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**RULE OF LAW INSTITUTIONAL
STRENGTHENING PROGRAM (ROLISP)**

REPORT ON ASSESSMENT OF BUDGET ACTIVITIES

Rule of Law Institutional Strengthening Program (ROLISP)

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ASSESSMENT REPORT

OF ACTIVITIES ON FINANCIAL MANAGEMENT AND BUDGETIN

Developed by: Marcel Blanuta
USAID ROLISP
Court budgeting specialist

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I. BACKGROUND

In March 2012, USAID launched a new rule of law initiative in Moldova, the Rule of Law Institutional Strengthening Program (USAID/ROLISP), aimed at strengthening the institutional capacity, transparency and accountability of key justice sector institutions in order to guarantee the independence and increase the effectiveness and professionalism of the judiciary. By strengthening the stability and efficiency of institutions responsible for safeguarding democracy and the rule of law, including by strengthening the administrative and institutional capacity of the judiciary, USAID ROLISP will contribute to an improved capacity and ability of the judiciary to respond to citizens' needs. USAID ROLISP is organized into three complementary objectives:

Objective 1: Enhance the effectiveness, transparency and accountability of the Moldovan judiciary.

Objective 2: Support the development of a professional judicial and prosecutorial cadre in Moldova.

Objective 3: Increase the capacity of civil society organizations to monitor and advocate for justice sector reform and improve legal awareness.

Under Objective 1, USAID ROLISP proposed to develop effective, strategic and financial planning skills within the SCM and MOJ for the long-term development of the judiciary, in order to improve justice sector resource management efficiency, accountability, and access to resources, by enhancing SCM's financial management systems. The activities under this Objective support intervention 1.1.5 of the Strategy "Increase the efficiency of management and improve the practical and regulatory system of court administration and the strategic analysis related to budget planning".

In order to achieve the Objective 1, USAID ROLISP proposed the following tasks:

1. **Task 1.2.1.** Assist SCM in developing the capacity to manage the judiciary's financial resources and fulfill its procurement oversight, financial reporting and audit functions. Training will be provided to SCM staff on financial management, auditing, procurement and reporting.
2. **Task 1.2.2.** Develop the capacity of the SCM to formulate, present and defend budget requests to the GoM.
3. **Task 1.2.3.** Build the capacity of Moldovan court to develop budgets and manage financial resources.
4. **Task 1.2.4.** Support the expansion of court administration capacity within the DJA through the creation of appropriate administrative structures responsible for procurement, capital improvements, human resources and statistical analysis, enabling the DJA to provide administrative support to the SCM.

Under Objective 2, USAID ROLISP proposed to improve management practices within NIJ. One of the tasks to achieve the goal is to develop strategic management capacity within the NIJ (Task 2.1.1).

II. THE SCOPE AND OBJECTIVES OF THE ASSESSMENT

The scope of the proposed assignment is to assess the impact of USAID ROLISP's effort on judiciary capacity to manage the financial resources.

The main objectives are:

1. To list all outputs and results of the how the activities performed by the USAID ROLIP.
2. To measure the impact of the results on judiciary finance management.
3. To identify the time sustainability of the activities performed.
4. To identify the risks that may arise in the short and medium term.
5. To propose the actions to be taken by the SCM/MoJ in order to eliminate or decrease the risks.

III. THE METHODOLOGY USED FOR THE ASSESSMENT

To make the assessment possible, the first step that was taken was to review all budget related activities in the 4 USAID ROLISP's work plans related to financial management and budgeting and group them by the tasks mentioned above. After grouping the activities we have the following:

1. To achieve Tasks 1.2.1. – four actions have been identified as performed: Actions from 1.7 to 1.10.
2. To achieve Tasks 1.2.2. – three actions have been identified as performed: Actions from 1.11 to 1.13.
3. To achieve Tasks 1.2.3. – twelve actions have been identified as performed: Actions from 1.14 to 1.25.
4. To achieve Tasks 1.2.4. – two actions have been identified: Actions from 1.26 to 1.27.
5. To achieve Task 2.1.1. – four actions have been identified: Actions from 2.28 to 1.31

The numbering of the actions mentioned above does not match with numbering used in the USAID ROLISP Action plan. During four years of the Program implementation, the numbering of the activities in the Action Plan was changing¹.

To assess the impact of each activity over the judiciary capacity to manage the financial resources, the author has rated the judiciary's capacity to manage the financial resources as follow: none, low, medium and high. The judiciary's capacity to manage its financial resources was assigned by the author based on his perceptions and experience received during the Program implementation. Each activity performed may be time sustainable or not, depending on how the judiciary is benefiting from the outputs delivered and results obtained. Some outputs in short or medium term may not be used by the judiciary for unknown reasons, others will be used continuously. In order to identify the

¹ See Annex 1

level of time-sustainability, the author proposed to rank rated the time sustainability as follow: low, medium and high. The rank assigned is the author's opinion based on the perceptions and experience received during the Program implementation.

Some outputs may not be time sustainable because of some risks that may appear during the time. In order to make the outputs time sustainable, the author identified some risks that may occur.

To minimize or exclude the risks, the author proposes some actions to be taken. The judiciary may take additional actions that are not reflected in the report. The proposed actions are the minimum that the judiciary can take.

IV. THE IMPACT ASSESSMENT

In order to consolidate the results of the report, the assessment is presented in table format in the Annex 1 that gives the findings and conclusions of the assessment.

V. FOLLOW-UP ACTIONS

The actions to be taken by the SCM/MoJ are presented in the Annex1. Some actions that need additional attention are:

1. To use the Performance-based budgeting methodology.
2. Updating or improving the Performance-based budgeting methodology.
3. To implement Financial management and control system for all courts.
4. To improve the State fee calculator software when new ICMS will be developed. The improvement is related to secured on-line payment of state fee.
5. To provide trainings for courts' staff in financial management and public procurement.

Annex 1

| Tasks | Actions | Outputs | Results | Impact | Time Sustainability | Risks | Follow-up actions |
|--|--|--|--|------------------|---------------------|--|--|
| Task 1.2.1. Assist SCM in developing the capacity to manage the judiciary's financial resources and fulfill its procurement oversight, financial reporting and audit functions. Training will be provided to SCM staff on financial management, auditing, procurement and reporting. | Action 1.7. Assist the SCM in developing a methodology for Performance-based budgeting | <ul style="list-style-type: none"> SCM decision nr.109/3 dated 28.01.2014 | Courts receive part of the budget based on their performance | High | Medium | Use the methodology infrequently | Use the methodology. Update the methodology on a timely basis |
| | Action 1.8. Assist the SCM in developing a regulatory framework for the judicial budgetary procedure | <ul style="list-style-type: none"> The framework | A transparent and uniform budgetary procedure for judiciary with clearly defined responsibilities and obligations of each participant | High | High | None | SCM to review the procedure on timely basis to define the needs of the system |
| | Action 1.9. Assist the SCM in developing the budget request template for judiciary | <ul style="list-style-type: none"> The template The instruction how to use the template | <ul style="list-style-type: none"> The courts' budget requests are unified and improved The quality of budget request improved from 2.47 points in 2012 to 4.27 points in 2015 | High | Medium | The new budgeting IT application implemented by the MoF may replace the template | SCM to analyze the IT application and improve, if needed, the template. |
| | Action 1.10. Assist DJA replacement entity with implementing its internal audit function | <ul style="list-style-type: none"> Draft of the Internal audit regulation for DJA or replacement agency | None | N/A | N/A | N/A | SCM and MoJ have to finalize the dispute on role of the DJA or replacement agency and decide the future of it. |
| Task 1.2.2. Develop the capacity of the SCM to formulate, present and defend budget requests to the | Action 1.11. Implement methodology for Performance-based budgeting | See Activity 1.7 | See Activity 1.7 | See Activity 1.7 | See Activity 1.7 | See Activity 1.7 | See Activity 1.7 |
| | Action 1.12. Assist with | See Activity 1.9 | See Activity 1.9 | See | See Activity | See Activity | See Activity 1.9 |

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| GOM. | implementing the budget request template | | | Activity 1.9 | 1.9 | 1.9 | |
| | Action 1.13. Revision of the performance-based budgeting methodology according to the new budget classification implemented by the Ministry of Finance | The PBB methodology revised | The PBB methodology is in conformity with the new budget classification | High | High | See Activity 1.7 | See Activity 1.7 |
| Task 1.2.3. Build the capacity of Moldovan courts to develop budgets and manage financial resources | Action 1.14. Train court representatives in programme-based budgeting and budget execution | 84 persons trained | The responsible persons are trained in new budget development methodology the MoF started to use for 2016 budget year | High | High | Low institutional memory | Conduct additional trainings after one year of use if needed |
| | Action 1.15. Train court representatives in financial management, internal audit and public procurement | 92 persons trained | Attendees increased their knowledge (from 50% to 65%) | Medium | High | Low institutional memory | Conduct additional trainings after one year of use if needed |
| | Action 1.16. Train court representatives in applying performance-based budgeting methodology | 89 persons trained | The responsible persons for budget development were trained in the budget development methodology | High | High | See Activity 1.7 | Provide trainings if needed |
| | Action 1.17. Train court representatives in applying budget request template | 89 persons trained | The responsible persons for budget development were trained in the budget request template | High | High | See Activity 1.9 | Provide trainings if needed |
| | Action 1.18. Conduct a study of best international practices for financing judicial system | Study developed | Practical recommendations for performance-based budgeting | High | Medium | None | N/A |
| | Action 1.19. Purchase and | In 42 courts 1C | All courts have a | High | High | Not all courts | SCM to monitor |
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| | install uniform financial management software in all courts | budget installed and 41 accountants trained | uniform financial management software | | | use the 1C budget software | the usage of the 1C budget application |
| | Action 1.20 Develop a Guideline for centralized public procurements | Guideline developed | None | N/A | N/A | N/A | N/A |
| | Action 1.21. Assist with automation of financial reporting in Moldovan judiciary | E-signature procured for 5 piloting reports | None | High | High | N/A | <ul style="list-style-type: none"> • All court to get e-signatures. • SCM to monitor the usage of e-signatures. |
| | Action 1.22. Assist SCM and courts with developing and piloting the Financial Management and Control System in judiciary | FMC system organized and implemented in 7 pilot courts | The courts are managed transparent, efficient and effective | High | High | FMC system not organized in and implemented by all courts | SCM to organize and implement the FMC system in all courts |
| | Action 1.23. Assist SCM and courts in developing a web calculator for state fees | State fee web calculator developed | Transparent and correct calculation of the state fee | High | High | The administrator will not ensure the continuous development of the application | Administrator continues to develop the application according to needs, in particular for electronic payment |
| | Action 1.24. Assist courts in implementation of the new budget classification | 53 persons trained | All responsible persons from SCM, DJA and courts were trained in new budget classification | High | High | None | Provide trainings |
| | Action 1.25. Develop a public procurement Guidebook for courts | The guidebook | The courts' representatives have a practical guideline to perform public procurement | High | Medium | The legal framework frequently changes | Provide trainings in public procurements if needed. |

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| | | | according to new legal framework | | | | |
| Task 1.2.4. Support the expansion of court administration capacity within the DJA through the creation of appropriate administrative structures responsible for procurement, capital improvements, human resources and statistical analysis, enabling the DJA to provide administrative support to the SCM. | Action 1.26. Assist with implementing the recommendations proposed in the Guidelines for centralized public procurements | None | None | N/A | N/A | N/A | N/A |
| | Action 1.27. Conduct a cost-benefit analysis of centralized procurement of postage meters | The report | None | N/A | N/A | N/A | N/A |
| Task 2.1.1. Develop strategic management capacity within the NIJ | Action 1.28. Conduct a NIJ's budget assessment | The report | Recommendations | Medium | N/A | Recommendations are not implemented | To follow the recommendations |
| | Action 1.29. Organize trainings in budget development and public procurements | 15 persons trained | All responsible persons from NIJ were trained in budget development and public procurement | Medium | Medium | None | Provide trainings |
| | Action 1.30. Develop Regulation of the Economic and Financial Division | Regulation | Responsibilities and obligations are defined | High | High | Regulation not approved and followed | To approve and follow the regulation |
| | Action 1.31 Develop Regulation on the internal budgeting procedure | Regulation | The budgeting procedure is clear and all participants know the obligations and responsibilities | High | High | Regulation not approved and followed | To approve and follow the regulation |