Construim înCREDere!

str. M. Kogălniceanu 86, Chișinău
office@construimincredere.md
www.construimincredere.md

Statement on the Policy of Financing the State through Government Securities

The Civil Movement “Construim Încredere” notes with concern that the current policy of financing the state through the issuance of Government Securities is becoming increasingly costly and risky for the public budget.

Official data show that, in just one year, the cost of domestic financing has almost doubled. While in 2024 the state borrowed at an average interest rate of **4.96%**, in 2025 it rose to **9.08%**, and in the first half of 2026 yields remained around **9.5–10%**.

This means one very simple thing: **The state is borrowing at an increasingly high cost, and taxpayers will foot the bill through fewer resources available for investment and public services.**

Every additional leu paid in interest is one leu that can no longer be invested in roads, schools, hospitals, economic development, agriculture or public services.

The situation is even more worrying given that **the Republic of Moldova’s budget deficit will exceed 21 billion lei, while interest payments on public debt alone will consume approximately 6 billion lei in 2026 and are estimated to reach around 7 billion lei in 2027.** In other words, a growing share of public resources is being used to pay the cost of borrowing rather than to develop the country.

Even more serious is the fact that **almost 95% of Government Securities mature in less than one year**, forcing the Government to return to the market continuously to take out new loans solely to repay the old ones. This practice turns the budget into a permanent refinancing mechanism and makes it extremely vulnerable to any increase in interest rates or decline in investor interest.

At the same time, **the market is dominated by a very small number of commercial banks, which hold almost 70% of the Government Securities market.** Such concentration means that state financing depends to a large extent on the decisions of a few financial institutions and reduces the state’s ability to negotiate more favourable terms.

Moreover, when the state borrows heavily on the domestic market at high interest rates, commercial banks may have a greater incentive to finance the state rather than the real economy. In such conditions, businesses and farmers may face more difficult and costly access to credit, slowing investment and economic development.

The Civil Movement “Construim Încredere” considers that the problem is not the existence of public debt. All modern states use such financial instruments.

The problem is **how this debt is managed.**

Public borrowing is justified when it finances investments that generate economic development and future revenues. By contrast, when it is used mainly to cover current deficits and refinance existing debt, pressure on the budget grows from one year to the next.

A responsible state must seek to reduce financing costs, extend repayment maturities and lessen dependence on frequent refinancing. Without such measures, future generations will bear the costs of financial decisions taken today.

In this context, we call on the incoming Government to put forward a clear strategy for reducing costs, securing longer-term borrowing at lower interest rates, and using borrowed funds for development - not for plugging holes in the budget.

A sound budget does not mean only the state's ability to borrow. **It means the state's ability to manage public money responsibly, so that every leu borrowed today does not become a greater burden for tomorrow's citizens.**