

REPUBLIC OF MOLDOVA



STATE TREASURY

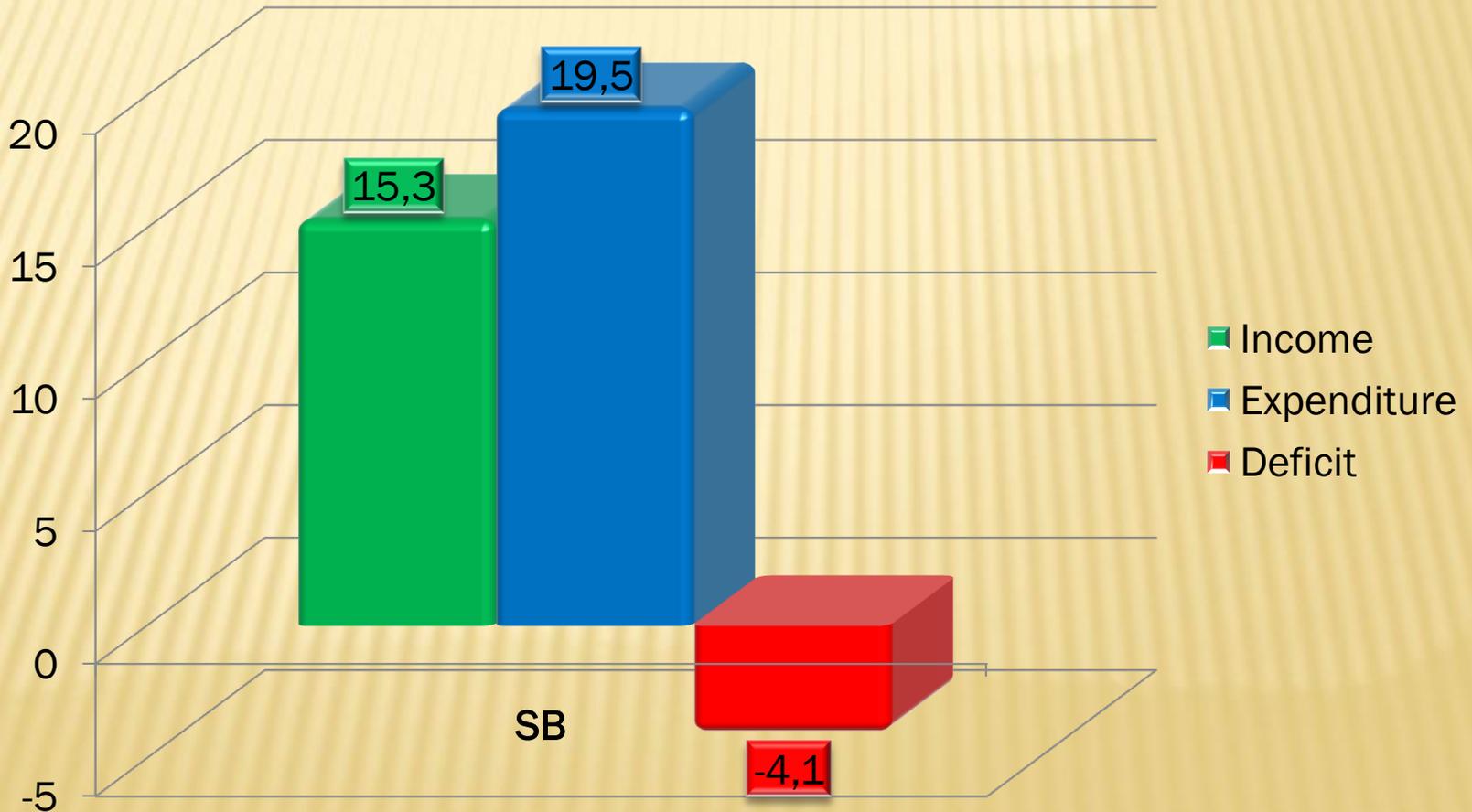
REPUBLIC OF MOLDOVA

- ✘ Moldova is situated in Central Europe, in North-Eastern Balkans, it has the area of 33,843.5 km²
- ✘ Population - 3,563,700 citizens
- ✘ Capital - Chisinau
- ✘ Moldova is divided into 35 regional administrative units
- ✘ Moldova is parliamentary republic

STATE BUDGET 2010

- ✘ Revenues – 15.3 bn.lei (1,2 bn.\$)
- ✘ Expenditure s– 19.5 bn.lei (1,5 bn.\$)
- ✘ Deficit – 4.1 bn.lei (-0,3 bn.\$)

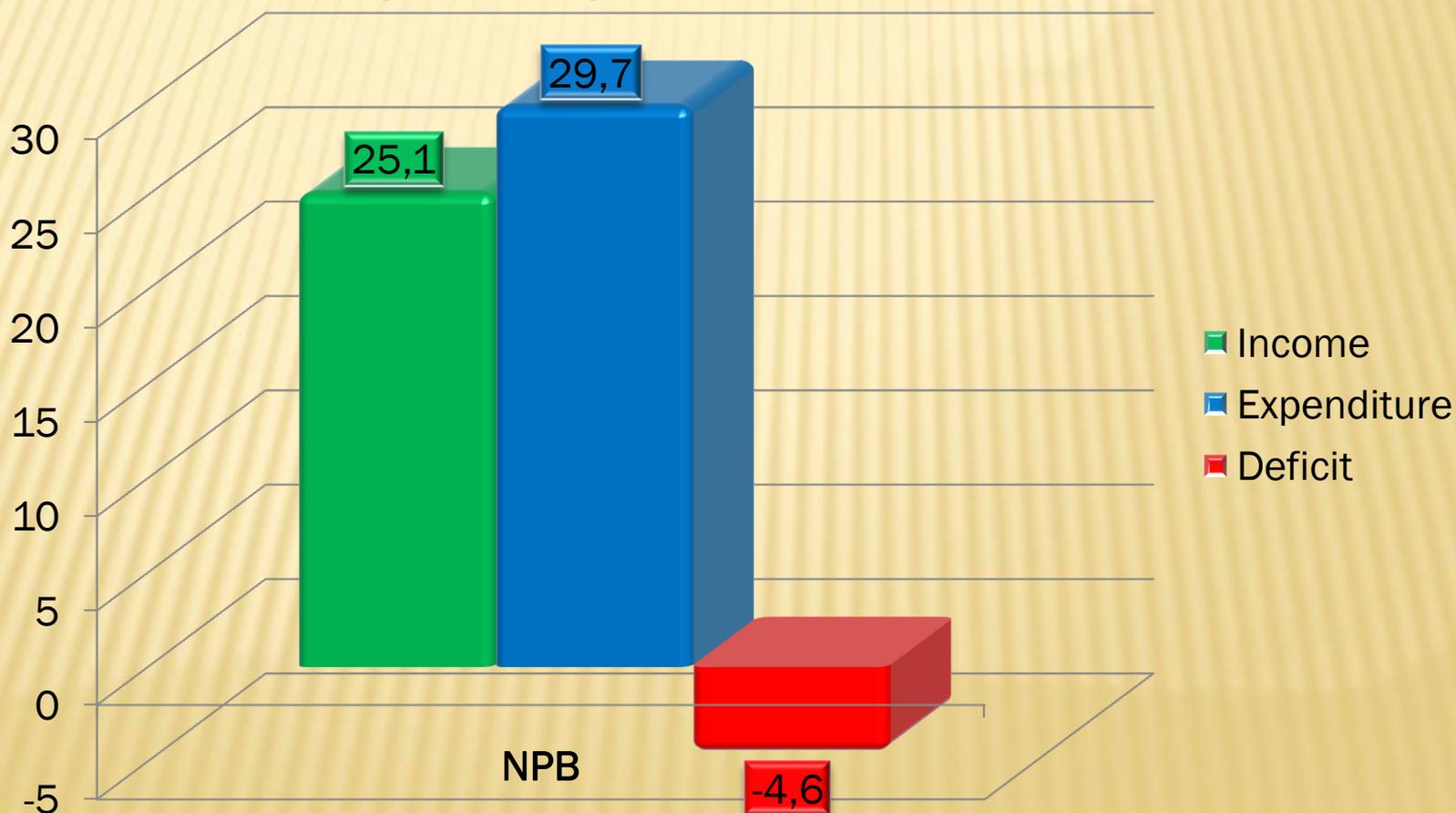
6,4% of GDP



NATIONAL PUBLIC BUDGET 2010

- × revenues – 25.1 bn.lei (2,0 bn.\$)
- × Expenditure – 29.7 bn.lei (2,4 bn.\$)
- × Deficit – 4.6 bn.lei (-0,4 bn.\$)

7,2% of GDP



SUMMARY 1

1. Establishment and development of the Treasury system
2. Treasury system structure
3. Treasury system functions
4. Treasury Single Account (TSA)
5. Public Finance Management Project

1. TREASURY SYSTEM CREATION AND DEVELOPMENT

1.1 Legislative and Regulatory norms

- ✘ Presidential Decree "On State Treasury" (no. 39 of March 10, 1993)
- ✘ Budgetary System and Budgetary Process Law (no. 847-XIII of May 24, 1996)
- ✘ Local Public Finance Law (No 397-XV of October 16, 2003)
- ✘ Annual Budget law
- ✘ Law on Accounting (No. 113-XVI of April 27, 2007)
- ✘ Regulations and detailed rules

1. TREASURY SYSTEM CREATION AND DEVELOPMENT

1.2 State Treasury Development

× Stage I

State Budget:

1993 – 1997 Revenues

1998 – 1999 Expenditure

× Stage II

2000 – 2001 Administrative-Territorial Units Budgets (ATUB)

× Stage III

2004 Compulsory Health Insurance Fund (CHIF)

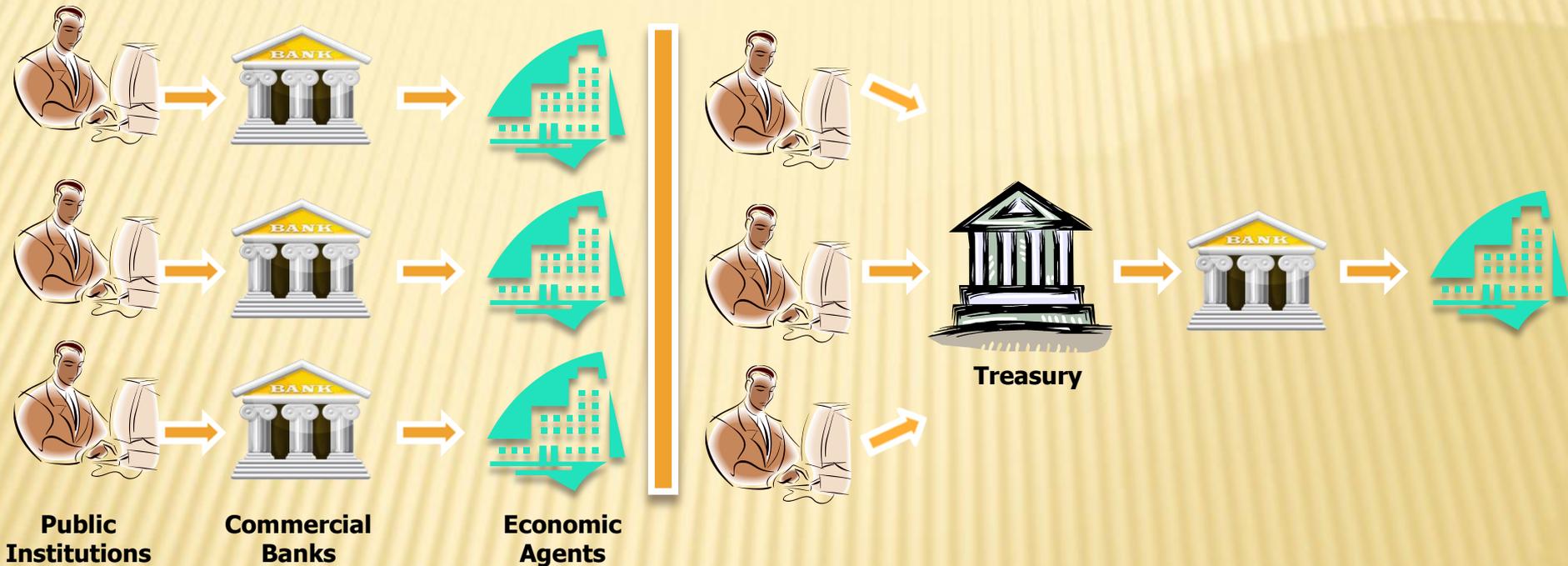
× Stage IV

2006 State Social Security Budget (SSSB)

× Stage V

2007 Treasury Single Account (TSA)

1. TREASURY SYSTEM CREATION AND DEVELOPMENT



* Closing the current accounts of public institutions in commercial banks and opening current accounts of territorial treasuries in commercial banks

* Central Treasury Serving - National Bank
Territorial Treasuries Serving - Commercial Banks

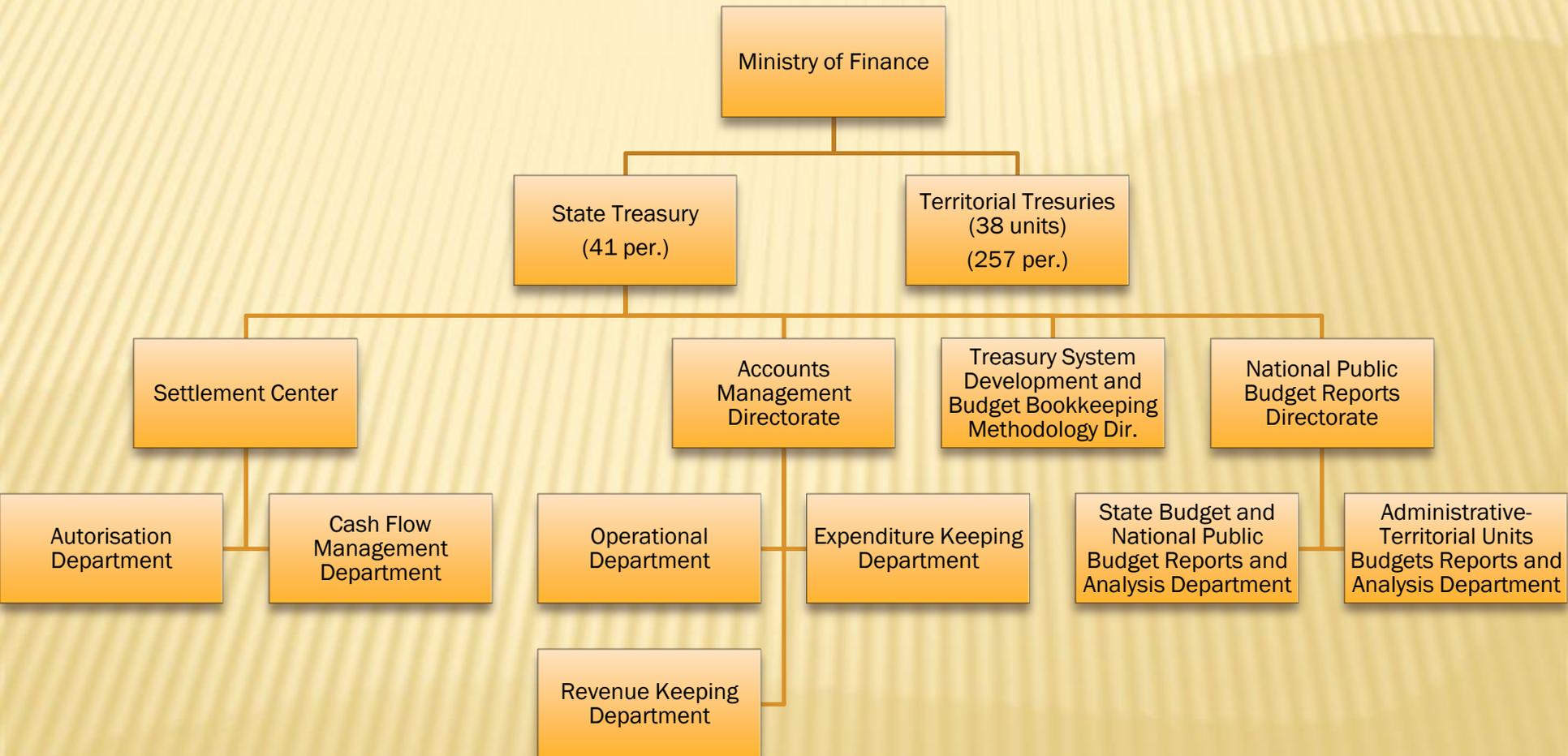
2. TREASURY SYSTEM STRUCTURE

2.1 System Treasury creation steps

- ✘ 1993-1997 State Treasury
- ✘ 1997-1998 State Treasury + 12 Territorial Treasuries
- ✘ 2000-2001 State Treasury + 38 Territorial Treasuries

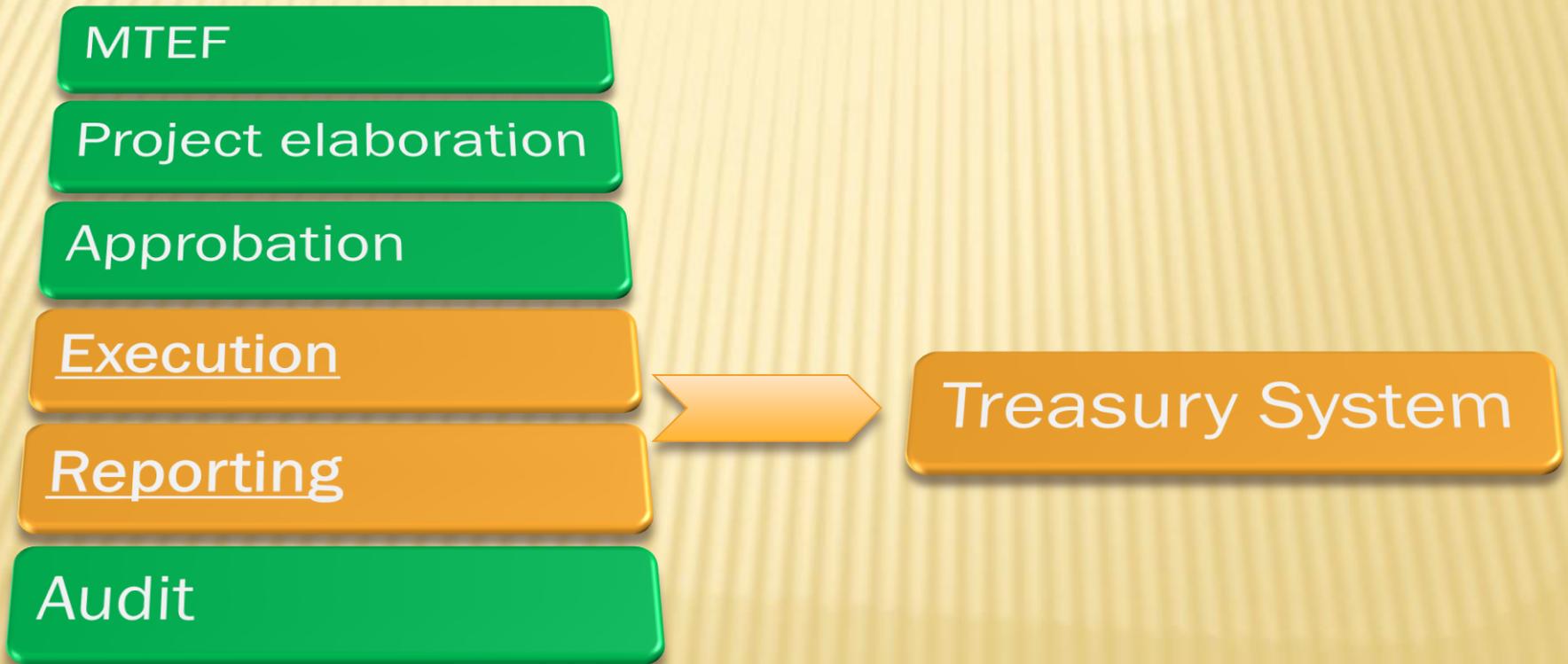
2. TREASURY SYSTEM STRUCTURE

2.2 Organigram



3. TREASURY SYSTEM FUNCTIONS

3.1 Treasury System role in the budget process



3. TREASURY SYSTEM FUNCTIONS

3.2 Basic functions of The Treasury System

- ✘ Cash execution of the National Public Budget (SB, ATUB, CHIF, SSSB):
 - budget revenues accounting (information from MSTI, CS)
 - supervision over the efficiency of budget expenditures
- ✘ Accounting of state procurements within approved budget limits
- ✘ Resources Management in TSA
- ✘ Preparation of periodic forecasts of the state budget and ensures liquidity management
- ✘ Preparation and presentation of regular reports and operative information on cash execution of the national public budget
- ✘ Approval of accounting methodology in the budget sector

4. TREASURY SINGLE ACCOUNT (TSA)

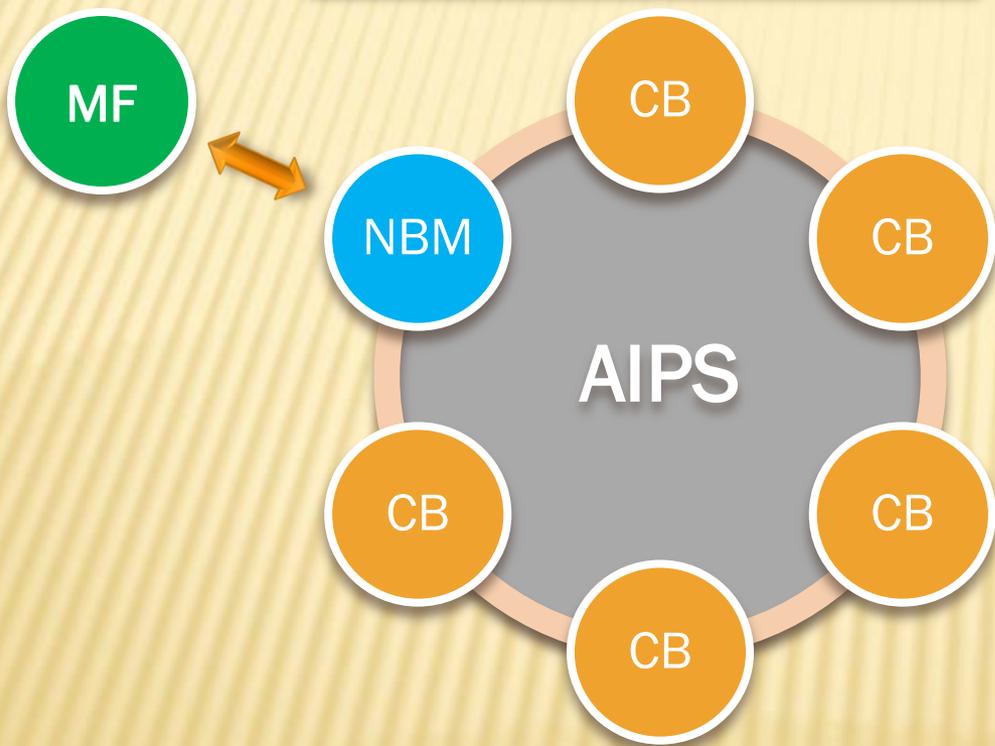
4.1 TSA formation – correspondent account in AIPS

National Bank & Commercial Banks	TSA	
1. State Budget 2. Administrative-Territorial Units Budgets 3. State Social Security Budget 4. Compulsory Health Insurance Fund	1.03.2007 1. State Budget (revenues) 3. State Social Security Budget (revenues) 4. Compulsory Health Insurance Fund (revenues)	1.01.2008 1. State Budget 2. Administrative-Territorial Units Budgets 3. State Social Security Budget 4. Compulsory Health Insurance Fund

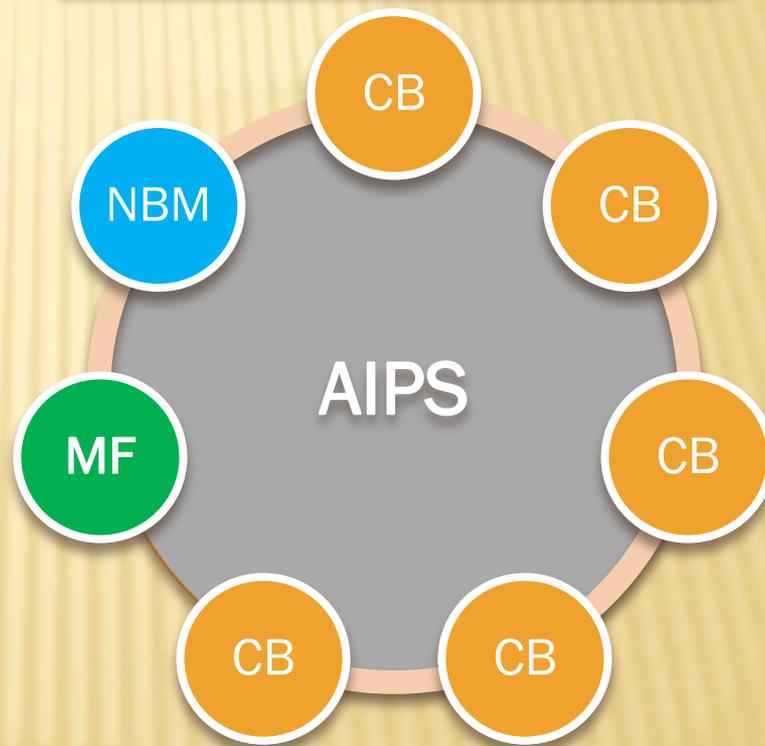
4. TREASURY SINGLE ACCOUNT (TSA)

4.2 Ministry of Finance and AIPS

MF In Client Posture



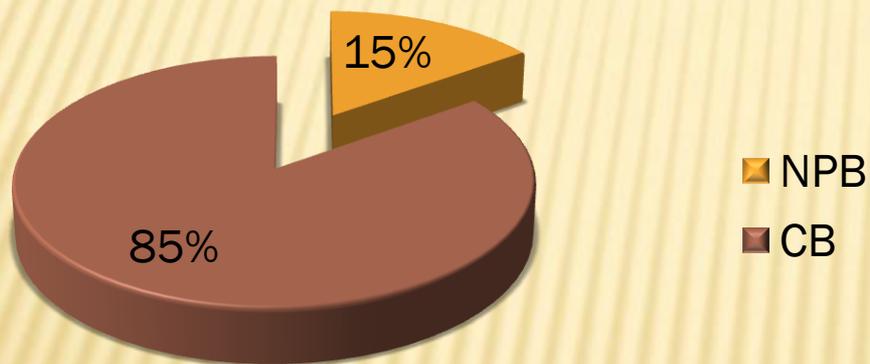
MF In AIPS Participant Posture



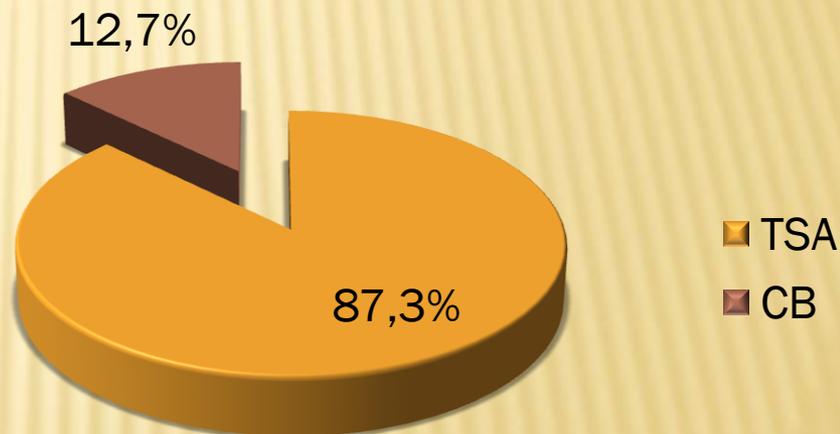
4. TREASURY SINGLE ACCOUNT (TSA)

4.3 NPB balance in TSA

NPB balance in 2006

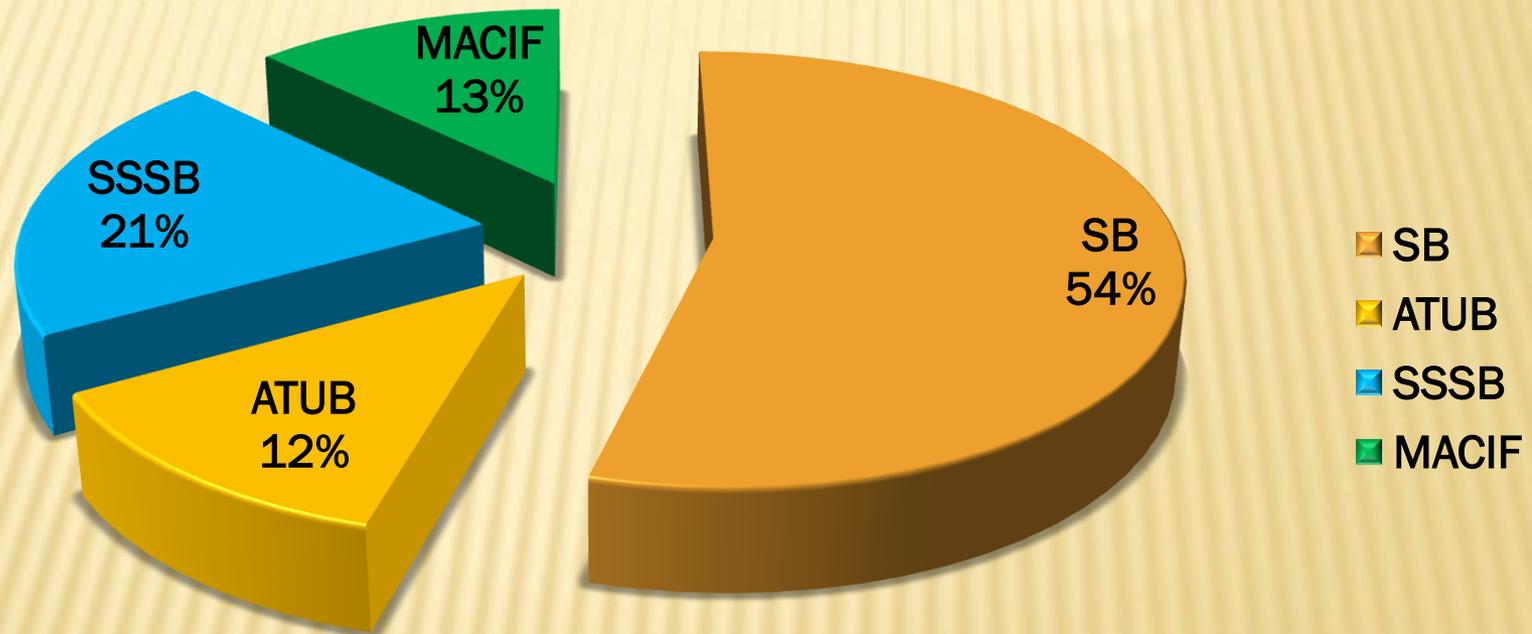


NPB balance in 2010



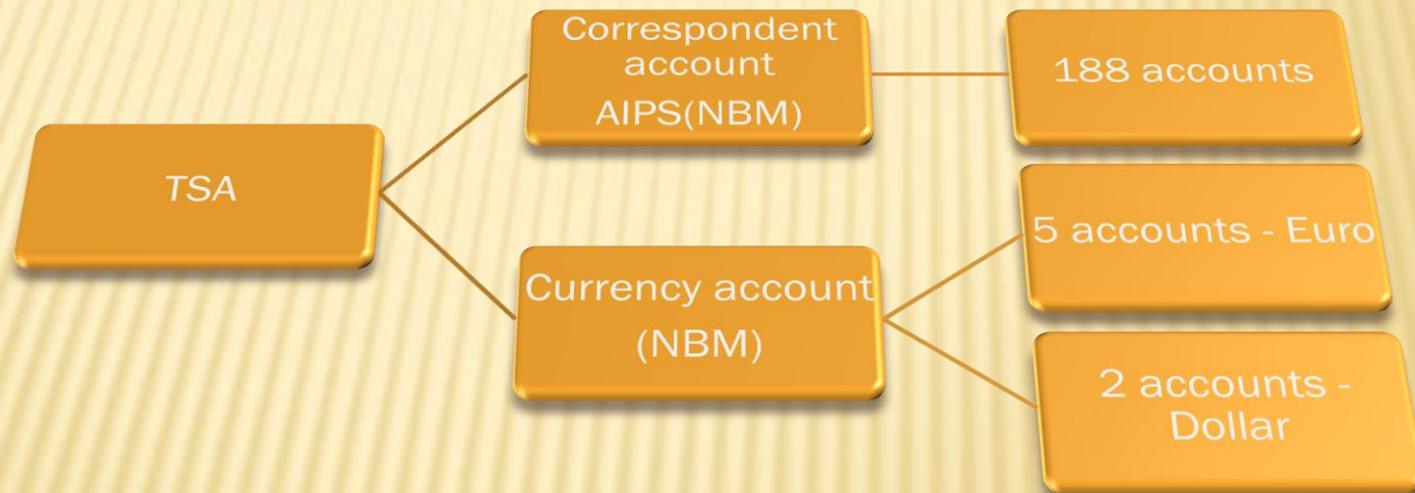
4. TREASURY SINGLE ACCOUNT (TSA)

4.4 NPB balance structure in TSA



4. TREASURY SINGLE ACCOUNT (TSA)

4.5 Analitic structure TSA



5. PUBLIC FINANCE MANAGEMENT PROJECT

- × **Purpose** – improvement of public finance management
- × **Basic Component** of the public finance management project:

objective:

- a. budgeting methodology
- b. budget execution methodology
- c. finance management information system

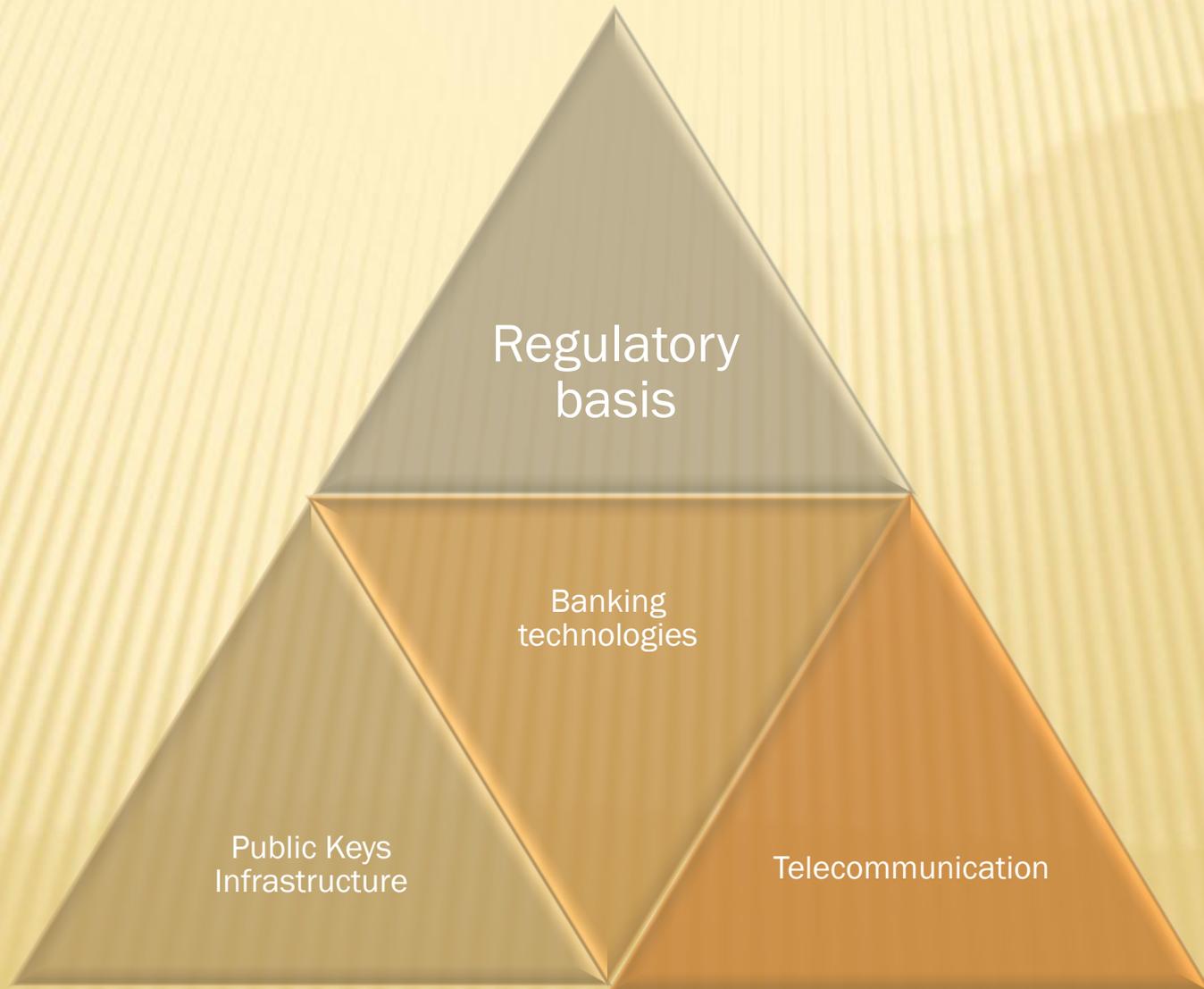
results:

- a. modification of the legislative and methodological framework
- b. development and implementation of budget classification and single integrated chart of accounts
- c. implementation of public finance management information system

SUMMARY 2

6. Preconditions for electronic payment systems
7. Specific features of interaction between the State Treasury and banking system
8. Functional scheme of the Treasury Single Account with utilisation of electronic payment systems

6. PRECONDITIONS



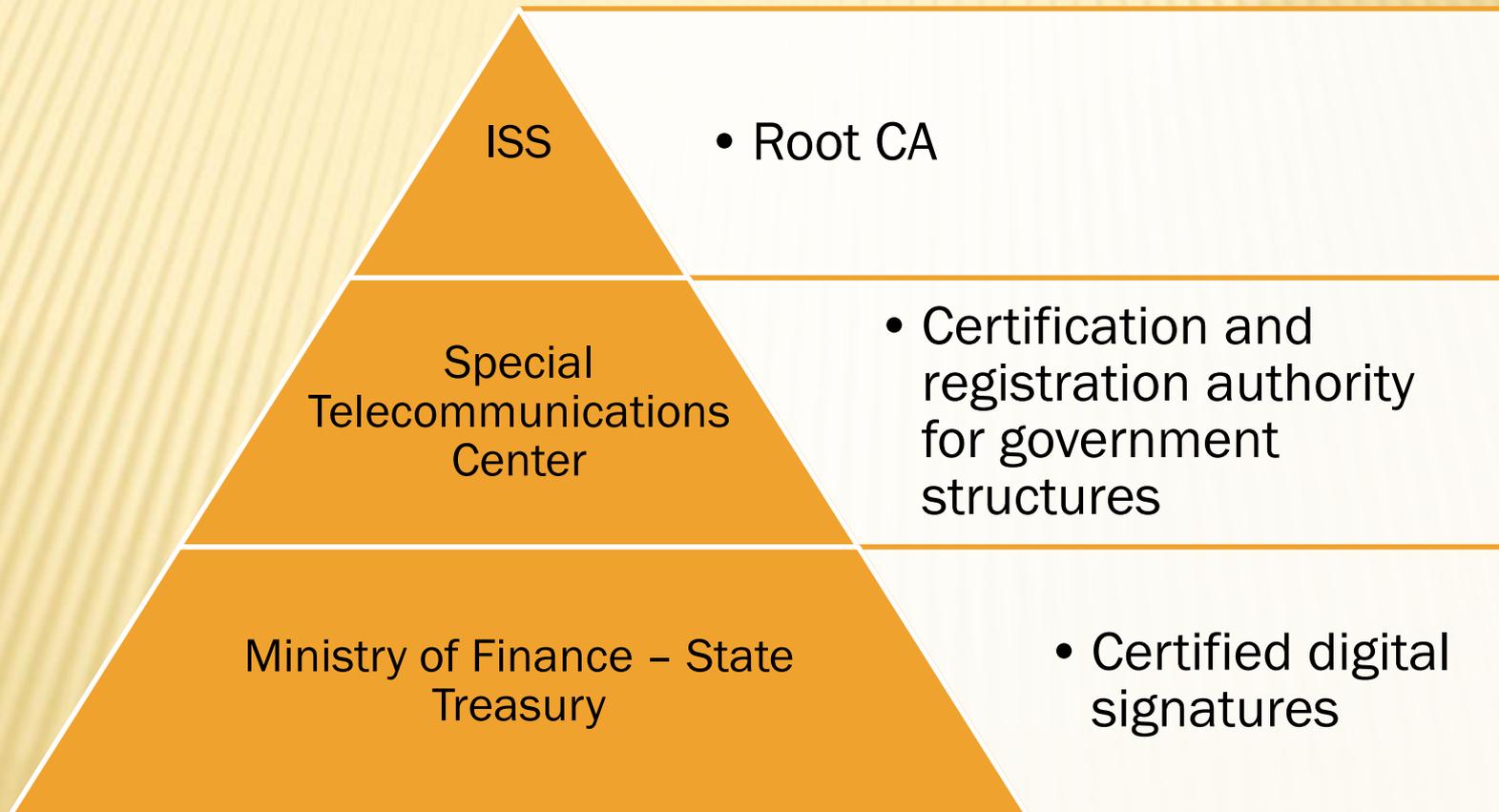
6. PRECONDITIONS

6.1 Regulatory basis

- ✘ Electronic document and digital signature law - №264 from 15.07.2004
- ✘ Regulations on utilization of remote banking systems – adopted by Decision of the National Bank of Moldova Council № 376 on 15.12.2005
- ✘ Regulations on Utilization of Automated Interbank Payment System – adopted by Decision of the National Bank of Moldova Council No. 53 on 02.03.2006

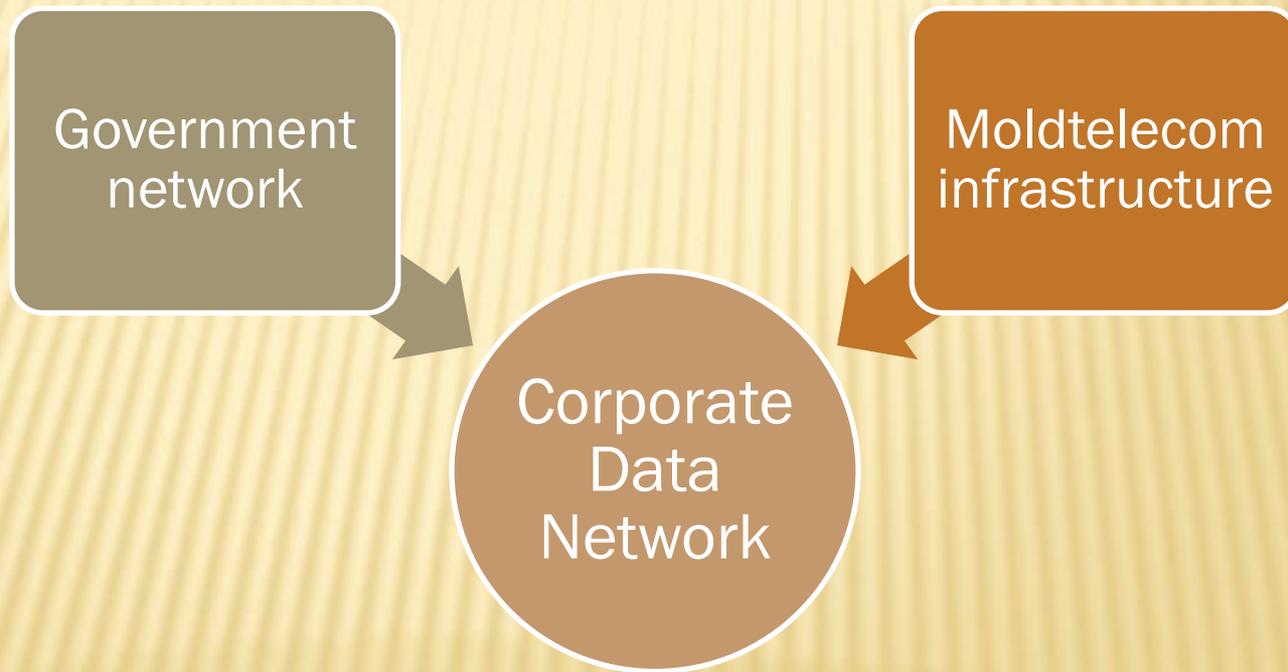
6. PRECONDITIONS

6.2 Public Keys Infrastructure



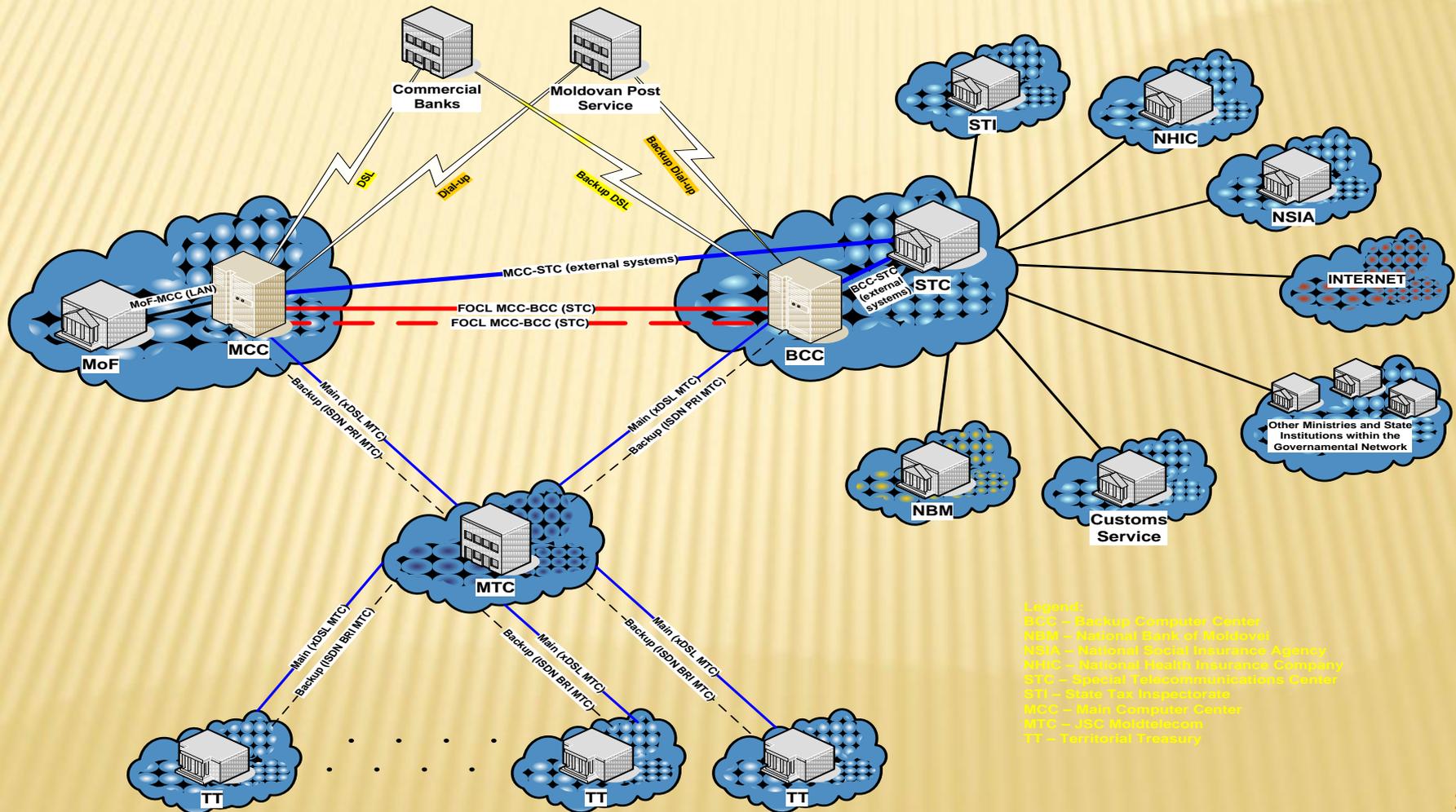
6. PRECONDITIONS

6.3 Telecommunications



6. PRECONDITIONS

6.3 Ministry of Finance network diagram

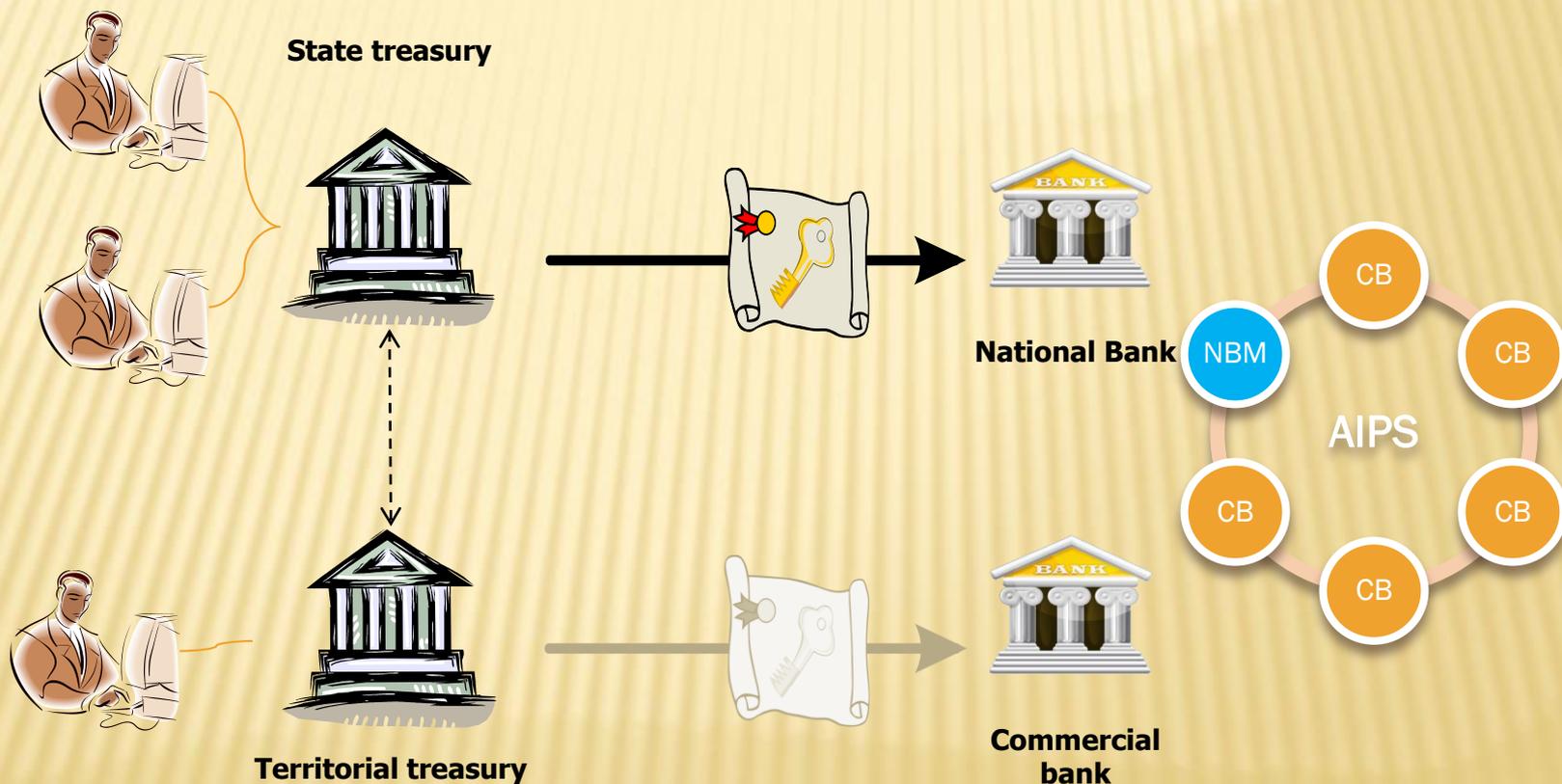


7. FEATURES OF INTERACTION IN DIFFERENT STAGES

- ✘ Stage I – The Treasury is a client of Bank System.
- ✘ Stage II – The State Treasury became the participant of AIPS
- ✘ Stage III – Territorial Treasuries are served via TSA

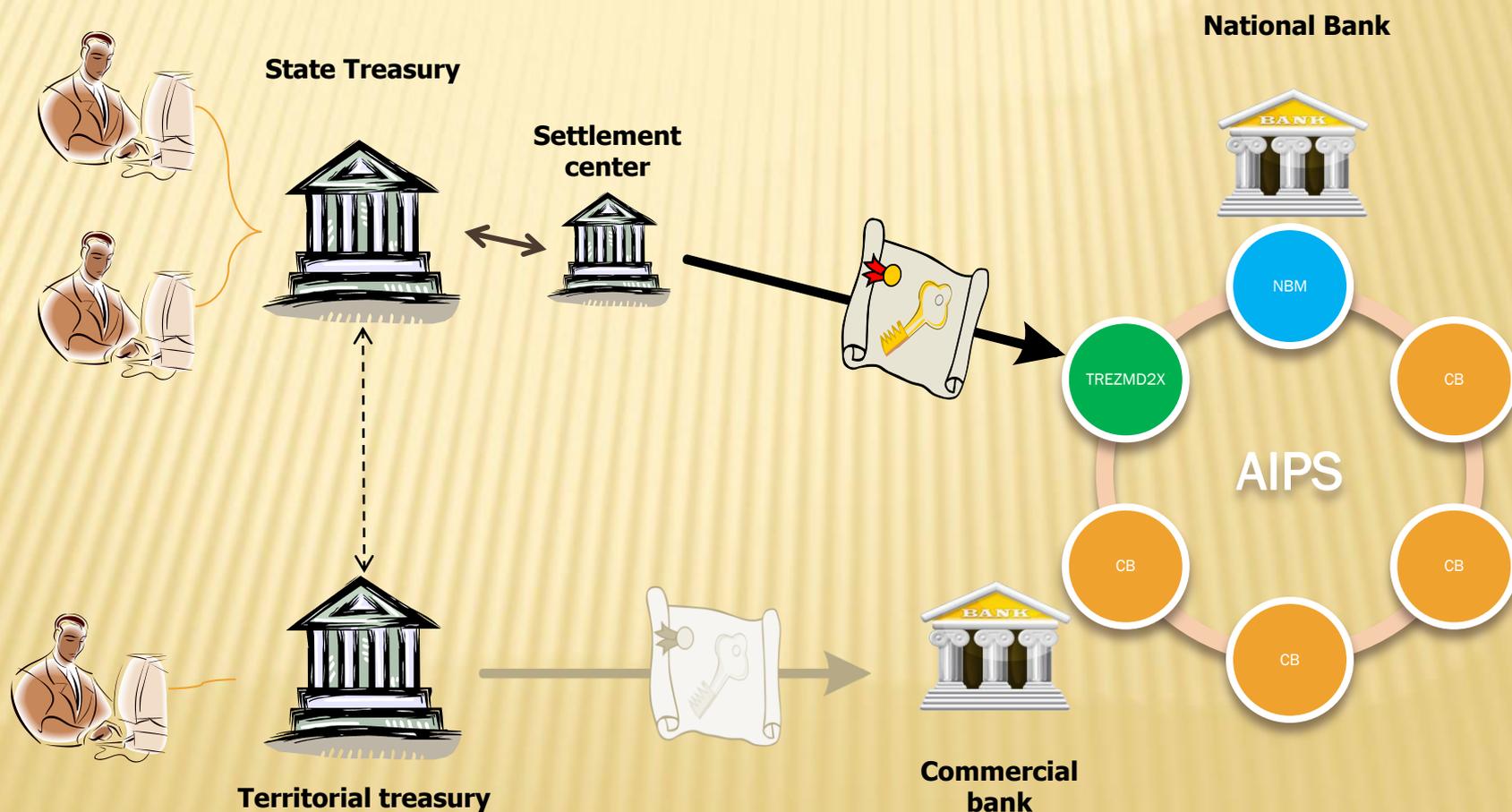
7. FEATURES OF INTERACTION IN DIFFERENT STAGES

7.1 First stage



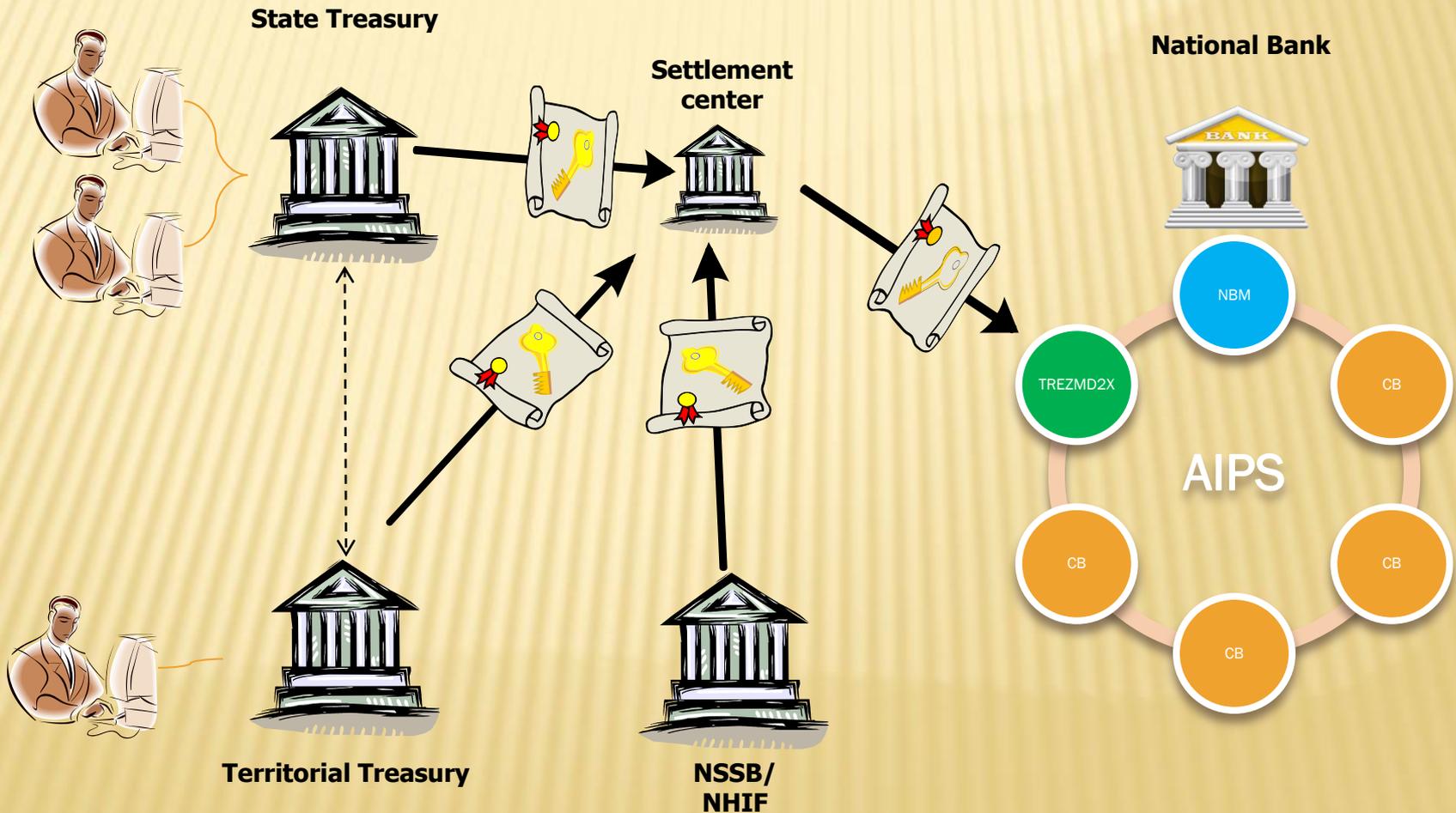
7. FEATURES OF INTERACTION IN DIFFERENT STAGES

7.2 Second stage

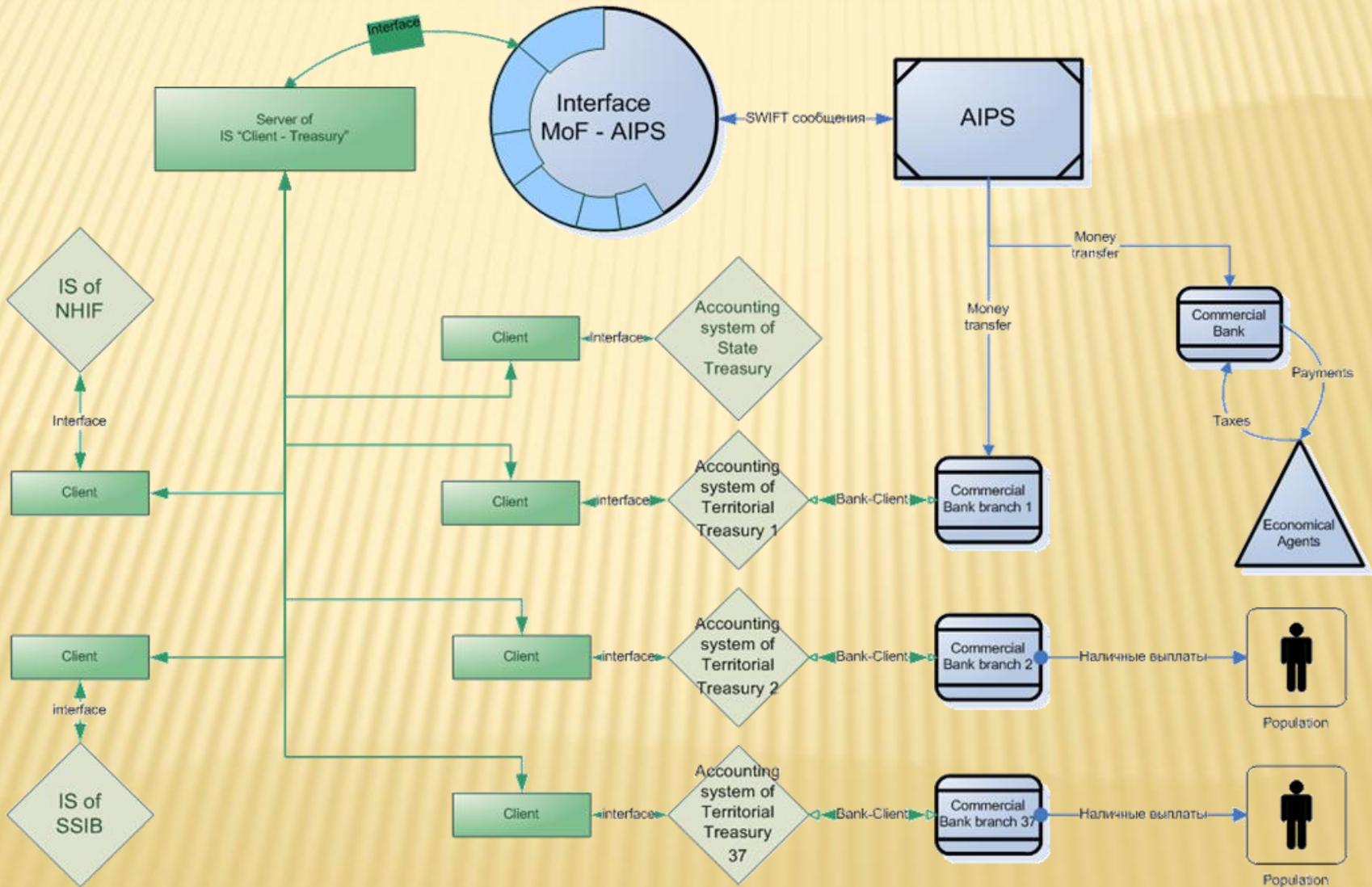


7. FEATURES OF INTERACTION IN DIFFERENT STAGES

7.3 Third stage



8. FUNCTIONAL SCHEME OF TSA



Thank you for your attention