



# PROSPERITY

## Country Presentation Moldova

Disaster Funds



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# Rationale for Introducing the Fund (contingency funds)

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**Through the annual budget law within the state budget, two contingency funds may be created:**

## ***The Reserve Fund***

- Used to fund for financing urgent expenses that occur during the budget year and that were not possible to anticipate and, respectively, to provide in the approved budget

## ***The Intervention Fund***

- for financing urgent expenses related to liquidation of the consequences of natural disasters (except losses in agriculture), in case of epidemics, as well as in other exceptional situations

***No other disaster funds***



# Fund Design Specifics – Scope and Coverage

## *Intervention Fund*

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The fund covers response measures, reconstruction



### Scope of the fund

- **The scope** of the Intervention Fund is to assure that the Government can assure the allocation of funds in case of emergency situation for intervention in liquidation of consequences or to fund some emergency expenses in situation or in other emergency situations. Most of the activities in the intervention fund are focused on ensuring a post-event response and less on pre-event planning aspects and pro-active activities for disaster risk reduction.
- **The Fund mainly covers** response and reconstruction measures, except financing loses in agricultural sector
- **Applicants** for financial means from the Intervention Fund may be central public authorities or local administrations



### How is the fund triggered?

- **The Commission for Exceptional Situations**, lead by Prime-Minister, is responsible for examining the appeals from the central public authorities and local administrations and issuing decisions regarding the allocation of financial resources from the Intervention Fund.

# Fund Design Specifics – Management

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## Management Arrangement

- *Involved institutions - General Inspectorate for Emergency Situations of the Ministry of Internal Affairs, all ministries as members of the Commission for Exceptional Situations*
- The Intervention Fund is in the budget and its volume is approved in the annual state budget law



## Source of Finance

- Money comes from general resources of the budget (taxes, incomes etc). May be supplemented during the budget year by donations from individuals and legal entities
- The volume of emergency funds (Intervention Fund and Reserve Fund) is approved based on available resources in the state budget and may be modified during the year depending on exceptional and unforeseen financing needs that arise during the year. (In 2023 approved Emergency Funds – 0,34 % of GDP, in 2024 – 0,12%)
- Fund doesn't accumulate. Approved on the annual basis .

# Deployment of Fund – Recent Example Energy Crisis

- State of emergency declared by Parliament and empowerment of the Commission for Exceptional Situations with the right to allocate financial means
- *Based on the appeals of the Ministry of Education and local administrations, the Commission for Exceptional Situations decided to allocate financial means to ensure the supply of heat and electricity to social institutions.*
- *Based on the decisions of the commission for exceptional situations, the redistribution of allocations from the intervention fund to approved beneficiaries*
- *Transfers of funds*



## Reflections on effectiveness of deployment

- *The time for allocating financial resources from the Intervention Fund is faster in exceptional situations declared throughout the country, but takes longer in the case of natural events or other emergency situations.*



## Improvements / Changes for future deployment

- *Improving the management mechanism and reducing the time for allocating financial resources, (with technical assistance from the World Bank)*

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