regulate and control the financial flows and the quality of provided services; and Ø Ensuring the transparency of management of the National Health Insurance Company operations. <p>§ Promote and use new treatment technologies and supply certain groups of population, such as socially vulnerable groups, people with chronic conditions, and fighting of disease, with drugs in priority areas;</p> <p>§ Take measures for health and epidemiological surveillance, and prevent some eventual environment pollution episodes from occurring (contaminations) with toxic compounds and radioactive waste by reducing the risk threat in ensuring people's health safety; and</p> <p>§ Create an integrated information system in the health care system for the monitoring, evaluation, and integration of health care services.</p>	<p>growth of the size of health care services provided under the unified Program;</p> <p>§ Depending upon the funds accrued under the MHIF, a priority will be the scaling up under the unified Program of the volume of health care services and the spectrum of compensated medication;</p> <p>§ Focus the health care system on the provision of high-quality, effective and efficient health care services by optimally using the financial resources and funds available;</p> <p>§ Develop and further strengthen the primary health care and widen the spectrum of compensated medication for the treatment of conditions in outpatient settings;</p> <p>§ Consolidate the national pre-hospital emergency health care system;</p> <p>§ Increase allocations earmarked for the accomplishment of national programs that would contribute towards the growth of the volume of health care services and medication rendered to specific categories of patients with socially determined conditions and</p>			

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			adverse impact on the public health and socially vulnerable people currently not covered by the mandatory health insurance system in the country; and § Earmark funds for the support of young specialists working in the health care facilities from rural areas.			
Social insurance and assistance	<p>§ Spending in 2005: ◊ MDL 4,242.7 million; ◊ 30.4 per cent of total expenditure; and ◊ 11.5 per cent of GDP.</p> <p>§ Social measures and support costs account for the biggest part of overall spending earmarked from the government social insurance budget;</p> <p>§ Current challenges in social insurance are as follows:</p> <ul style="list-style-type: none"> Ø Inequities still existing in the pension system, particularly in agriculture; Ø The breakdown of government social insurance budget is conventional today, thus making the planning and monitoring of costs difficult to perform by individual social provisions; and Ø Size of pensions and social benefits still is relatively low. An average pension of a retiree accounted for merely MDL 373 in 2005. The proportion of average salary replacement in the overall economy countrywide is 28 per cent. <p>§ There are the following socially related issues in the country:</p> <ul style="list-style-type: none"> Ø Social provisions carry on being granted mostly based upon a category principle, making no allowance for the living standards of benefit recipients; Ø There is no fundamental procedure for setting 	<p>§ Consolidate the financial stability of the social insurance public system in the medium and long run, and improve equity of this by:</p> <ul style="list-style-type: none"> Ø Further redistributing government social insurance contributions between the employer and employee; Ø Implement the Strategy on the pension system reforms for the people operating in agriculture; Ø Split the government social insurance funds from the social insurance budget; Ø Adjust the analytical pension system medium-term forecast model, and government social insurance budget revenues and expenditure; and Ø Increase, or re-update by indexing the size of social insurance and social support provisions. <p>§ Improve the procedure for the provision of social support provisions by:</p> <ul style="list-style-type: none"> Ø Introduce in the medium run a practice of setting nominative compensations based upon general means testing on the accounts reported by a person / family with use of access filters; and Ø Introduce a system of poverty allowances in 2009 based upon subsistence allowances. <p>§ Develop and diversify community-based social services by:</p> <ul style="list-style-type: none"> Ø Promoting and implementing a draft Law on the protection of child in difficulty; and 	<p>Public spending for social protection will increase by about 1.5 times during 2007-2009 versus 2006, and will reach 12.3 per cent of GDP by 2009;</p> <p>A more significant growth is expected in the spending from GSIB following the implementation of social support measures;</p> <p>Measures planned for 2007-2009 in the social support sector will involve a growth in allocations from the government budget and ATU budgets alike by approximately 1.3 times versus 2006;</p> <p>Donor funding (PSA) is anticipated to be used for some social assistance measures (development of a network of social workers) at the initial stage;</p> <p>Introduction of a mechanism for the</p>	30,3	31,6	32,5

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	<p>the size of various provisions, terms and order of changing the quota of these;</p> <ul style="list-style-type: none"> Ø There is no single records keeping of social provision recipients and, as a consequence, some people benefit from social benefit provisions within different social programs, whereas other people in need benefit from no social provisions at all; Ø The monitoring and evaluation system of social benefit programs, their impact upon the well-being of social benefit recipients, and poverty trends, all need improvement; Ø There is no clear-cut mechanism for budget resource allocation and use for social assistance; and Ø The legal framework setting norms in monetary social assistance is fragmented. 	<ul style="list-style-type: none"> Ø Keeping up and developing a network of social aid kitchens, and by developing a network of shelters for the elderly and disabled. § Consolidate the capacity of social support system by: <ul style="list-style-type: none"> Ø Developing a primary network of social workers at the level of mayor's office; Ø Developing the institutional and technical capacity of the personnel in this sector by developing a national system for professional training; and Ø Developing a unified information system for keeping records of social benefit recipients. 	<p>provision of income-based social assistance benefits will channel social assistance towards the poorest. It is planned that this be implemented within the limits of existing funds.</p>			
Agriculture, forestry, fishery, and water services	<ul style="list-style-type: none"> § Spending in 2005: <ul style="list-style-type: none"> ◇ MDL 577.3 million; ◇ 4.1 per cent of total expenditure; and ◇ 1.6 per cent of GDP. § Government is providing support in agriculture by employing two approaches: <ul style="list-style-type: none"> Ø Monetary subsidies from the budget; and Ø Non-financial support. § The biggest chunk of budget spending is channeled to a Farmers' Subsidies Fund and to a Vine Plantation Creation Support Fund; § Agriculture is the sector suffering most from the increase of the price tags on fuel, mineral fertilizers, pesticides, veterinary pharmaceuticals, forage supplements, and on other goods; § The under-supply with equipment, or the advanced wear and tear of the latter one, has had adverse effects on all sectors of agriculture; 	<ul style="list-style-type: none"> § Stimulate economic agents operating in agriculture by providing them with direct subsidies; § Support the program for resuscitation of agriculture sub-sectors by subsidizing the procurement of agricultural equipment; § Implement a system for identification and traceability of livestock, vaccination, and a passport-like tracking of these all over the Republic of Moldova; § Shifting the agricultural equipment supervision tasks to budget funding; and § Implement a certification system for cereal stores. 	<ul style="list-style-type: none"> § More government subsidies for agriculture, including for agricultural equipment by means of a farmers' support Fund and Vine Plantation Creation Support Fund; § Implement a system for identification and traceability of livestock, vaccination, and surveillance of communicable diseases, will imply the allocation of additional funds from the government budget; § Maintenance of Government Agricultural Equipment Surveillance Inspectorate "Intehagro" will imply additional funds from the 	3,8	3,4	3,1

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	<p>§ The lack of a traceability system for animals, vaccination, and control over animal movement, have had adverse effects on export in agriculture, too (specifically, export of animal products);</p> <p>§ Some of government's responsibilities and tasks of managing this sector are scattered in some facilities that operate based on private business principles; and</p> <p>§ There is no efficient crediting system in place for farmers.</p>		<p>government budget; and</p> <p>§ It is planned that Government funds be earmarked as contribution to the setting up of the Guarantee Fund for store certificates.</p>			
Environment protection, and hydro-meteorology	<p>§ Spending in 2005: ◇ MDL 54.2 million, including special funds equal to MDL 27.9 million; ◇ 0.4 per cent of total expenditure; and ◇ 0.1 per cent of GDP.</p> <p>§ Environment funds have an impact on the implementation of environment protection national strategies, programs and plans, standards and norms, projects for construction and co-funded involvement in construction of environment protection objects, yet the efficiency of use of these funds is very low, because the given programs are not usually implemented in full, with some funds left unused on those funds' bank accounts in the end;</p> <p>§ The contribution that funds have to scaling up and protection of forest resources and land surfaces under government's protection; and</p> <p>§ Contribution of funds to research in environment protection; co-shared participating in research and development activities; development of projects for protected areas in the country's natural and built assets of national and international importance.</p>	<p>§ Provide the mainstream population, central and local public administration authorities, national economy and defense with forecasts and alerts on dangerous weather phenomena, as well as on the level of environment pollution;</p> <p>§ Support projects for the implementation of environment protection strategies, programs and plans, including the storing and neutralization of unusable and banned pesticides;</p> <p>§ International cooperation in the area of environment protection, payment of membership fees to multi-government environment protection organizations, preparing and accomplishment of activities to implement the Convention on international trade with wild species of flora and fauna on the brink of extinction; and</p> <p>§ Exert state control over the compliance by economic agents and natural persons with legal provisions and environment normative acts on environment protection and its use.</p>	<p>§ It is planned that the management of environment funds be improved. There will still be relatively high reliance on external donor funding when implementing environment protection programs within the total amount of spending earmarked for this sector.</p>	0.5	0.4	0.3
Transport, road services, communicatio	<p>§ Spending in 2005: ◇ MDL 217.7 million, including MDL 149.9</p>	<p>§ Increase the share of public roads renovation works in</p>	<p>§ The focus will be on a more efficient use of the roads</p>	1,7	1,5	1,4

Sectors	Sector Analysis Overview	Priority measures identified for reforms	Implications for the allocation of funds within MTEF	Share of sectors within the total spending, per cent		
				2007	2008	2009
ns, and information management	<p>million for road services; ◇ 1.6 per cent of total expenditure; and ◇ 0.6 per cent of GDP.</p> <p>§ The network of public roads requires considerable renovation and maintenance works; and</p> <p>§ Quite a few of the country's public roads require renovation and construction works.</p>	<p>the overall volume of works completed by the roads service;</p> <p>§ Rehabilitation and construction of public roads infrastructure; and</p> <p>§ Upgrade the national system for communications and service infrastructure by bringing them in line with European standards.</p>	<p>service's existing resources, coupled with additional resources also being poured in, so as to complete public roads renovation and maintenance works effectively and of a high quality;</p> <p>§ It is planned to increase investments up to the total amount of about MDL 60 million a year in order to take public roads rehabilitation and construction measures during 2007-2009; and</p> <p>§ The following actions will be taken in communications:</p> <ul style="list-style-type: none"> Ø Grow the amount of allocations earmarked for the implementation of stages II and III of the communications system of central and local public administration authorities; and Ø Increase allocations earmarked for the setting up of a Certification Center for Public Keys. 			