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**MOLDOVA LOCAL GOVERNMENT  
ASSESSMENT REPORT  
USAID/KIEV**

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Submitted by:

**Development Associates, Inc.**

*1730 North Lynn Street  
Arlington, VA 22209-2023  
(703) 276-0677*

**Development Associates Team:**

L. Alan Beals  
Earl Mathers (Team Leader)  
William Sommers

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## TABLE OF CONTENTS

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	Page No.
<b>I. EXECUTIVE SUMMARY</b> .....	1
<b>II. METHODOLOGY</b> .....	5
<b>III. FINDINGS BY SECTION</b> .....	7
<i>A. Status of Municipal Management</i> .....	7
<i>B. Overview of Local Government Budgeting &amp; Finance</i> .....	9
<i>C. The Legal/ Policy Environment</i> .....	13
<i>D. Educational/ Research Environment</i> .....	16
<b>IV. IMPLICATIONS OF FINDINGS</b> .....	20
<i>A. Legal Sustainability</i> .....	20
<i>B. Democratic Process, Role of NGOs and the Private Sector</i> .....	23
<i>C. Financial Resources</i> .....	27
<i>D. Municipal Services and Assets</i> .....	31
<i>E. Institutional Support</i> .....	35
<b>V. CONCLUSIONS, LESSONS LEARNED AND RECOMMENDATIONS</b> .....	38

### Charts

I.	Moldovan Local Government Structure
II.	Organizational Structure of the Raion
III.	Indicative Organization of Commune ( Baurci-Moldaveni, Cahul District)
IV.	Moldovan Cities Elective Status: Mayor/ City Council
V.	Moldovan Consolidated Budget Process (Levels I &II)
VI.	Moldovan Consolidated Budget Process (Illustrated)
VII.	Straseni 1998 Raion Budget
VIII.	1998 Commune Budget (Baurci-Moldaveni)
IX.	Tax Resources Available to Central & Local Governments
X.	List of Taxes Fees and Duties
XI.	Consolidated Raion Local Expenditures (Draft 1998)
XII.	Population Data on Moldovan Municipalities/ Districts

## TABLE OF CONTENTS (CONTINUED)

### Appendices

- A. List of Contacts Made
- B. Materials Collected and Consulted
- C. Criteria for Selection of Participants
- D. Background and Information on Communal Service Operations
- E. Duties and Responsibilities of Moldovan Local Governments
- F. European Charter of Local Self-government
- G. The Law on Local Public Administration
- H. The Law on Territorial Reform
- I. UNDP: Governance and Democracy/ Strengthening Local Governments II
- J. Viitorul: Suggestions to the Draft Law on Local Public Administration
- K. Viitorul: Key Priorities to the USAID Strategy in Moldova
- L. Resumes of Development Associates Team Members
- M. Scope of Work

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## EXECUTIVE SUMMARY

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This executive summary is intended to provide a brief overview of the findings of the Development Associates, Inc. Moldova Local Government Assessment Team as commissioned by USAID/Kiev. Within the parameters and time constraints of the project, the team attempted to provide the most comprehensive assessment possible of the state of local governance, democratic reform at the local level, the technical assistance needs of local jurisdictions and the major factors influencing these issues. The format of this report follows an outline approved by USAID/ Kiev and also attempts to conform to the requirements set forth in the Scope of Work.

Our findings strongly indicate that the democratic reform process at the local level in Moldova has not had sufficient opportunity to reach fruition due to several pervasive economic and systemic factors, which will be described below. In fact, this lack of progress, which is compounded at present by a continually deepening fiscal/economic crisis, threatens the very survival of democratic reform in Moldova. In a paper several years ago, one of the team members stated that the "processes of democratic reform and economic development in transitional democracies are joined at the hip." In Moldova, only a small percentage of the citizenry have reaped the benefits of the country's awkward journey toward the development of a market economy. Most of the population has suffered through prolonged deprivation and socio-economic problems that are further exacerbated by the current economic crisis. To a significant degree, government at all levels is unable to deal with the range and severity of the problems currently impacting the country; local government in Moldova appears to be the most impotent of all.

The caveats expressed in the preceding paragraph and elsewhere notwithstanding, there is considerable evidence that progress toward democratic reform and decentralization can be made in Moldova. Specifically, significant numbers of public administrators at all levels in Moldova express an impressively tenacious commitment to reform and some understanding of the process in spite of exceptionally difficult circumstances. In addition, the recent passage of two key statutes, the Laws on Local Public Administration and Territorial Reform, are indicative of strong, if not universal support for establishing the legal basis for reform and decentralization. The following bullet points represent a brief analysis of several of the key economic, political and institutional factors effecting the establishment of democratic local governance in Moldova:

- ▶ It has been said that if your garbage is being collected, your faith in democracy grows or at least remains constant. In Moldova, this axiom could be applied to a broad variety of public services that, for many residents, are spotty or non-existent. While there were clearly pervasive problems during the Soviet period, quality of life and public services were probably better for a substantial number of citizens before the transition period began. Consequently, growing public discontent and increasingly strident calls for a return to communism are occurring in Moldova. In order to generate and sustain progress toward democratic reform, a demonstration of the benefits of democracy to both decision-makers and the public must be forthcoming.

- ▶ By virtually any measure, local government in Moldova has very limited autonomy. It is reasonable to state that the lack of fiscal autonomy for local government limits autonomy in other areas. While newly enacted and pending statutory reforms will help to extend greater control to local government with effective implementation, even the existing system would allow for somewhat greater innovation and effectiveness if local government had greater control over the purse strings. At present, most local government officials continue to look to Chisinau for both direction and funding at the expense of locally derived, citizen-driven processes. While nascent citizen involvement was observed in several of the communities visited and local officials expressed a willingness to respond to citizen-driven initiatives, there appeared to be limited understanding of how the process could work effectively. In essence, local government in Moldova today is probably does not have a great deal more autonomy than it had under central planning.
  
- ▶ Like most transitional democracies, Moldova has recently benefited from the emergence of a cadre of NGO professionals that are well trained and reform minded. These professionals have the potential to contribute substantively and significantly to the development of vibrant and effective institutions, which represent a broad array of interests in Moldovan society. However, resource availability and sustainability are nagging issues and institutional strengthening of the NGO community is needed. Registered NGOs, in many cases, operate at some distance from the grassroots level. In addition, the linkages between local government and NGOs are weak and do not reveal systematic collaboration. However, the Social Investment Fund (SIF) projects have demonstrated that citizen-based community development can work in Moldova and, serendipitously, some of that program's most successful projects have involved local mayors in leadership positions. In addition, NGO-Contact has been and continues to perform yeoman work with NGOs. Ideally, continued support for well established national level NGOs could be integrated with program activities designed to nurture local, citizen-driven initiatives that may or may not be coordinated by formally registered NGOs. Community housing organizations, although often not formally registered, are one example of the type of citizen involvement forum that can engage in effective issue-based collaboration with local government.
  
- ▶ Infrastructure problems are widespread and of great magnitude in Moldova. Neglected during the Soviet period, physical infrastructure maintenance and improvement programs have been virtually abandoned in recent years, a situation that diminishes quality of life for residents and seriously reduces the potential for economic development. Even basic infrastructure such as municipal water and heating systems are, in some cases, non-functioning at the present time. EBRD is currently investing in several major Moldovan infrastructure projects such as an improved water delivery system for Chisinau and a highway improvement project between Chisinau and Balti. In spite of these developments, it will be a number of years under the best of circumstances before Moldova is able to make significant progress in overcoming the numerous primary and secondary problems associated with infrastructure neglect. At the local level, officials need to develop the capacity to effectively plan and manage infrastructure programs.
  
- ▶ Intergovernmental relations and communication between levels of government in Moldova are poorly developed. Efforts to coordinate intergovernmental relations and enhance communication are absent although there is some recognition of the need to improve in this area among central government officials, local leaders and association representatives. Rife

with miscommunication, suspicion and contention, the situation dramatically reduces the potential for proactive governance. Poor communications and a lack of preparation will seriously hamper efforts to implement local public administration and territorial reforms as conceived in new enacted legislation.

- ▶ Training for government employees and public administration education in general are underdeveloped in Moldova, particularly in terms of reaching the local level, and many officials have not been involved in educational or professional training programs since the Soviet period. This situation complicates and magnifies many other problems associated with the development of good governance in Moldova. It should be noted, however, that several organizations including UNDP, the Viitorul Foundation, the Association of Mayors and the Academy of Public Administration have been involved in the delivery of training and/or education. All acknowledge the need for greatly intensified effort in these areas and the Assessment Team believes that the content and design of training programs should be carefully structured in accordance with the specific needs of local officials.
- ▶ Legal sustainability of the democratic reform process, especially at the local government level cannot be achieved in the absence of the passage and implementation of comprehensive statutory provisions as described below. The Moldovan Parliament passed the Law on Local Public Administration and the Law on Territorial Reform in November. In addition, enabling legislation in the areas of local budget authority, administrative dispute resolution and property (patrimony) are greatly needed in order to fully undergird a relatively autonomous system of local governance. Equally problematic is the question of implementation. At present, the political climate in Moldova is volatile and characterized by considerable acrimonious debate over the state of the economy and revenue issues. Precious little attention has been devoted to issues surrounding the highly complicated process of decentralization and the window of opportunity for implementing the emerging legislative reforms is incredibly narrow.
- ▶ From a budget and finance perspective, local governments are highly dependent upon the raion and ultimately to the central government. Local revenue generation capacity is quite limited and intergovernmental transfers are far below the levels required to maintain even minimal public services. It is clear, however, that massive external debt, tax avoidance, shadow economies and various forms of corruption all act to limit the revenue available at all levels of government to meet the needs of citizens. Overcoming these pervasive and serious problems will be a long-term process and will not begin until a variety of systemic, legislative and attitudinal deficiencies are addressed.
- ▶ Economic development of all types has been retarded in Moldova by a variety of factors that are described elsewhere in this document. Briefly, the country continues to be overly dependent on markets in Russia and the CIS, has been slow to cultivate new and more reliable trading partners, has failed to attract significant foreign investment and has not created the potential for economic diversification. Moreover, various demographic, infrastructural, geographic, workforce readiness, training and systemic (i.e. regulatory) issues diminish the potential for the kind of sustainable economic development that would benefit large segments of the populace.
- ▶ Unlike some more ethnically and culturally homogeneous former Soviet republics, the fact that Moldova has experienced the disruption associated with the creation of the autonomous

regions of Transnistria and Gagauz-Yeri may act as a countervailing force to decentralization. In some ways this disruption has also slowed the democratic reform process and discouraged economic development. Another point of contention at present is the separatist movement of the Bulgarian population in Southern Moldova. A serious question indeed is whether fractionalized Moldova can maintain a critical mass sufficient to compete in the global economy.

- ▶ In Moldova there is limited public awareness of democracy and good governance. In addition, most observers believe that citizens are apathetic and lack confidence in local government in particular. This situation is a vestige of the Soviet period in which citizen empowerment was absent. However, a systematic program of citizen education, information dissemination and involvement could begin to rectify this problem. In light of the passage of critical new laws, such a program would be especially timely.

## **SUMMARY OF RECOMMENDATIONS**

The recommendations presented by the Development Associates Assessment Team are elaborated in Chapter IV. In essence, these recommendations include: NGO/ association strengthening, public information/ education, the provision of technical assistance and training for local officials, community capacity building and economic development assistance. It is our belief that a USAID program of assistance to local government in Moldova is warranted and has the potential to make a significant, sustainable and measurable impact. In addition, team members are confident that prospective participants, existing service providers and other donors would be highly receptive a well-structured program of assistance to local government in Moldova.

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## I. METHODOLOGY

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The stated purpose of the Moldova Local Government Assistance Assessment as identified in the USAID/ Kiev Scope of Work is “to provide an analysis of the state of local government reform in Moldova, specifically the problems, impediments to resolving these problems and an analysis of the resources to address them. A related purpose is to identify and prioritize related technical assistance and training needs.” Based on the range of issues and areas of focus set forth in the Scope of Work, it was clear that a comprehensive assessment was called for and Development Associates utilized three qualified specialists to conduct the project activities which commenced in early October 1998 in Washington.

Analytical responsibilities related to the project were divided between the three specialists as follows: Legal and Policy Specialist – L. Alan Beals; Municipal Management Specialist and Chief of Party – Earl Mathers; and Budget and Financial Specialist – William Sommers. In practice, the expertise of the three team members is both overlapping and complementary. Consequently, all three contributed analytical insights, assessments and recommendations without exclusivity or boundary setting.

Project activities began in Washington with acquisition of various documents on the culture, economy and government in Moldova. These materials were acquired from a variety of reference sources including USAID, the Internet and other sources. In addition, team members interviewed several people in the Washington area prior to departure and met with officials at USAID/Washington.

The fieldwork on the Moldova Local Government Assessment began on October 11<sup>th</sup> 1998 in Kiev and a series of meetings with specialists and program staff at USAID/Kiev were conducted on October 13<sup>th</sup>. On October 14<sup>th</sup> the team departed for Moldova and initiated a series of meetings with officials at USAID/Chisinau, local service providers and NGOs, central government ministry officials and other donors. During the second and third weeks of the project, a number of field trips to various cities, towns, communes and villages throughout the country were conducted. The services of two local translators as well as car and driver were utilized throughout the duration of the field work activities.

Numerous documents on all aspects of the project and conditions in Moldova were collected and reviewed by the team before and during the various stages of the project. These documents are listed in appendix form and several of the especially salient resource materials will be attached to this report. These documents provide a broad mosaic of information on politics, government, culture, economy, geography and society in Moldova that significantly enhanced the assessment team's understanding of the problems and issues as well as the availability of resources to meet these challenges.

An important analytical objective of the assessment team was to visit a sufficient number and variety of local governments in order to develop an informed perspective on the quality of local governance in Moldova. For this reason, a total of thirteen (13) local authorities in several

different geographic regions were visited. The local authorities visited included cities, raions, communes and villages in the north, central and southern parts of the country. While these visits did include the semi-autonomous region of Gagauz-Yeri, the Transnistria region was excluded. In total, the assessment team conducted fifty-two (52) meetings that involved one hundred and five (105) individuals. A listing of the organizations and individuals contacted is also included as an appendix to this report.

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## II. FINDINGS BY SECTION

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This chapter of the Moldova Local Government Assistance Report is divided into four sections including: the status of municipal management, an overview of municipal budgeting and finance, the legal and policy environment and the educational/ research environment. From an analytical perspective, it is useful to consider each of the four areas independently. It is exceptionally clear, however, that there are numerous interrelationships and dependencies between these areas. For example, a compelling case could be made for the fact that municipal management in Moldova is less than optimally effective due to severe budget constraints, the lack of a clear set of laws empowering local government and inadequacies in the public administration education and policy research environment. The findings contained in this report do, in fact, reveal weaknesses in all of the aforementioned areas. There are also several reasons for optimism with respect to the development of a more reform-oriented public administration at the local level in Moldova that will be stated in the following sections.

### A. STATUS OF MUNICIPAL MANAGEMENT

#### **Background**

Moldova inherited the Soviet model of local government characterized by excessive centralization, dual control over local bodies and the preeminent role of the Communist Party in the administration of local government through the central planning process. In this system, local government departments were field agencies of central government ministries. The contemporary system in Moldova continues to reflect the persistent legacy of the Soviet period in which central government directives play a major role in local management and administrative direction.

While central government has undertaken significant institution building to reflect the country's transitional status, reorganization at the local level has been more problematic. There are a variety of reasons that help to explain the stalled local government reform process. The country has been fractionalized by the secession of Transnistria and the declaration of autonomy by Gagauz-Yeri, leading to concern on the part of some over the advisability of decentralization and deflecting attention from the issues associated with the devolution of management authority to the local level. The lack of fiscal resources to establish new management systems and build capacity at the local level have also been pervasive problems.

#### **Structure**

It must be noted that detailed explanations of the structure of local governance in Moldova are contained in appendices of this document along with charts and diagrams of these structures. In addition, the system is likely to be significantly altered in the near future with the implementation of new legislation. While two important laws were passed in November, as many as three additional statutes are needed and experts anticipate passage by early 1999. Unfortunately, this pending legislation is not available for review. The basic units of local government in Moldova are: a) raions/ districts; b) municipalities, such as Chisinau and Balti that

are also directly subordinate to the central government; c) cities, including resident centers of raions and communes that have been "promoted" to the status of city; d) communes, usually a combination of small villages; and e) villages. There is considerable confusion over the English language terms used to describe these sub-national units. The term resident city refers to communities that are the seat of the new judet (district) governments as provided for in the new Law on Local Public Administration.

All sub-national units are nominally governed by elected bodies and the size of these councils varies with population size. At the raion level, council members are elected to four year terms and they in turn appoint an executive committee and a chairman. The appointment of the chairman must be approved by the president of the Republic. Exclusive of Transnistria, Moldova currently has thirty-five raions. Although it would appear that these district level governments are somewhat autonomous, closer analysis indicates that they function largely as field offices of the central government in terms of fiscal authority and policy-making. The local raion elected bodies do have autonomy in the appointment of administrative personnel and department head level staff generally report to vice-chairmen of the raion executive committee. Some of these key staff, including finance directors and communal services (public works) managers are subject to central government approval in the appointment process. A frequently cited local government concern is that presidential appointments of the powerful district (judet) prefect under the new system will create even greater opportunities for politicized central control. At the village level, department heads report to the mayor, are appointed by the mayor and council and lines of authority below that point are conventional.

Municipalities, cities, communes and villages all hold elections and are administered by deliberative bodies known as local councils and headed by mayors (primars.) Terms of office are four years and these local bodies are in many ways subordinate to the district or raion level. This is especially true in the areas of financial affairs and communal services (public works). Based on the provisions of Moldovan election law, the results of the mayoral elections in a number of jurisdictions were voided after the 1995 elections. As a consequence a number of Moldovan mayors hold office by presidential appointment.

The new Law on Local Public Administration specifies the responsibilities (competencies) of villages and communes as well as those of district governments. A quick review of these responsibilities will reveal that there are many areas of shared responsibility such as education, public works, social assistance and public health to name only a few examples. A similar situation exists at present and this may, at times, create confusion over specific areas of responsibility. For this reason, informed experts including NGO representatives believe that the process of implementing the newly enacted legislation will be a crucial time for shaping the actual practice of local governance in Moldova.

Discussions with village and commune level officials, (in some cases with raion officials present) led team members to the conclusion that the former consider themselves to be subordinate in areas such as fiscal authority and policy-making. Anecdotal evidence suggests that the village and commune officials are closer to constituents and interact with them somewhat more than raion officials do on issues of concern although they often feel powerless to take decisive action to address citizen concerns in the absence of superior level government involvement. Interestingly, several of the recent teacher/public employee labor actions have been centered on raion and central level government. This may reflect citizen acknowledgement of the fact that

the raions and ultimately the central government have the ability to ameliorate their concerns more effectively than true local governments.

## **Responsibilities and Management Capacity**

The newly passed Law on Local Public Administration clearly specifies the functional responsibilities of the various units of sub-national government and that legislation is contained in appendix form. In addition, some aspects of the function of local government are considered elsewhere in the body of this report. While there is generally a logical separation of responsibilities between levels, there is also a degree of overlap and confusion as discussed in the preceding section. Of even greater importance is the fact that the financial capacity of both districts and localities is constrained to the point that only minimal provision of public services is possible. This, coupled with the fact that management capacity and expertise are limited, (as revealed by our discussions with these officials and confirmed by the opinions of other experts) makes this a critical problem which must be resolved in order for Moldovan local self-government to meet the future within the norms of the Council of Europe's Charter on Local Self-Government.

### **B. OVERVIEW OF LOCAL GOVERNMENT BUDGETING/ FINANCIAL MANAGEMENT**

#### **1. Background**

Centralized fiscal control, a vestige of the Soviet period, continues to be a primary reason for the lack of local government autonomy in Moldova. Local government units were used as field agencies of the central government ministries. Finance was rigidly controlled by the central finance institutions while local authorities had only slight input into the construction of the local budget. These budgets were an integral part of the central budget, drafted by centrists and then distributed to local executives who were responsible for implementing "local budgets" within central guidelines and targets. When these went unfilled the local bureaucrats and party workers were chastised.

Though Moldova went through a rapid series of changes as the country entered into a new stage of development in the early 1990s, the deep-seated roots of "sovietization" were not easily cast aside. Thus much of the budgeting and financial management system affecting Moldovan local governments exhibits innate difficulties in the slow process of overcoming the recent past.

While Moldova has to move with a defined urgency in the transitional process and become a player in the current realignment toward Europe and the market economy, a parallel perspective is also important. Moldova began its trek from the soviet jungle in 1991 when it declared its independence; it became a member of the Council of Europe in 1995 and committed itself to the European Charter of Local Self-Government in mid 1997. Thus the current phase in Moldovan national experience is only seven years old and its entry into the rarified heights of "local self-government" is hardly two years old. We should recall that the political and economic recovery of Europe took nearly 30 years and that the consolidation and upgrade of local self-government in the United States took nearly a century!

In this section we will review the local government budget process, the revenue and expenditure features of local government operations and discuss elements of overall financial management. We will also include a short discussion on the relation of Moldova's overall fiscal condition as it affects local governmental budgeting and financial management. The section will close with a short commentary summarizing the Report's findings and conclusions regarding local budgeting and financial management.

## **2. The Local Government Budget Process**

Local governments in Moldova have little autonomy when it comes to budget matters. The Ministry of Finance prepares a consolidated budget that combines central and local government budgets. This, in turn, is submitted to the Parliament, which then passes a Budget Law, which stipulates revenues assigned to local governments, intergovernmental transfers and the expenditure norms the local governments must follow. Nearly all of the local budget is based on a formula of allocation and there exists very little legally sanctioned flexibility for local officials in its operation. The formula used is based on the recent financial history of the jurisdiction, local revenue projections and more general considerations of funding potential including the projected needs of central government. Officials at the Finance Ministry believe that local officials frequently make unrealistic revenue projections in order to increase their allocation (transfer payment). The validity of this theory is supported by the fact that in some jurisdictions the percentage of projected revenue collected is as low as 17%, according to Finance Ministry records. The team received slightly mixed messages regarding the predictability of transfer payments but, in general, these transfers appear to be moderately predictable, albeit well below the perceived revenue needs of the localities.

The fiscal year for both the central and local governments runs from January 1 to December 31. The preparation of the upcoming budget starts in August when the Finance Department of each raion, in consultation with representatives of the cities and communes within the raion, prepares an initial forecast of revenues and expenditures. Incidentally, employees of the raion Finance Department are employees of the Ministry of Finance although we were informed that their activities were influenced by officials at the raion. This dual reporting relationship creates some role ambiguity because the ministry officials are required to administer central government policies and guidelines while responding to the local needs expressed by the raion chairman and council.

Forecasts are sent to the Ministry of Finance where differences between the raion's forecast and that of the Ministry are resolved through negotiation. The major area of difference usually lies in the economic assumptions since virtually every other variable in the process is already predetermined and identical for the local government and the Ministry forecasters.

The Ministry of Finance then presents a consolidated budget to the Parliament which, in turn, reviews the budget and makes the final determination on tax rates, expenditure norms, sharing ratios, etc. When the budget is passed it is returned to the Ministry of Finance which prepares a final budget for each raion based on the Parliamentary Budget Law. This budget version is sent to the Chairman of the Executive Council of each raion. The budget usually carries the amount for the raion's revenues and expenditures as well as the overall amounts for the Level I units, i.e. the resident cities, the cities and the communes.

In this last phase, the raion representatives work out the estimated tax collections and the line item expenditures for each Level I units. An amount is also settled for intergovernmental transfer to make up apparent deficits. The process itself is depicted in Chart V.

It should be noted that the current budget system does not allow (or contemplate) borrowing by the local governments. Moreover, it can be seen by a quick review of the both the overall raion budget allocations as shown in the accompanying summary charts of local government revenue/expenditure that local governments, at least at the present time, are not credit-worthy nor is it likely that a local government credit market can be developed in the foreseeable future. A glance at Chart XI - identified later in this exposition - provides a rough basis for estimating capital needs and financing abilities. In nearly all raion budgets about 90 per cent of all raion funds are directed toward the provision of social services. The funds available for capital expenditures are likely to come from the "Public Works & Area Development" portion of the budget, which accounts for only 2.4% of the raion budgets. Even if this whole amount were pledged for repayment of loans or the repatriation of bonds, the funds available would not be enough to begin to pay for the cost of the initial offering, much less the payment of principal and interest. In the individual raion this item, on average, amounts to 432,000 lei annually making the paucity of the resources available self-evident.

In theory, the national government has created dedicated accounts for capital improvements and, according to local officials, they can make funding requests for specific infrastructure needs. As a practical matter however, the austerity of the government fiscal environment at present precludes the consideration of most capital projects unless that particular need is of extremely pressing urgency. At the present time, virtually all central government reserves have been depleted for operating expenses which, as detailed elsewhere, are not being fully covered.

Even the very optimistic potential described in the 1994 Draft Report on Moldovan Intergovernmental Fiscal Relations was tempered with an admonition that implementation of a truly decentralized system of local government would require much preparation and would follow current efforts at establishing a stable macroeconomic environment. Nevertheless the authors of the report recommended that, in the short run, the government should focus on developing policy, institutional and legal framework and the human resource capacity necessary for a successful intergovernmental reform process.

As noted in the Chart IV, we used approximate dates based on the process, which covered the preparation of the 1998 Consolidated Budget. This budget, unlike prior years, was completed with little delay and was passed on final reading by the Parliament on December 26, 1997. The time lapse thereafter - from parliamentary approval to local budget approvals by the Ministry of Finance and the raions - has been estimated. To give an idea of the resultant budget make-up for local governments, we have included a summary of the authorized budgets for Straseni Raion and the Commune of Baurci-Moldoveni in Charts VII & VIII.

The team concluded that increased fiscal empowerment of local authorities by way of the creation of new own source revenue mechanisms would have a salubrious effect on local governance in general. While such empowerment would not obviate all the fiscal problems associated with the current process, it might create new opportunities for local government to respond more directly to citizen concerns and leverage additional resources in a way that might build and strengthen

local capacity. In most cases, local officials interviewed by team members were clearly frustrated by their inability to respond to citizen concerns.

### **3. Financial Management/Revenue Sources**

In order to discuss financial management for local governmental units in Moldova, it is first necessary to examine the revenue sources since these play a crucial role in determining the limits and application of financial management, especially for Level I local units.

The revenue sources of the consolidated budget are parceled between centrally and locally raised revenues. In 1998 the consolidated budget estimated that roughly 50% would come from centrally raised revenues, of which 60% would be raised via custom duties. Of the remainder, on a territorial basis, 24% comes from Chisinau, 20% from the raions, 4% from Balti and 2% from Gagauz-Yeri. The total estimated revenue for the consolidated budget for 1998 was 3,238 (Lei million) which also included transfers, which are not differentiated, from the total. The division of taxes and duties in Moldova between State and Local Taxes is shown on Charts IX & X.

The total revenue estimated for "Local Taxes" was Lei 206.9 million in 1998, an amount that many observers consider low. These local taxes are assigned according to the annual budget law. In 1998 local budgets were to retain 100% of the income tax as well as certain local taxes: land and real estate. The proceeds of the remainder are shared between the central and local budgets. In the 1998 budget law, for example, 30% of the value-added tax and 50% of the profit tax returns were to be allotted to the raions. However, as one observer remarks, the share of locally retained taxes has been invariably lower than the established or estimated amount. In 1996, for example, Local Budget Revenue and Transfer amounted to 1050.6 million lei while in 1998 the estimate fell to 948.2 million, a loss of nearly 100 million lei, even with inflation and devaluation not considered. This drop in revenue, in the opinion of some commentators, occurs because local budgets are almost totally reliant on direct taxation where collection problems are more difficult and where abuses are most likely to occur.

Chart XI sets out the consolidated revenue picture for the raions based on the 1998 draft budget and gives a picture of the local revenues, shared taxes and central government transfers that make up the raion budget. Chart XI does the same for estimated raion expenditures contained in the 1998 draft budget. These figures vary from the actual allocations as noted by way of example in Straseni. Here the total revenue budget was estimated at 22,196,000 lei while the final budget allotted to Straseni was 25,144, 200 million lei as noted in the Chart VII appendix.

Intergovernmental transfers are based on a fixed total amount of the budget to be achieved by local governments. Consequently, if individual local governments increase the local collections, the amount of the central subsidy or transfer would be reduced. This is a point of increasing concern among local governments and local self-governance advocates since this rule a) diminishes the incentive for local governments to mobilize their own potential sources of revenue and b) it conflicts with the idea of financial autonomy, accountability and responsiveness. Philosophical arguments regarding the appropriateness of redistributive tax equalization notwithstanding, it is clear that local governments in Moldova have little incentive to increase tax collection efficiency and lack the ability to create viable own source revenue mechanisms.

Perhaps it is well to point out that while Charts VIII gives the estimate of revenues and the distribution of expenditures by object, the chart does not depict parallel item by resident city, city and commune. Nor does Chart VIII in particular depict the actual amount eventually allotted to a particular raion - though the figures are relatively accurate. In Drochia raion, our Team was told that the 1998 expenditure budget was 22,900,000 lei, of which 12 million was allocated for local raion operations, 9 million was distributed to 23 communes (about 390,000 lei each) while 1.9 million was allocated to the resident city of Drochia. A similar, though not the same, allocation appears prevalent in all districts. Allocations to the communes will, of course, vary depending on the population and the number of villages served by the commune unit.

## C. THE LEGAL / POLICY ENVIRONMENT

Moldova became an independent nation in August of 1991 and began the transition to a democratic republic. That transition is still in process. From the standpoint of creating a self sufficient, democratic system of local self-government, the process of transition is still in its infancy. The most significant landmark to date is the local elections that took place in April 1995 when the 69 towns, 925 rural communes, 40 districts and four cities elected local councils and the mayors of towns and communes for four-year terms.

The existing local government system is based on three pieces of legislation adopted by the Moldovan Parliament, one creating the local election system, a second creating the administrative division of the territory, and a third that sets forth the law on local public administration.

Recently, Parliament passed major revisions to the structure of the laws on territories and local public administration. The key components of the revisions are first, to consolidate the 40 districts and four cities into larger and stronger administrative units that include 8 districts plus Chisinau and Gagauz-Yeri. While these two laws are considered by most experts to be a good first step in the decentralization process, the additional laws mentioned elsewhere are necessary to establish the legal foundation that will fulfill that process. Please note that the Law on Local Public Administration and the Law on the Administrative and Territorial Organization of the Republic of Moldova are included in Appendix G. At this juncture it is not possible to fully predict whether all the provisions in the new laws will have positive or negative consequences, in part because the pending laws are not available for review. However, the articles set forth in the first two laws that are most likely to influence local governance in Moldova are summarized as follows:

### Local Public Administration

- ▶ Explicit acknowledgement of local autonomy (Article 5).
- ▶ Provision for elected councils at the district level to *coordinate* the activity of local councils... (Article 6).
- ▶ Explicit reference to district (not local) fiscal autonomy (Article 11-2).
- ▶ Presidential appointment of a head of state administration (prefect) for each district, autonomous unit and Chisinau (Article 12).

- ▶ Improved delineation of responsibilities (competencies) between district and local levels of government (Article 13).
- ▶ Specification of authority and function of local councils that extends broad powers to those bodies (Sections 2 & 3).
- ▶ Delineation of several sets of circumstances in which a local council can be dismissed including at the recommendation of the prefect pending approval by the court (Article 30 and subsections 1-7). Conditions for the removal of mayors are also established in Article 36 and these at the request of a “hierarchically superior” council.
- ▶ Provision for the appointment of a Secretary with a “higher legal or administrative education” at the local level by the prefect on the recommendation of the mayor and council (Article 45).
- ▶ Specification of authority and function of elected district councils (Chapter IV).
- ▶ Provision for transfer payments from the district to the local level (Article 88).
- ▶ Prohibition against local and district budget deficits (Article 89).
- ▶ Loan terms only for current year and then only with district approval (Article 95).
- ▶ Potential for the creation of “sectors” or sub-district administrative units headed by “praetors” that would be appointed by the prefects and not governed by an elected body and with some control over local authorities (Chapter XI, Articles 124-130).

## **Territorial Organization**

- ▶ Annunciation of the principles of local autonomy and decentralization (Article 2).
- ▶ Description of the types of administrative units to be established (Articles 4-9).

In conformance with enabling provisions in the first law, the Republic of Moldova will be subdivided into a total of ten regions, which will be known as “judets”. These regions include the City of Chisinau and the semi-autonomous Gagauz-Yeri territorial unit as well as the following judets: Balti, Cahul, Edinet, Lapusna (resident city Hincesti), Orhei, Soroca, Tighina and Ungheni. Unless otherwise designated, the resident city (county seat) is of the same name as the judet and the “resident city” for Gagauz-Yeri is Comrat.

It is clear from a review of the provisions of the new laws and information contained elsewhere in this document that the statutory implementation phase will be a critical period for democratic reform and decentralization in Moldova. Establishing prefects in each of the judets astride district councils that will apparently have considerable authority over local councils may constrain efforts toward improving the capacity for local self-governance in Moldova. This suggests that proper sequencing in the implementation of local government programming by USAID is important and that timing is a critical factor as well. For these reasons, acting on

recommendations #1 and #2 of this report in the most timely manner possible should be strongly considered. In short, NGOs, CBOs (community-based organizations), the public and governments at all levels will need assistance during the implementation phase with information dissemination, institutional capacity building, the development of technical skills and intergovernmental relations to cite only a few examples.

There is also widespread recognition of the need to adopt additional laws on local finance, property and administrative dispute resolution. Informed observers believe that these statutes will be passed by Parliament early in the New Year. The foregoing discussion notwithstanding, there is real potential for the devolution of power in Moldova. The timing of this empowerment process has been affected by several external and internal forces; one is positive and external, one is negative and internal. The most powerful of these influences is the result of the Moldovan Government seeking international financial aid to rescue its faltering economy, continuing operating deficits at all levels of government and massive, accumulating long term debt. Such international aid is qualified or conditioned upon earlier Moldovan government commitments to local government reform. The international community expects to see a bloated, bureaucracy reduced in size as a key instrument of fiscal policy. Again, the manner in which the new system is implemented will help to determine the degree to which efficiency at the local government level is improved.

Internally, local elected bodies have been functioning now for almost four years in an environment of dependency upon central government similar to the pre-independence of 1991. There is limited local fiscal independence and resources. While there is a process at the local level, real budgetary and community priority setting is determined by higher authorities at district and national levels. As a result, daily service delivery and decision-making frequently does not meet the expectations of local elected officials or their citizens. Now at the end of the first, four-year local election process, it is difficult to show concrete change or the benefits of this "democratic experiment."

Although Parliament has taken action on reform legislation, the window of opportunity prior to local elections in April 1999 is incredibly narrow, especially in the transition process of creating new boundaries, establishing new administrative systems, interpreting definitional issues, undertaking administrative rule-making and most importantly, creating citizen awareness and understanding of the nature of the changes occurring with the new rationale of local governance and its potential for community benefit.

It should be noted that the scores of interviews conducted with local officials reveal a high degree of commitment to the concept of community leadership and service. This desire to exercise leadership is tempered by the severe limits of authority and capacity to discharge those responsibilities and complicated by elections less than 6 months in the future. Morale and community confidence in the current situation is not at a high level. Passive acceptance is the existing norm.

There are some well-organized nongovernmental organizations involved in this reform process as well as some fledgling organizations with the potential to contribute. All will be needed to assist in any transition or long term effort to bring local self-government to Moldova.

## **D. EDUCATIONAL/ RESEARCH ENVIRONMENT**

During the Team's visit to Moldova during October 1998, a number of people, organizations and associations were interviewed regarding the condition and prospects for local government and governance in Moldova. We have listed in the following pages some of the organizations that appeared to provide key inputs through education, training and research to the local government level. Each organization is described along with a summary assessment of their product, abilities and future potential. The assessment is, of course, based largely on one or two interviews without a more in-depth review of work and accomplishments. The organizations are not listed in any order of priority and since some of the organizations provide elements of all three of the activities in-focus (education, training and research), they would have to be more fully evaluated at a later date to identify their level of emphasis on one or more of the three activities.

### **1. Academy of Public Administration**

This is primarily an academic, degree granting organization, founded in 1993, that is considered part of the Moldovan government from which it receives about 25% of its funds. The Rector holds the rank of Vice Minister and is appointed by the government. The Academy has received substantial assistance from EU-TACIS and has also received grants for training from other donors. It focuses on public administration, management and international relations and had, between 1993 and 1997, 516 full time students and 252 part time students, including a limited number of local government officials. The academy has published a number of working handbooks covering the whole range of its academic fields. The UNDP Governance project plans to work with the Academy in short term training for some 400 local government officials in the implementation of the local government reform program once the reform legislation has passed.

Many Moldovan critics feel that the Academy is too bent on academic status, which detracts from its ability to do short-term, job related training. Some government officials want to sever its connection with the government and make it a "stand alone" academic enterprise. Concern was also expressed that the Academy is essentially a captive of central government and, in fact, the historic emphasis and admissions policies of the institution support this contention. Based on these observations and an interview with the Rector of the Academy, the conclusion of the assessment team was that the institution would not be the best strategic point of program focus for improving the public administration education and research environment in Moldova.

### **2. Center for Strategic Studies**

This organization has been funded under a joint effort of the World Bank and the UNDP for a total of about \$900,000. It has a growing reputation for economic research but has also worked on local government concerns with the recent publication of a study titled, *Republic of Moldova: A Case for Decentralization and Responsible Local Government*. This is excellent piece, which is available from the UNDP office in Chisinau, is one of the few that details both the operation of Moldovan local government and the details of reform proposals. The Center has done a number of other studies and although the Team did not have the opportunity to meet with their principals, their reputation seems to be growing.

### 3. UNDP: Governance & Democracy

While the UNDP does not engage in direct TA, research or training, it has commissioned a number of good studies relative to local governance. One, for example, was done under contract with the Dutch Municipal League, which produced a very good review of potential assistance to associations of local governments in Moldova. Another study centered on an assessment of local government training needs in Moldova and was issued in August 1997. The project has considerable experience in training local government officials both in-country and in various training facilities in the Netherlands. This project is set to make a major contribution by way of the Dutch government to the local government reform program, once the current proposals have been passed into law.

UNDP has indirectly supported training through the Academy of Public Administration and has provided institutional support to that institution and the Academy of Economic Studies. This support included the provision of computer hardware and software to the aforementioned academic institutions along with equipment donations to local governments. UNDP supports the development of "twinning relationships" between cities in Moldova and their counterparts elsewhere in Europe with particular emphasis on the Netherlands. Exposure to western democracy in practice, the opportunity for cultural exchange and ultimately, the development of trading relationships can be an effective means of promoting democratic reform. The caution is that such relationships often require significant commitments of time and other resources to reach fruition, especially when the participating jurisdictions are unequally yoked. UNDP's efforts are valuable and that value could be enhanced through collaboration with other donor programs that focused on other important aspects of the democratic reform process in Moldova. Team members drew the conclusion that UNDP is eager to collaborate.

### 4. Viitoroul Foundation

This Moldovan Foundation was founded in the early 1990s and has done an extraordinary amount of training, research and campaigning for the reform of local government and the upgrade of training for local government officials. Its staff is very knowledgeable about happenings in Moldova, in the politics of reform and in the legal structures that obstruct the reform of local government and the change in existing laws needed to promote reform. Viitoroul, with support from Eurasia Foundation, has researched and published a number of studies one of which. One study, *The White Book on Local Development*, was published in both Moldovan and English.

Viitorul has considerable the potential to significantly contribute in the provision of various types of training and public administration research due to the high level expertise of their staff, extensive contacts throughout the country, non-partisan posture and commitment to the process of democratic reform. In the past, Viitorul has conducted training in a variety of areas, some in cooperation with IFES that included instruction in public administration theory, mass media, promoting transparency and local democracy. According to statements made by staff, Viitorul training programs have reached approximately 50% of local officials in Moldova. Nevertheless, Viitorul representatives strongly emphasize the need for considerably more training in areas like local budgeting, leadership, strategic planning, managing public works (communal services) and economic development.

## **5. IFES**

Though focused on various aspects of national and local elections, IFES produced an outstanding seed-catalogue of the 1995 Local Elections which, we have found, is full of valuable and little recognized information on the structure and operation of local government in Moldova. Its staff is knowledgeable on many aspects of local government and local government reform and they are highly skilled in training in areas such as election systems, voter register, monitoring and election commissions. To a significant degree, election systems are established in Moldova and, while further assistance in this area would be useful, the continued role of IFES/ Moldova is uncertain. Clearly, the research and technical assistance capability of IFES within the areas of election and legislative reform is very high.

## **6. EU-TACIS**

TACIS has been providing project funds in Moldova since 1991 and published a variety of studies, research and reports. Their unit in Government House - MET/TACIS - puts out the best summary of economic trends by quarter that is available in Moldova. In addition the TACIS staff has produced a 14 page list of studies, reports, analysis done under the TACIS banner since 1993 which provides clues to valuable information for anyone working in Moldova in the development field. TACIS is currently developing an assistance project to help the Local Government Reform program once the laws are passed over a two-year period and funded at some \$1,500,000. This project is scheduled to begin in the summer or fall of 1999 and will involve training and technical assistance to public administrators, particularly in the areas of intergovernmental relation and the implementation of various aspects of the new laws. In addition, TACIS is considering a project that would entail working with the Academy of Public Administration to provide training to local officials through regional training center. Detailed plans such as the content of these training programs have not been determined at this time.

## **7. NGO-Contact**

Contact works almost exclusively with NGOs and receives funding from the World Bank, Soros Foundation and other donor organizations including personnel assistance through the Peace Corps. It is deeply involved in various types of training, especially for NGOs, and has also undertaken contracted research. In June, 1998, for example, CONTACT completed a study on NGOs in Moldova for the World Bank and is currently gearing up for a Rural Development Project funded in part by the World Bank to further advance civil society throughout Moldova, focusing on 40 villages throughout the country. The organization maintains three offices throughout the country and is adding a fourth. This geographic distribution is advantageous and suggests that CONTACT has a good network that could help to facilitate collaborative program development. Team members did not detect an overt organizational predisposition to develop collaborative efforts the NGO/ CBO community and local government and community capacity building of this nature could yield several benefits that will be discussed below.

## **8. Association of Mayors**

This is a fledgling organization, which counts about 90 members and occupies a small room in the National Hotel. The Association has received a number of small grants for training of local officials and has good contacts with most of the local government-focused NGOs. Its director,

a former local government official and who currently teaches at the University, serves part time and is very knowledgeable and informative on the needs of local governments, on the assessment of training needs and on the actual, practical operation of Level I governments.

Association representatives strongly emphasize the need for training programs targeting local officials. To date, the organization has conducted three events on *The Art and Science of Public Administration* that were attended by some 140 participants and plan to conduct three additional events on the same topic. In the general area of training and education, the association believes that several actions would be beneficial and these include: creating regional training centers for local officials, a comprehensive set of training activities focusing on areas such as economic development, budget and finance, human resource management and dealing with legislative change. Study tours in the U.S. are desired and the director participated in one such program. These officials also indicated that there is a need for programs that would promote transregional cooperation and expressed frustration that their financial resources are far too limited to develop and execute the kinds of programs that are needed.

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### III. IMPLICATIONS OF FINDINGS

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#### A. LEGAL SUSTAINABILITY

In consideration of the current legal/ policy environment and other conditions in Moldova at present, what is the current status of empowerment legislation? What are the key political and structural impairments or concerns to be resolved? First, the Parliament has passed a new law redefining district and municipal boundaries and changes to the Law on Local Public Administration. There is, however, some risk of the successful passage of all the required legislative components of reform by year-end. The reasons for this include a lack of a clear consensus on local governance principles within the national governing coalition, limited public understanding of the proposals and their merits (even among local elected officials), opposition of middle level bureaucrats likely to be displaced in the governmental consolidation process and the opposition by the communist party who have the only historical political network in the nation and the motivation to retaliate against the ruling coalition. Local officials who should be advocates for reform suffer from a lack of communications from central government. Non-governmental organizations lack the resources to fill this function.

In some respects, linking the territorial adjustments with local public administration empowerment and the other required measures may be creating a negative political mass too great to secure final passage on all measures. Many local officials are concerned about where their communities will fit in the new boundary scheme as set forth in the territorial legislation. Towns that are now "centers" in the current configuration see their economic status reduced when the new legislation creates new town centers elsewhere. The limited local political lobbying is negative in character and has tended to focus on these turf issues rather than proactively on the local empowerment legislation. This emphasis pits community against community, winners against losers. In addition, there has been opposition on the part of some central government officials to the legislation that will devolve fiscal authority to local governments and this lingering opposition could complicate the implementation process. Our interviews with central government officials revealed clear skepticism regarding the ability of local officials to manage resources effectively.

In 1995, Moldova sought to join the Council of Europe. The government committed to local government reform and to adhere to the Council of Europe Local Self-Government Charter (appendix). The Charter sets forth the basic principles and framework of a local, democratic system. All of the elements are in place. From a broad, comparative perspective, even local governments in developed nations will be in different phases of achieving full compliance with these Charter principles. Are the essential elements in place, in the newly adopted and pending legislation as measured by the Council of Europe local Self-Government Charter? Yes, assuming the passage of all the statutes that team members discussed with Moldovan officials. Are there legislative and structural concerns or definitional barriers that should be closely monitored in implementing regulations, court reviews and challenges or follow up legislative changes? Definitely.

The basic elements of the proposed law on local public administration were drafted in 1991 and remain largely intact in the newly enacted legislation. These elements draw heavily on the French and Dutch system of intergovernmental relations and distribution of powers. Since 1991, there appears to be little alternative experience in analyzing other local government systems in non-European nations. Indeed, the range of external exposure and political contacts, together with training efforts, have reinforced those initial judgments.

The most serious structural issue to the team, NGOs working on the legislation and, with one exception<sup>1</sup>, the Mayors and local officials throughout the country, is the creation of a "Prefect" appointment by the President of Moldova to be responsible for the delivery of national programs at the new District Council level. Two additional powers of the Prefect would be to pass on the legality of issues and actions of the locally elected councils and to dissolve local elected bodies, and recreate new ones, if necessary.

The Prefect would also appoint the position of Secretary to local Councils. This local administrative position serves as the gatekeeper to local councils and in smaller communities as a manager. To discipline a Secretary would require a two-thirds vote of a local Council to even get the Prefect to consider an action!

The position of Prefect could become an overpowering centralizing force combining elements of executive, legislative and judicial powers to supervise and control local governments. The opportunities for national politics, reward systems and control to be inserted into local decision making are obvious. Even within the Parliament, there are serious concerns about giving the President the power of appointment over the Prefects, rather than the Prime Minister who is the executive leader of government.

The recently passed legislation defines the functional responsibilities of local villages, towns and districts. At the lowest level of villages and towns, there is a full range of potential services that would be common to local governments worldwide. Similarly, the range of powers and responsibilities accorded to districts are well described and appropriate. There are not any serious problems of overlapping jurisdictional authority in the proposed legislation. In fact, the proposal is a definite improvement over the current law. The delineation of responsibilities between Mayors and Council members is well described. Some formal procedures of governance are overly detailed and complicated as currently drafted. One in particular specifies that if a Council does not take any *action* at three consecutive meetings, the Council is automatically dismissed from office!

The new legislation is specific in requiring notification to the public of official meetings, posting of Council agendas and urging community participation. However, one provision permits closed meetings of the Council simply upon the majority approval of Council members. It is clear that such an arbitrary mechanism for denying access to the public should be reconsidered.

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<sup>1</sup> The Mayor of Comrat, Gauguz-Yeri is an exception. The Moldovan Parliament in 1994 passed legislation creating the Region of Gauguz- Yeri. This region is controlled by the communist party. The Mayor of Comrat was appointed by the President. He is politically of the Coalition Party. His view is that a Prefect could be helpful to him and his citizens. The region of Gagauz-Yeri would not be affected by the proposed legislation.

Despite the limitations outlined above, the overall thrust of the revisions in the local law of public administration is positive. The process of securing passage of this proposal is being supported by the International Foundation for Election Systems, the Viitorul Foundation and the Moldovan Association of Mayors. However, the structural and process limitations should be closely monitored with an eye toward future revisions to assure the full implementation of local authority and capability to function. Existing institutions have the potential to play a significant role in supporting these self-governing principles.

While the recent focus has been on the passage of the territorial reform and the new law on local administration, it is important to note that immediate additional actions are necessary by the national government and the Parliament to ensure an adequate framework for local government. The first additional, critical element is a law on local government finance prescribing the revenue resources available, budgetary and financial system and procedures and credit mechanisms to support the municipal services authorized. A second imperative is a law on local patrimony prescribing the land and physical property resources accorded to local governments. Thirdly, legislation should be enacted to create a dispute resolution system, a form of administrative court, to deal with the inevitable questions of interpreting the power and authority of the local and district councils. This could serve as a counterbalance to the authority of the Prefect. It is also especially important since there is not a well defined or structural judicial branch of government in the Moldovan government. It is assumed by the institutions supporting reform as well as the practitioners in the field that this companion package of three supporting acts should be in place by the end of 1998 or early in 1999 to have a reasonable chance of supporting a smooth transition prior to the April local elections.

Due to the interrelationship of the recently enacted and pending laws, they cannot be considered analytically distinct in terms of the complexities of the implementation process or their subsequent impact. In other words, the effective implementation of one law and the degree to which it achieves its purpose may be at least partially contingent upon components of another of the five laws. While some redistricting should begin in the next several months, the full and effective implementation of all aspects of the Law on Local Public Administration may require several years. Based on our research, there seems to be nearly universal agreement that the pending laws, and the Law on Local Finance being particularly important, will be passed. Although the last several weeks have been characterized by contentious debate over various associated issues, the ruling coalition appears to have the political will to follow-through.

It must be said, however, that our assessment revealed an absence of even the most amorphous implementation plan. The proposed changes, especially when considered collectively, are very extensive and represent a complete restructuring of local governance in Moldova. While few people in Moldova are aware of the profound complexity of the process on which they are about to embark, the very fluidity of the process may provide for excellent opportunities for the active participation in policy shaping. EU/ TACIS has indicated an interest in providing technical assistance during the implementation phase and key NGOs such as Viitorul and the Association of Mayors are capable of providing support that would expedite the process. The assessment team strongly believes that USAID should take a leadership role in helping to facilitate this process and, it is our opinion that such a commitment will require several years to fulfill.

## **B. DEMOCRATIC PROCESS/ ROLE OF NGOS AND THE PRIVATE SECTOR**

Nominally, local governance in Moldova is a relatively open and transparent process, providing citizens with opportunities to participate and attempts to respond to their priorities. When queried, officials at the local and raionul levels invariably respond affirmatively regarding the importance of public participation and the accountability of local government to constituents. Assessment team members were able to elicit detailed information concerning actual practices in certain communities that reveal encouragingly high levels of citizen involvement in a limited number of locales, particularly those in which local officials have received training in democratic governance. This is, of course information gleaned from elected officials that are eager to participate in future programs and is not supported by the rigor of stakeholder surveys or empirical data. For several reasons such as limited understanding of the appropriate mechanisms, apathy on the part of the public and the perceived inability of local government to effect substantive change, citizen participation is far from uniform.

Comments from a limited number of community representatives and NGO officials (i.e. Association of Mayors) suggest that local officials in many communities are not proactive in seeking citizen input and resource constraints make responsiveness problematic. Consequently, the ability of the public to significantly influence local decision-making, service delivery and program planning is limited and sporadic. Although language contained in the new law on Local Public Administration refers to citizen participation in only an oblique manner, provisions such as open meetings are already codified. There are a few examples of citizen advisory committees and the creation an information office was mentioned in one city as a future possibility. More typically, a guard is seated near the entrance of municipal buildings and these individuals generally do not appear to manifest a strong customer service orientation. Local authorities do utilize both the printed and broadcast media to communicate with citizens to at least a limited extent. However, in many parts of rural Moldova the local media is virtually nonexistent and continues to be subsidized by the state in other areas. With the possible exception of Gagauz-Yeri, however, the media appears to be relatively independent.

While there are a number of salient issues that demand elucidation regarding the democratic process at the local level in Moldova, the severity of resource constraints on local government is an overarching concern. For example, the team discovered that citizens generally have the opportunity to participate in both budget and rate hearings, many of which are conducted at the raionul level which is viewed as local government by citizens under the existing structure. However, the paucity of local budgets, substantial local government debt and arrearages, economic conditions and serious limitations on local revenue generation capacity make it inordinately difficult for citizen priorities to be seriously considered by decision-makers. In virtually every case, local officials are struggling to meet such basic expenditure requirements as the salaries of public employees, including teachers and pensioners, and the heating of schools. Indeed, most local governments are unable to fulfill these fundamental obligations.

Although several representatives of the central Government of Moldova (GOM) and resident officials of donor programs were quite dubious regarding the quality of various aspects of local governance, there is at least some reason for optimism in terms of the receptivity of local officials to new mechanisms that might enhance the democratic reform process. For example, most local officials including mayors, department heads and executive committee chairmen of

the raions acknowledge the need to involve citizens. There appears to be consistent effort to announce council meetings, including budget and utility rate hearings although in rural areas accomplishing this task can be problematic due to a general lack of media coverage. In many cases however, radio, television and newspapers are used to provide notification of upcoming events in local government. Some local officials also post announcements in prominent locations such as sign boards at city hall (primaria) or in local shops and markets. One executive committee chairman stated that he actually sent staff door to door to announce meetings on certain occasions. Two officials stated that they have utilized citizen advisory committees to consider important local issues and make recommendations to the appropriate elected bodies.

Comments regarding the access citizens and community organizations have to local government were mixed. While it is clear that public officials are at least somewhat accessible to their constituents, some citizens and organization representatives question the responsiveness of officials at all levels of government. As indicated above, part of this perceived lack of responsiveness can be attributed to severe and pervasive resource constraints. At the same time, approximately 60% of the public officials in Moldova received their training during the Soviet period in which top down public management and unquestioning citizen compliance were proscribed. The legacy of the Soviet system also manifests well-engrained reluctance on the part of many citizens to become actively engaged in community and political affairs. In addition to limiting the degree to which citizen views are represented in the decision-making process, the lack of widespread public engagement in community affairs reduces the potential for capacity building.

### **NGO Activity**

NGO activity in Moldova is concentrated in Chisinau despite of the fact that 72% of the population is classified as rural. A 1997 NGO Forum in the capital drew representatives from over 100 organizations and at the present time, there are some 500 registered NGOs in Moldova. There are, however, some national organizations that coordinate activities at the local level as well as a limited number that maintain offices outside Chisinau. This is particularly true of human rights organizations. The NGO Contact Center maintains offices in Chisinau, Balti and Comrat with plans to open a fourth office in the near future to provide various forms of assistance to indigenous NGOs. NGO registration and the achievement of certified tax exempt status is a cumbersome and time consuming two stage process in Moldova but apparently legal assistance is not required to complete the process. Several statutes, including the 1995 Law on Philanthropy and the 1996 Law on Public Associations, govern NGO activity in Moldova. The most active classes of Moldovan NGOs work in the environmental protection, human rights, social, mass media, youth and rural development areas. Of the 101 registered NGOs that attended a major NGO Forum in late 1997, 18 were based outside the capital. The categories of activity for these 18 organizations with offices outside Chisinau were youth (3), media (1), culture (2), economy (3) and human rights (9).

At the local level, resident/ tenant associations have been established in a number of localities. For a variety of reasons, including resource constraints and a lack of training, these associations have not achieved a significant level of effectiveness in either service delivery or representation. These fledgling resident/tenant associations represent the occupants of large housing complexes, which have been recently privatized in many cases. They are only beginning to grapple with problems such as the maintenance of common areas, the management of utilities, facility

improvements and rent/energy payment collection. Experience in other emerging democracies suggests that it is possible to build collaboration between such associations and local government, leading to increased community capacity for local issue definition and problem resolution. The team was not able to identify instances in which collaboration of this order had been proactively sought in Moldova. In some communities, cooperative farmer's associations are developing as a mechanism for the provision of agricultural services. Such organizations are working with local governments in some cases but their effectiveness is limited by a variety of factors including deteriorated physical infrastructure, poor management/ coordination and a lack of knowledge of cooperative purchasing practices and market development.

The potential for community capacity building through NGO collaboration with local government is not well understood in Moldova. Although the Social Investment Fund (SIF) has more readily achieved substantive results in several communities in which local mayors played an active role in project committees, there is no evidence that these initiatives were designed with collaboration of this order in mind. Indeed, the SIF program may have sound reasons for seeking to limit the frame of reference of the program to grassroots community development activities, which have been notably successful in most instances.

Compelling evidence from a number of emerging democracies including Moldova suggests that citizen mistrust and/or apathy toward local government is endemic. Our research also reveals that local government officials in Moldova feel powerless to initiate actions that could ameliorate a variety of universally acknowledged problems that negatively impact the quality of life of their constituents, due a real and perceived lack of control as well as a lack of resources. As indicated above, intergovernmental transfers to local government are insufficient and local revenue generation capacity is minimal. There are also many instances in which corruption of various sorts and at all levels of government in Moldova reduces the potential for the utilization of those resources that do exist. However, it is also likely that more strategic deployment of resources can be achieved by assisting local governments to leverage those resources in a manner that effectively engages citizens and community organizations and/or NGOs in the management of local issues. This will only occur when local officials begin to develop a new frame of reference that stimulates independent local action.

### **Private Sector and the Economy**

While the purpose of this report is not to provide an analysis of the Moldovan economy, it is exceedingly clear that the long-term and recently escalating downward spiral of the economy has had a deleterious impact on the lives of citizens and consequently, on local government. Due to the poor overall performance of the economy in Moldova, poverty is widespread, quality of life for most residents is poor and local government revenue is far from adequate. A quick review of a few facts regarding the economy in Moldova may help to clarify the severity of the economic crisis in Moldova.

- ▶ In terms of real GDP percentage change, the economy declined at an annual rate of 16% per year during the period 1991-1996. There were no years in which GDP growth was achieved and the rate of decline was actually steeper than in Belarus, Russia and the Ukraine. It has been stated that Moldova has become Europe's poorest country and indications are that 1997-1998 economic indicators will be dismal.

- ▶ Overall, agricultural production, the mainstay of the Moldovan economy, declined 30% during the period 1991-1997. With the economic crisis in Russia, the sale of agricultural products has been especially problematic this year.
- ▶ During the most recent reporting period (June 1998), the percentage of the minimum consumer budget covered by the average Moldovan wage was under 60%.
- ▶ Arrears in wage payments to employees amount to well over 500 million lei at present. In every jurisdiction visited by the assessment team, local governments were seriously in arrears in payments to public employees and pensioners. These arrears generally ranged from two to eight months.
- ▶ Almost every local government has nearly insurmountable debt, much of which is in the form of energy debt and back payments to employees.
- ▶ A variety of factors including regulatory opacity, corruption, poor quality infrastructure and limited market development potential inhibit foreign investment in Moldova. Only 11% of the state owned assets offered for privatization were sold in 1997 due to low interest among foreign investors. The deputy chairman of parliament also indicated that foreign investment was fleeing the country since the beginning of the economic crisis in Russia.
- ▶ While fully reliable figures are difficult to obtain, it is likely that at least 60% of direct and indirect economic activity in Moldova is related to agriculture. The sector has been very slow to transition to more efficient organization that might lead to better market penetration.
- ▶ In recent years, Moldova has experienced negative population growth due to a decrease in the birth rate and emigration. These factors contribute to an aging population, which has negative implications for industrial and service sector development.
- ▶ In general, market economics are not well understood and there appears to be limited capacity to provide assistance in the area of economic development. When the assessment team attempted to schedule a meeting at the Moldova Chamber of Commerce, we were informed that we must first submit a written request stating the proposed purpose of our visit and after our request was approved by one of their directors, a time for a visit could be scheduled. We were further informed that this process would likely require a week or more to complete. When queried, the Chamber spokesperson indicated that the same process was required for business people desiring to visit their office. At the suggestion that this procedure might discourage business development, the response was "This is our rule."
- ▶ After three years of stability, the value of Moldovan currency (Lei) lost approximately 46% of its value in relation to the dollar during the period from mid-October to early November and continues to slide.
- ▶ The Moldovan economy continues to be overly reliant on Russia and the CIS as export markets. Moreover, little ability to cultivate new markets has been demonstrated. As the current crisis shows so emphatically, the over reliance of one marginal economy on others of the same ilk is a recipe for economic disaster.

- ▶ There are few people working concertedly on Moldova's economic problems although virtually everyone contacted by the Assessment Team acknowledges the degree to which these problems inhibit the democratic reform process. In general, there is a serious lack of knowledge concerning how to develop practical strategies that might promote economic improvement.

## **Local Government and the Business Community**

Local officials at the village or commune level in Moldova are well acquainted with the problems confronting industries in their service areas but their power to significantly effect industrial development is limited. As noted elsewhere, real authority and power are very limited with the exception of larger municipalities such as Chisinau, which has the political-structural strength of a raion. Indeed, mayors are very much dependent on the resources of the raion to promote industrial development, to the extent that any efforts to improve economic performance are occurring. Specifically, the raion executive committee chairman represent the primary source of assistance for newly privatized businesses and joint stock companies, particularly those involved in the agricultural industry. During the course of our field work, team members had an opportunity to interview several raionul executive committee chairman. These individuals appear to be well informed regarding business activity in their areas and highly cognizant of the challenges confronting industry in Moldova. Resource constraints and a lack of clearly defined plans prevent raionul chair persons and their less influential councils from proactively addressing the problems of business and industry.

It is clear that both mayors and raion officials are working closely with the private sector, although neither group has the resources or expertise to significantly improve local economies, which are in abysmally poor condition. Many of these officials share unrealistic expectations of what can be accomplished in the area of economic development; their focus tends to be external. While strategic foreign investment could make a significant difference, current macroeconomic conditions are not conducive to the attraction of such investments. Another problem is that local officials are only vaguely aware of marketing strategies and the conditions that must be met in order to stimulate investment.

At present, the raions are small enough that local elected officials (i.e. Mayors) and the public view them as another unit of local government that is relatively close to their problems. In addition, the raionul council and chairman are elected. While they will continue to be elected under the system set forth under the new statutes, the raions will be significantly larger and, hence, further removed from local economic and industrial development problems. The institution of the prefect may also tend to inhibit local responsiveness to issues of concern to the private sector and local self-determination. For these reasons, promoting the active involvement and improving the skills of local government officials in the economic development process become all the more important.

## **C. FINANCIAL RESOURCES**

The economic results of the Russian crisis are widespread and severe. According to the Vice Chairman of the Moldovan Parliament, over 60% of Moldova's exports went to Russia and if Belarus and Ukraine are included, the percentage of exports jumps to 80%. These exports, of

course, have been seriously compromised since there is no convertible currency available to pay for the imports. As the MET-Tacis Economic Analysis for the quarter ending in June 1998 points out, "the shadow economy...is becoming a very serious matter." Informal estimates run between 15 and 20% of the overall GDP in Chisinau and substantially higher elsewhere in the country. The Vice Chairman also pointed out that while in August foreign investment was estimated to be about 48% of the overall planned investment for 1998, by October this figure had dropped to 21% and by November, the figure will be close to 10%. The steady drop in planned foreign investment in Moldova was a direct offshoot of the breakdown of the Russian-Belarus-Ukrainian economy.

The erosion of the local currency has also had an immediate effect on the 1998 Budget which, according to the Vice Chairman, had dropped significantly in real value. Moreover, the 1998 budget estimates proved to be largely "blue sky" figures, which, in turn, became a harbinger of worse to come. As noted by the MET-TACIS Report on Economic Trends, the adoption of an "unrealistic and populist budget during the parliamentary elections in January 1998 obliged the new government soon after coming to office to revise the Budget Law for 1998 and the fiscal policy in general."

As a result, facing a down turn in budgeted revenues, compensatory reduction on the expenditure side was needed. This was accomplished in August with an overall reduction of 35 million in capital investments, social security, agriculture, transport, road administration and communications. The Ministry of Finance also proposed more emphasis on efficient tax collection to at least help maintain revenue levels.

Local governments, especially the raions, the resident cities and the communes have felt the pinch in dramatic fashion. The Mayor of Orhei (37,500) for example, explained that by October his revenue collections were only 50% of target and since his overall budget had been reduced by the Ministry of Finance, he was pressing hard enough to collect the taxes to contemplate property seizure for non-payment. But such harsh methods may contribute to the already growing impetus among conspicuous tax payers toward tax evasion, which, in turn, may increase that part of the shadow economy, which results from tax evasion. He also said the teachers and employees had not been paid for three to four months and he was having serious problems providing required services to the 7000 pensioners in the City. The continual reduction in funding for capital projects made it all but impossible to undertake the improvements need on the city's potable water supply.

The District Chairman of Straseni (95,400), in the course of outlining many of the same difficulties, provided a graphic picture of the growth of tax evasion. Straseni is known for its large grape and wine production. Shortly after independence the collective farms were broken up in a show of strength for market place independence. However, it left individual grape growers with plots too small for practical cultivation. Grape production fell from about 50,000 metric tons per year to 7,000 tons predicted for the current season; this is, at least, the reported prediction. The Chairman estimated that actual production may be as high as 15,000 metric tons; the difference is finding its way tax-free to the ever-increasing shadow economy.

The Mayor of Commune Baudci-Moldeveni (2,238) has similar budget and revenue problems, especially in the payment of salaries for school teachers which, like most communities, visited, were from 3-4 months in arrears. He also outlined a difficult situation with water supply. In this

rural commune, there are about 250 dug wells and 5 artesian wells. The water of is poor quality and is not really potable. The artesian wells are the best bet for improvement. However, the Farmers Cooperation that was formed after the land titling program was completed has also taken over the wells but does not have he capital currently to fix them nor to extend service. If these wells can be turned over to the commune, (i.e. The Mayor's office) that local government could begin a plan for improvement. But this is also conjectural because of the loss of capital funds, especially the cut back in the current budget. The mayor suggested that improvements may be eventually funded through community contributions and the use of community organizations.

### **Key Findings Concerning Local Finance**

The situation with respect to local finance in Moldova is somewhat muddled and team members were provided with several differing viewpoints on the subject depending on whether the respondent was a local official, central government official or representative of some other organization. Not surprisingly, local officials are more disturbed by the current state of affairs than are Ministry of Finance representatives who are clearly skeptical regarding both the abilities and intentions of their local counterparts. Charts IX and X provide breakdowns of the resources available to the different levels of government which include taxes, fees and duties. In some cases such as Profit, Value Added, Proceeds from Capital Goods Sales Taxes and Privatization Related Duties, the resources are shared. There are four taxes that theoretically remit exclusively to local budgets and these include income, real estate, land and real estate taxes. However, well informed Barents Group staff members indicated that the most productive and reliable finance instruments were in fact controlled by the central government. Local governments have exclusive control over a variety of fees but many of these provide very limited amounts of revenue or are productive primarily for larger commercial centers. We recall a conversation with one commune mayor that had imposed a "transportation fee" that provided an annual return of less than 2000 lei. His retrospective analysis was that collection wasn't really worth the effort. In general, Ministry officials estimate that local budgets in 1998 were crafted as follows:

#### **Composition of Local Budgets in 1998**

1. Transfers from the Central Government	35.8%
2. Tax Allocations from Central Government	44.1%
3. Local Taxes	20.1%

According to this breakdown, a typical local government would be nearly 80% dependent on the central government for financing operations. Chart VIII, the 1998 Budget for Commune Baurci-Moldoveni, indicates that transfers from the state amount to 73% of the budget for that community. While these budget figures indicate some degree of fiscal independence, it should be noted that local officials perceive their governments to be almost completely reliant on the state for their resources. This apparent disparity can be partly explained by the fact that collection efficiency is low overall and may be especially low with local taxes and fees.

While the team did not identify systematic political favoritism to be a significant problem associated with local government finance in most regions, there appear to be some anomalies. Drochia, for example, has budgetary allotments that seem to follow a per capita formula with only minor deviations. On the other hand, city officials in Cahul may have legitimate complaints because allocations there appear to be lower than in other comparable cities. Cahul is the

resident city of Gagauz-Yeri and was the worst case example of poor intergovernmental relations identified by the team. Officials in two other southern cities voiced the concern that the northern part of the country is favored over the south in the allocation process. However, the south is generally poorer than the north. In these instances therefore, it may be that greater redistribution of revenue is what is actually desired by the southern officials.

Local officials do not have experience with capital budgeting for at least three reasons. First, all capital planning and budgeting was centrally managed until a few years ago and vestiges of the central planning system continue to stunt the development of local capacity. Secondly, resources are so limited on all levels that only the most pressing capital needs can be realistically considered. Finally, the ownership of local assets is complicated to such an extent that only after the passage of a new "patrimony" or local property law will it be possible for governments to clearly determine where their true responsibilities reside. While there is clearly a need for training in areas such as project planning and management and capital budgeting this training should not be delivered prematurely. Unless local officials have the ability to apply the techniques they are trained in, they may become frustrated and this could defeat other more timely efforts to provide training.

Our conclusions, based on our overview of local budgeting and financial management and our discussions with central and local government officials plus a number of NGOs and knowledgeable experts in the area of local government operations, are as follows:

- a. The budget system is a perfunctory, centrally dominated process that is driven by formula norms, central budgetary and economic constraints and dominated by the Ministry of Finance and the Raion Finance Department.
- b. While a system of intergovernmental transfers is in effect, it is largely focused on serving central government needs and directives and does not reflect to any great operating degree the needs, aspirations and actual requirements for decentralized, community oriented local self government at the resident city, city and communal level.
- c. Capital needs are not being met by the current budgets; even if these budgetary allotments were increased, the reliance on unrealistic norms and the procrustean application of unverified unit costs within the norms would frustrate the expression of capital needs for individual communities.
- d. The current budgetary rules lack incentives for local governments to increase their tax collections; the rules also seem to work against local autonomy.
- e. The budgetary and financial management systems are based on central/raion requirements and do not encourage the development of contemporary municipal budget practices.
- f. Some potential for better capital planning, local initiatives on improvement of public services, especially in selected areas of capital needs, and more responsive financial management exist even under the dire circumstances and difficult economic problems now permeating Moldovan public and private operations. It is important, however, to appropriately sequence related training and technical assistance.

g. There is a need to improve, in however slight or fledgling a manner, the ability of the smaller governments to account for and manage their finances and to improve their use of funds received to improve service delivery.

## **D. MUNICIPAL SERVICES AND ASSETS**

### **1. Background**

The structure of current local public services is complicated by the background of Moldova's experience under the soviet system and the still-fledgling status of local self-government, especially in the cities and communes. Under the soviet system, the larger, urban areas were serviced via a combination of state-owned "companies" which provided potable water, for example, while the Communal Services Departments in the raions maintained the transmission water lines and connections to housing units. In the rural areas, by and large, the collective farms operated the potable water systems based mostly on wells. Maintenance was financed through the allocated budgets under a tight central budgetary control system; capital improvement funds were parceled out via central planning decisions that did not reflect local priorities nor capital project assessment in terms of service areas, consolidation of service and generally took little heed of "consumer feedback."

### **2. The Current Situation: Examples**

In Commune Baurci-Moldoveni, for example, about 250 individual wells are used to service groups of individual houses and farms while the new Farmer's Cooperative, taking over many of the facilities of the dismantled collective farm, is in charge of the five artisan wells which are a key source of potable water for much of the area. According to local officials the potable water is not safe. The wells are not being maintained, one is no longer functioning, and there is insufficient capital available, either in the commune budget or the Farmer's Cooperative budget for necessary repairs. In addition, there has been a general lowering of water tables so that potable water, as in much of Moldova, is becoming a scarce commodity.

The commune local government is in a somewhat ambiguous position on this issue. The Farmer's Cooperative is taxed rather heavily by the local government as part of the commune's local revenue portfolio of desperately needed income. But the higher the taxes the more difficult it is for the Cooperative to set funds aside for maintenance and capital repairs to the potable water supply. All seem to agree that the immediate solution is to transfer ownership to the commune government which, in turn, can seek funds for the rehabilitation of the water supply and also pursue privatization. This is complicated by the "jungle" of ownership transfer in which the laws governing the transfer of property, including land and so-called immovable property, are confusing, contradicting and, in many cases, inapplicable.

In a "Study on the Quality of Rural Drinking Water in Moldova," project staff worked with villages in the area of Caprpineni (Hincesti) and Balatine (Glodeni District) seeking solutions to the upgrade of drinking water. The project staff, in relating their findings, met periodically with the members of two villages in seeking solutions. The results were positive; the Study recognized that with sufficient work, villagers - and presumably local officials - can be assisted in seeking solutions. One finding of the study is instructive:

“ People realize that water will have to be paid for in the future. This could be in the form of service charges...or in the form of taxation. Village contributions mentioned mainly concerned with design and construction and included in kind contributions...Topics that need more discussion include investment financing, management of operations and maintenance, cost to households and monitoring of quality and other standards.” This Study was funded by The World Bank, the Moldovan Ministry of Environmental Protection and The Environmental Programme for the Danube River Basin.

Another example of problems in local service delivery is in the matter of trash, garbage and offal collection. This, according to discussions with representatives of the Association of Mayors, is another growing and serious problem. Under the collectives, trash, garbage and offal were brought to designated collection points and eventually disposed of by employees of the collective. With the break-up of the collectives, this system has disappeared and individual farmers and farm households now scatter their trash or dump it in the nearest unofficial dumping grounds. As yet no comprehensive alternative institutional solution for solid waste collection has been forthcoming either among farmer families or through the efforts of village and commune officials. However, Association staff related a number of examples of communes/small cities that have mounted successful individual programs of self-help in road maintenance and solid waste collection with the help and sometimes the leadership of local commune officials. Experience in many other locations suggests that intergovernmental cooperation can lead to improvements and greater efficiencies in these service delivery areas. Although inquiries were made, the team was not informed of successful examples of this type of intergovernmental cooperation in Moldova although this issue has not been analyzed exhaustively.

The problems of small, urban areas is illustrated in Straseni District and the resident city, Straseni. Potable water is provided by a quasi-public water company whose sources are located about twenty kilometers from the city. The District Communal Services Department, which also services the City, maintains the larger transmission lines as well as the service lines and connections to communal and individual housing. The estimate of water loss is about 42% but capital appropriations to the Communal Service budget is sufficient for only partial repairs. In the collection of fees, especially in the communal housing area, enforcement for non-payment is difficult. The connecting lines, for example, have to be turned off for the whole building since there are no meters and no valves for individual or intermediate connections. In addition, community associations of apartment/home owners either do not exist or have little influence and management capacity to assist in maintenance and in cost recovery.

The Director of the Communal Services department also pointed out that rules and regulations governing communal services operation were issued in 1969, under the Soviet regime, and have undergone few significant modifications since that time. While consistent capital funding, employee training and more community involvement were needs the Director expressed, his priority was, nevertheless, to have the rules and regulations modernized so that communal service operations could operate in the fast-moving transitional world of today. Please note the more detailed description of the operation of Communal Services in the attached appendix.

### **3. Obstacles to Privatization, Cost Recovery, Out-Sourcing**

There are at least four obstacles to the achievement of the goals noted in the SOW which were stated in that document as follows: “1) municipalities are effectively managing municipal services

and assets specifically through privatization and market-oriented techniques, including privatization of housing and communal services, progress toward cost recovery practices for utilities, contracting out and competitive procurement of services and supplies, consumer feedback and quality control etc. and 2) municipalities plan and prioritize infrastructure development and service delivery.”

First, the capital condition of most of the enterprises that should be privatized is such that private companies would not be eager to take over water supply and delivery or trash collection unless substantial guarantees on revenue flow and fee collections were made by the local governments, the cooperative and, more importantly, by the central government in the form of sovereign guarantees. Given the current economic situation in Moldova, new investment (foreign or domestic) will probably await a resolution of the regional economic problems before looking toward local investment possibilities.

Second, even if rates and taxes could be raised and collection efforts redoubled to bring in needed revenue to improve the capital aspect of local service delivery, the tendency, especially in the rural areas would be to move more and more to a shadow economy. As one study on Rural Drinking Water noted: “The population of both villages studied depend mostly on the informal economy. Very few households earn a stable and regular official income.”

Third, local governments, both in the cities and the communes, do not evidence either the capacity, motivation or effectiveness in managing local service delivery either to improve the service or to move toward privatization. This assessment is not dependent upon whether or not the economy improves but speaks to a rather significant but understandable gap in the movement from a soviet-oriented command response to a more reliant, decentralized delivery of public services. The gap, however, is not insurmountable since local officials are usually quick to identify their own problems and shortcoming and seem open to efforts to seek new solutions.

Fourth, is the ineffectiveness of current legal norms guiding the transfer of state-owned properties to the jurisdiction of local governments. The current law on property and its transfer divides ownership between the land, the improvements, the immobile character of certain improvements and defines the details to the extent that the application of the law makes property transfer nearly unworkable. This is particularly difficult for local governments to whom state property has been, or is being, transferred. In transfers of land and properties already authorized, local officials and their legal counterparts are not certain of ownership, for example, whether they own the building but not the land or the land but not the buildings and whether the immobile property has also been conveyed. The lack of clarity makes legal disposition of the property either for privatization or for locally financed improvement nearly impossible. We have been told that a Law of Patrimony, which would solve most of these problems, is being drafted and will be introduced as part of the overall local government reform legislation.

### **Summary of Key Issues Associated with Municipal Services and Assets**

- ▶ Range of Services – Please refer to other sections of this report as well as Appendices D and E and the new Law on Local Public Administration for a complete listing of the range of services that are managed by local government in Moldova.

- ▶ **Local Government Collaboration with NGOs/ CBOs (Community-based organizations)** – There are very few examples of local government/ NGO collaboration in Moldova. Perhaps the best example is briefly discussed in Section III, B., 1. of this report. The Social Investment Fund (SIF) project has serendipitously stimulated some level of community organizational involvement with local government. In addition, former agricultural collectives have been reformed as farmers associations and these organizations are at least marginally involved in the delivery of public services. The forthcoming Rural Development Project, as sponsored by the World Bank and managed by CONTACT, may also provide the impetus for improved collaboration. Based on our assessment, local officials are willing to work with the NGO/ CBO community and we believe that facilitated training and/or project planning technical assistance that involved bringing the two together would be an effective catalyst.
  
- ▶ **Privatization of Municipal Assets** – To date, the major privatization efforts at the local level have included the breakup of collective farms and the privatization of public housing complexes. In many cases, the ownership of certain assets is clouded. For example, agricultural collectives controlled and operated many local public assets during Soviet times. At present the situation is not well-defined and the anticipated Law on Patrimony is expected to ameliorate some of the problems associated with local asset ownership and management.
  
- ▶ **Model of Privatization** – The privatization model used in Moldova was the patrimonial bond (voucher). These vouchers were provided to every citizen in 1992-1993 and this mass privatization was completed in 1996. The voucher system was also utilized in the agricultural sector and although progress was made, there are lingering problems such as the inability of new citizen owners to make needed capital improvements to various assets including housing commercial enterprises. A cash privatization program was subsequently instituted for large state owned companies and few transactions have been completed under this scheme. (see Section III, B, 2.)
  
- ▶ **Central Government Controlled Assets in Cities** – There continue to be significant numbers of central government controlled assets at the municipal level and others for which ownership is unclear. Again, much of this confusion can be resolved after the enactment of a progressive law on patrimony that provides for the transfer of ownership of critical assets to local governments.
  
- ▶ **Assets Operated by “Quasi-Public” Entities** – There are some examples of this type of arrangement. Perhaps most notably, the APA-CANAL manages water and sewer operations and is organizationally linked to the Ministry of Territorial Development, Construction and Communal Services.
  
- ▶ **Local Government Improvements in Operational Efficiency** – Local governments have reduced personnel in recent years. The objective of this reduction in force has been more closely associated with the inability of local authorities to pay employees than an overt desire to improve efficiency. The recent reduction in the number of raions was intended to improve efficiency and save money but some observers believe that many of these “displaced” employees will actually be absorbed by resident city governments and communes. In fact, it may be that the institution of the praetor (see Law on Local Public Administration) may provide for this shift.

- ▶ Capital Budgeting/ Infrastructure – As indicated earlier in this section and elsewhere in the report, local authorities lack both the capacity and the resources to engage in processes such as capital budgeting and infrastructure development.
- ▶ Intergovernmental Service Delivery Agreements – With the exception the pervasive relationships of raions and local units and the merger of villages to form communes, the assessment identified few such agreements. However, the planned potable water improvement project in Southern Moldova may lead to the formation of service delivery agreements.
- ▶ Service Quality Surveys – Several NGOs has conducted surveys. CONTACT executed a survey on priority needs and UNICEF and UNDP have funded limited surveys as well. In addition, there have been surveys to assess poverty and Viitorul conducted a survey of community needs in a group of pilot villages under the aegis of a Soros Foundation grant as part of a training and technical assistance program. In all probability, local governments have not taken the initiative or gone to the expense of conducting surveys of stakeholder satisfaction.
- ▶ Public Involvement in Decision-Making – Please see Section II, B.
- ▶ Analytical Techniques – Although it is possible that a more sophisticated local government such as Chisinau is utilizing techniques such as cost/benefit analysis and performance based budgeting to measure program effectiveness and establish priorities, such techniques are generally unknown among Moldovan local officials.
- ▶ Information Regarding Cost Recovery in Service Delivery – It is reasonable to state, based on our interviews with numerous local government and communal services representatives, that there is a very general understanding of the concept. However, overall efforts to understand the full implications and implement the required procedures to recover costs were not detected. One exception is that Chisinau has entered into an EBRD loan program, which will necessitate financing debt service through the revenue stream.
- ▶ Training in Public Works and General Management – While the Academy of Public Administration provides formal education in public administration and various other entities (see Section II, D) have provided short-term training to public officials, the assessment failed to reveal any training specific to public works management.

## **E. INSTITUTIONAL SUPPORT**

There are four organizations that represent the interests of local government at the national level. The International Foundation for Election Systems: is a well organized and led by funded staff. It has played a very major role in bringing local self government this far in Moldova. The Foundation is a primary force in articulating and advocating local self governance to the Moldova Parliament. It is not by nature or design a local grassroots organization. They have responded to the information gap at the local level by preparing media programs on the proposed legislation. They have conducted some training efforts for local officials during the past two years. The Foundation's current mandate in Moldova may cease at the end of 1999.

The Viitorul Foundation is a relatively young organization that has also been involved in advocating local self-governance principles to the Parliament and central government. This Foundation is well organized and led by staff that have been at least minimally funded. They have also provided training for local officials as discussed in Section II D, and have facilitated exchanges of local political leaders with other nations. Recently, staff developed several important documents analyzing pending legislation and Viitorul is well respected in Moldova as leader in the area of policy analysis. This expertise also extends to the area of urban research and team members believe that Viitorul staff could make significant contributions in this important area although their current resources impose limitations in this area of activity.

Viitorul Foundation has a long-term vision beyond the adoption of current parliamentary reforms. The vision includes important civil service reform, administrative modernization, additional decentralization approaches and methods for working within the political environment.

The Association of Moldovan Mayors is one of two organizations representing local government. The Association is registered as a national non-profit institution, a legal framework that is very complicated, especially on the issue of authorized activities. The process of registration is not automatic and subject to somewhat politicized central government review. Membership in the association has been with the individual (as opposed to institutional). Civil servants as well as elected officials may join. Resources have not been available to fund staff. The organization has an office staffed with volunteers, maintaining a "hot line" available to local officials seeking answers to questions and problems, conducts training of local officials, and sponsors local official exchanges, and city "twinning" activities. Over the past three years, it has conducted training programs through such agencies as UNDP. The Association maintains that it is non-partisan and open to all local governments. It conducts an annual meeting and has a vision of future activities focusing on building services to its membership and becoming a forceful advocate for the policy interests of local government.

The Federation of Regional & Local Authorities was created two years ago, initially to form a delegation to participate in the Council of Europe. It has been endorsed by central government. Its membership is primarily the raions or districts and the mayors of the independent cities. Its current Chair is the Mayor of Chisinau. The Chisinau International Relations Department serves as part-time staff to the Federation. It has had an annual meeting, conducted a study tour to Romania and reached an agreement for a "twinning" program with Romanian Judets. The Federation also provides for individual membership rather than institutional. Because of the district's relationship with central government, they are precluded from paying institutional dues. The Federation acknowledges that without financial resources (no dues are collected) it cannot provide services.

One encouraging finding is the willingness of the Federation to consider a merger with the Association of Mayors. This concept has not been fully examined in terms of feasibility and the Association of Mayors has not yet embraced the possibility of a merger. With the reduction of districts to ten, there may not be a sufficient critical mass to support the Federation. Two organizations seeking funds would be counter-productive to maintaining a strong voice for local government. Formal merger talks have not yet occurred but given the timing of the legislative changes, efforts should be made to initiate discussions on merging the two organizations. A merger could give local government a stronger voice, improve the possibility of cooperative

training and technical assistance programs, eliminate duplication of effort and assist participants in the identification of new possibilities for intergovernmental cooperation and understanding.

It is acknowledged that training becomes a major element to a successful long-term commitment to local self-government. In addition to the resources identified above, there is a national Academy of Public Administration, institutionally located in the State Chancery. This Academy offers formal training programs, including two week courses in general administration, budgeting, revenue administration and services. The primary attendees are central government officials. While the Academy acknowledges the need for training of local officials, there is not an organized system or finances to conduct a program. A review of the curriculum suggests a traditional academic approach to training. The Academy estimates that 200 people each year complete a training program. Non-governmental organizations and local officials, when interviewed, do not look to the Academy for practical training.

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## IV. CONCLUSIONS AND RECOMMENDATIONS

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While much of the foregoing discussion has a negative slant, there are reasons for optimism with respect to the development of good local governance in Moldova. Although myriad factors inhibit the creation of reasonably autonomous, effective and strong local governments in Moldova, many local officials continue to demonstrate surprising optimism, tenacity and a desire to engage in the reform process. We cannot recall meeting with any local officials that did not express an interest in the possibility of participating in future programs of assistance and they are far from complacent regarding the need for improvement. Many offered instructive comments regarding their program assistance needs.

Based on the Team's fieldwork and analysis of various materials and interviews, we believe that USAID should move forward as expediently as possible with a carefully structured program of assistance focusing on the local government level. Although some degree of coordination with raion level governments may be necessary, the primary focus should be on villages, communes or small cities. Because of the established presence of various other donor agencies and NGOs with a clear interest in promoting democratic reform and good governance, it will be important to design the program in a way that complements ongoing and planned activities. The need for assistance in Moldova is great and efforts to gain synergy of effort through collaboration among donor programs should be continuous and intensive. In addition, the program should have the following characteristics based on our experience in Moldova and elsewhere:

### **Program Design Factors**

- ▶ Actively seek to engage and empower citizens in the governance process. In program design and implementation, specific mechanisms should be created that will promote citizen education and involvement. Levels of activism and the receptivity of local officials to public participation may be appropriate locality selection criteria.
- ▶ Provide specific inputs of technical assistance that would enhance and upgrade public services by working on specific subprojects within participating jurisdictions. Blending practical effort with more theoretical training builds program interest and demonstrates the tangible benefits of democratic governance. This is especially true when citizen and community organization (civil society) involvement is a part of program design.
- ▶ Build the capacity of resident NGOs and/or associations that have a clear motivation toward improving local government by working in close cooperation with selected organizations on projects of mutual interest.
- ▶ Target economic development as a point of focus due to the considerable and well justified level of interest that Moldovan public officials and citizens have in this area.
- ▶ Insure that assistance with statute implementation, training and technical assistance are specific to the situation. This can be more readily accomplished if resident advisors seek to acquire

broad understanding of the public administration environment in Moldova and work in cooperation with indigenous organizations.

## **Recommendations**

The Development Associates Assessment Team recognizes that program scope will be limited by available funding and other considerations. There is widespread consensus that the present is a pivotal time for the development of effective and democratic government at the local level in Moldova. Timing is critical because of the severity of the current economic crisis, the fact that many citizens have not been provided with a clear vision of the potential for democracy and that several laws which, collectively, have the potential to empower local government are being considered by Parliament. We believe the following recommendations, while not fully inclusive, are among the most important in terms of addressing the key issues and establishing a solid foundation.

Although the Assessment Team believes all of the following recommendations are of critical importance, they are stated in order of priority. A comprehensive program design might incorporate all four elements while a more targeted approach could focus on one or two of them. Recommendation number two, in our view, is urgently needed but could be readily combined with recommendation number one as a sub-element.

### **1. NGO/ ASSOCIATION STRENGTHENING**

A major institutional capacity building effort should be undertaken and sustained over a period of several years. It is probable that at least two different organizations should be supported through the provision of technical assistance and possibly sub-contracts in this segment of a prospective local government program in Moldova. One of those organizations should be actively engaged in representing the interests of local government to the national level and might also be involved in activities such as technical assistance, publications and training. The second organization should be a more research oriented "think tank" although it might be involved in many of the same activities as the first, albeit at a more academic level. Ideally, these two organizations would work closely with one another, creating synergy and enhancing program efficiency. It is also abundantly clear that the program and the organizations involved should work in close cooperation with other donors, NGOs and governments at all levels to continually assess needs, analyze issues and avoid duplication of effort. Both organizations will have an interest in public policy, good governance and issue clarification. The following is a representative sampling of the activities that could be supported:

- ▶ Monitor legislation and make recommendations to Parliament.
- ▶ Conduct ongoing research on the state of local government in Moldova.
- ▶ Serve as an advocate to central government on behalf of local officials.
- ▶ Expand the provision of technical assistance to local government.

- ▶ Undertake training for elected officials, especially at the village/ commune and small city levels.
- ▶ Mobilize public opinion regarding the value of local self-government and encourage better communication with local officials.
- ▶ Conduct and support research on local government issues.
- ▶ Analyze trends in local government including best practices.
- ▶ Prepare training curricula and create a depository of information on good governance.
- ▶ Provide training for appointed officials in various aspects of local governance.
- ▶ Facilitate capacity building activities such as strategic planning.

There are several issues that help to clarify the importance and timeliness of this activity. Implementing the newly enacted and pending laws will be an enormous challenge that Moldova is largely unprepared for at this time. In the opinion of the team, the resources needed to drive activities such as analysis, public information dissemination and advocacy as well as to provide critically needed assistance during this phase are not in-place. The sustainability of the organizations that are currently involved in some of the above functions is far from certain. With some support, however, there are organizations in Moldova that could rise to the challenge. In doing so, these organizations would gain considerable strength and credibility. In this way, the USAID program could make a highly significant, demonstrable and sustainable contribution to the decentralization process and the improvement of local government capacity in Moldova.

## **2. PUBLIC INFORMATION AND EDUCATION**

At the present time there is considerable disillusionment with local government and with the democratic process in general for reasons described above. Reactionary forces are helping to breed discontent in a political/ economic climate where little additional encouragement is needed. To date, efforts to inform the public regarding the democratic process have been spotty and traditional media strategies are only partially successful due to the lack of communication infrastructure. In addition, the emergence of new legislation further legitimizes the need for a public information effort. We believe that this program component should be activated early in the program in collaboration with the organizations selected for Activity 1 as well as local officials and others. It has been suggested that a flyer describing the new legislation as well as citizen's rights and a short statement on ethics in government could be effective.

The benefits of a Public Information and Education Program would include creating citizen awareness regarding issues such as access to government, legitimate mechanisms for active participation, the importance of integrity in government and the role of local government. In the near term, there is apt to be considerable confusion concerning the restructuring of local and regional government in Moldova as the new laws are implemented. Although measurement is difficult, it is very likely that little if any clear information regarding democratic governance has filtered down to significant segments of the Moldovan population, especially in rural areas. This

program could, therefore, help to smooth the restructuring process while significantly improving citizen awareness of the principles of local self-governance and citizen rights.

### **3. TECHNICAL ASSISTANCE AND TRAINING FOR LOCAL OFFICIALS**

In cooperation with interested local organizations as appropriate, assist in the development and delivery of issue-specific training programs for local officials in areas such as administration and operations management, budgeting and finance, human resource management, property management/privatization, public works (communal services) and community relations. Materials on best practices and case studies can be used as the basis for the development of training program curricula and to the extent possible, examples from Moldova, Romania and other emerging democracies should be utilized. In addition to assisting present day local officials, the program can facilitate the development of sustainable training capacity by working with local and national NGO/ Association counterparts.

In the design of training and technical assistance programming, resource limitations may impose restrictions. Therefore, it may be beneficial to focus on specific project oriented training/technical assistance in a select number of resident cities (seat of the judet) or other smaller communities that have some capacity to implement reforms in order to demonstrate the tangible benefits of the process. If the selection of communities includes resident cities, it may be possible to include judet level officials in the program. Utilizing this strategy might facilitate the development of greater intergovernmental cooperation. In some cases it is possible to enhance levels of collaboration between civil society organizations and local government if a combination training/project facilitation approach is utilized. Such an approach entails allowing local officials to collaborate with CBO representatives to select the specific issues that then become the focus of the program in that community. This can lead to community capacity building and sustainable program impact in the pilot communities as well as replication elsewhere. It is important in this context to insure that sufficient emphasis is placed on the involvement of community organizations so that a consistent and gradually institutionalized participatory quality is nurtured.

#### **Implications for Training/ Project Planning Program Development**

As envisioned, the program considered under recommendation three would fulfill several overall objectives concurrently and these include: Training and capacity building for local governments, the possibility of improved intergovernmental cooperation, increased public recognition of the importance of local government's role in society and greater collaboration between local government and NGOs/ CBOs. Because of the severity of infrastructure problems in Moldovan communities and the pivotal importance of correcting these problems, focusing on this general issue area is an approach that is likely to be well accepted by participants. The following elements should be considered in the development of this holistic program:

- ▶ Focus on larger communes or resident cities that have the capacity to develop and implement programs with community involvement.
- ▶ Provide the opportunity for local discretion in project selection but emphasize a tangible project focus in areas such as solid waste management, water supply, road improvement and filling current service gaps.

- ▶ Structure training components in accordance with the specific needs of local officials and the community representatives involved. Topical areas such as financial management, cost accounting, capital/ resource inventory and development, operations and maintenance, prioritizing capital needs, obtaining external financing, local capacity building and project management.
- ▶ Where possible, structure these efforts in a way that complements ongoing projects with similar intent such as UNDP, SIF, CONTACT's Rural Development Project etc.
- ▶ During the city selection process, insure that prospective participants understand the objectives of the program including the need to involve community representatives in all working groups throughout the process.

#### **4. COMMUNITY BASED ECONOMIC DEVELOPMENT**

As a pressing and fundamental need of localities in Moldova, it is difficult to overstate the importance of local economic development programming. Although a number of local officials and NGO representatives discussed the importance of economic development programming during our interviews, we did not learn of any assistance programs in this area. A training course in community economic development would be a valuable program component that could be developed in cooperation with local organizations and delivered in various localities. Such a training program might cover topics such as strategic planning for economic development, community analysis, how to work with the business community, organizing for development, community capacity building and marketing. In addition, building indigenous economic development training capacity within the NGO or academic community in Moldova would also be a highly beneficial program goal. In this context, it would be possible to integrate some level of economic development programming with the first recommendation.

In select program communities, a more intensified economic development program may be an appropriate means of producing economic improvement as well as demonstrating that the democratic process actually benefits residents. Over the life of a multi-year project it is possible to assist local governments with the design and implementation of viable economic development programs. While an intensive program should have a strong training component, the creation of specific program activities such as existing business assistance, economic analysis and marketing should also be considered. In Moldova, the provision of additional assistance in agribusiness and market development would be especially important.

#### **Conclusion**

As the foregoing discussion indicates, promoting the development of democratic local governance in Moldova is complicated by a particularly vexing set of issues. Under the most optimistic scenario, the process will require some years in order for widespread change to be obvious. Although poor economic conditions and revenue constraints are clearly major components of the problem, the situation is severe enough that even modest short-term improvements in targeted areas might create the momentum for broader systemic change. This is to suggest that the potential for success of a program of democratic local government reform is high and many local governments in Moldova would be eager to participate. In the short-term, the issue of overarching importance is to quickly demonstrate that participative democracy can work at the local level in Moldova.

MORREPRT.R70

# CHART I

## Moldovan Local Government Structure

(Does not include Transnistria or Gagauz-Yeri)

**District (35)**  
**(Raion)**

**Municipality (2)**

- Chisinau
- Balti

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### Level II

**Resident Cities**  
**(35)**

**Cities**  
**(11)**

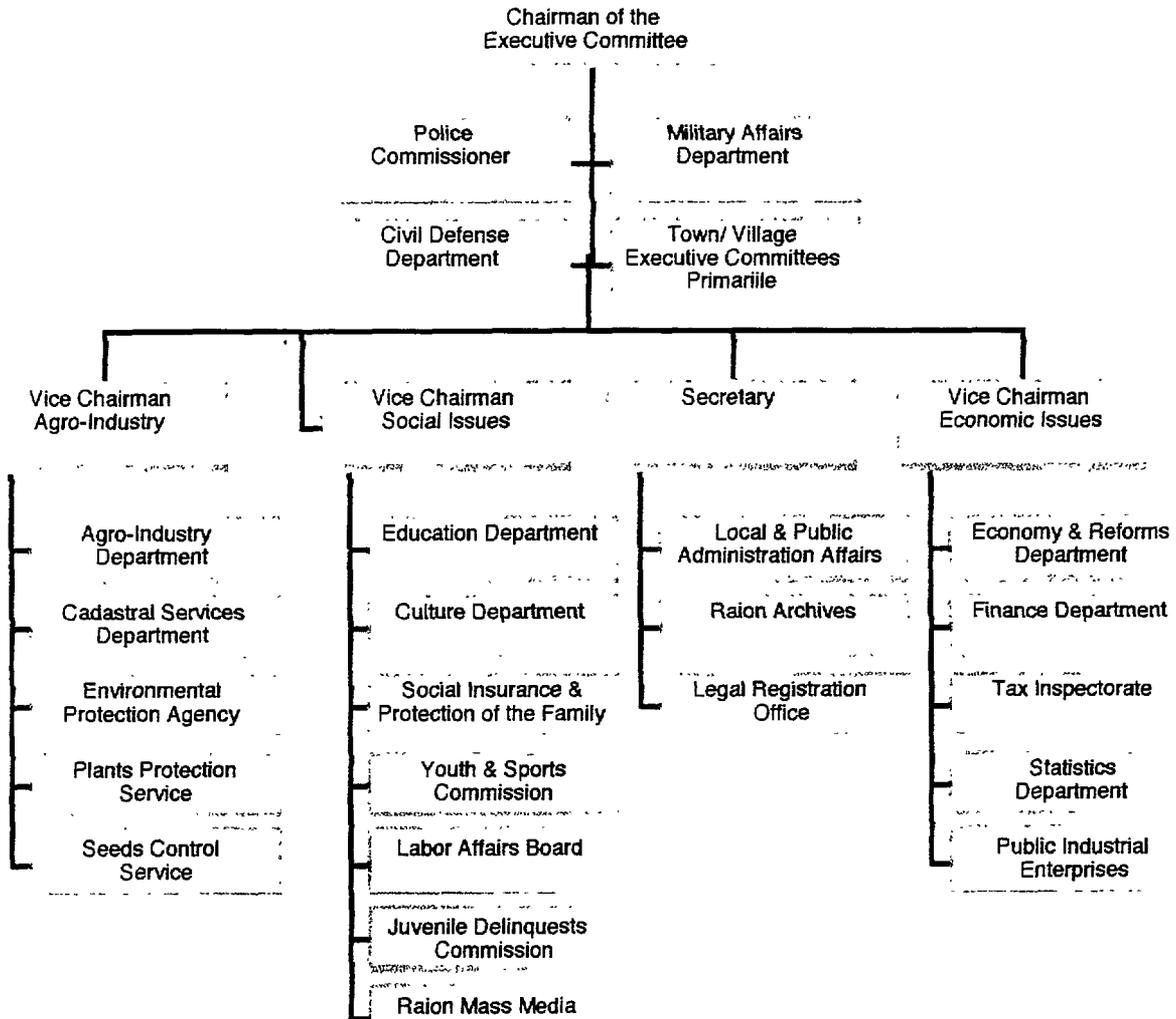
**Communes**  
**(806)**

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### Level I

# CHART II

## Organizational Structure of the Raion Executive Committee



44

CHART III

**Indicative Organization of Commune  
Baurci - Moldaveni, Cahul District**

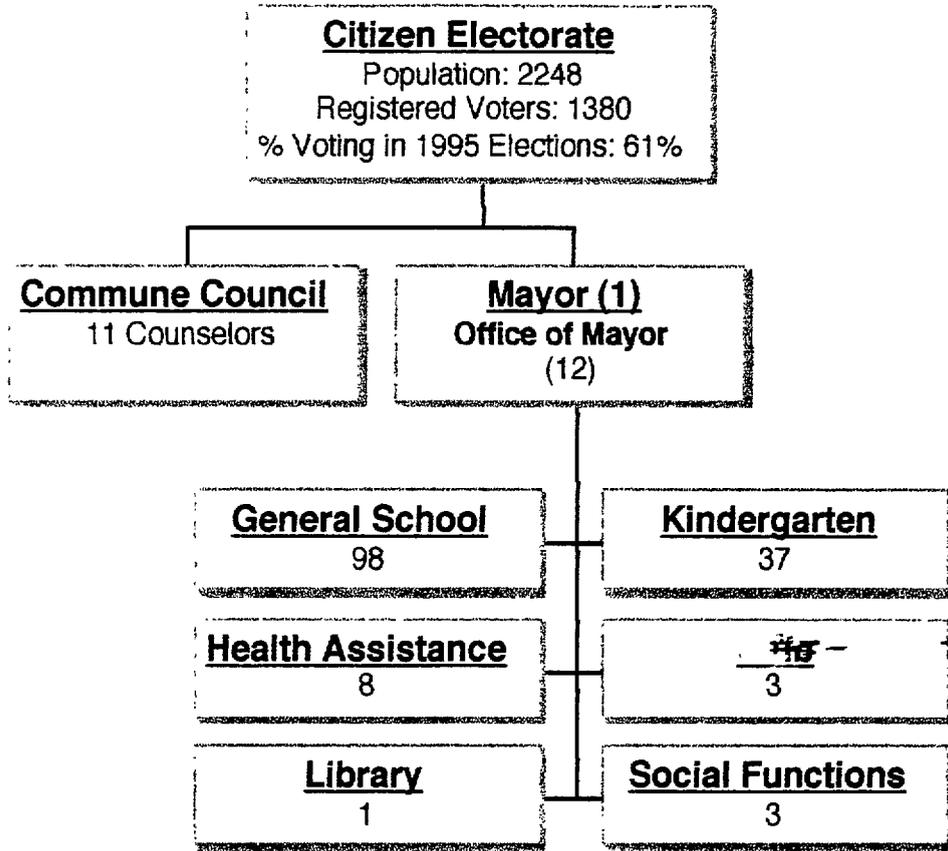


CHART IV

**Moldovan Cities Elective Status: Mayor/ City Council**

Resident Cities	Total Population (000)	Elected Mayor	Appointed Mayor	Elected Council	Appointed Council
Anenii Noi	79		•	•	
Basarabasca	31.5	•			
Briceeni	80.3		•	•	
Cahul	88.9		•		•
Cainari	43		•	•	
Calarasi	83.2		•	•	
Cantemir	64.8	•		•	
Causeni	65.3		•	•	
Cimisla	61.3	•		•	
Criuleni	83.7		•	•	
Donduseni	64.3		•	•	
Drochia	80.4	•		•	
Edinet	88.5	•		•	
Falscti	96		•	•	
Floresti	74.2	•		•	
Glodeni	65.1			•	
Hincesti	117.6		•		•
Ialoveni	89.5		•		•
Leoya	55.7		•	•	
Nisporeni	80.1	•		•	
Ocnita	59.2	•		•	
Orhei	135.8		•		•
Rezina	54.6	•		•	
Riscanei	82.1		•	•	
Saroca	95.2		•		•
Singerei	94.2	•		•	
Soldanesti	46.3	•		•	
Stefan Voda	75.5	•		•	
Straseni	95.4	•		•	
Taraclia	48.4	•		•	
Telenestia	72.1	•		•	
Ughenia	119.8	•		•	
<b>Cities</b>					
Lipcani	6.9		•	•	
Cupcini (Edinet)	9.4		•	•	
Ghindesti (Floristi)	2	•		•	
Marculesty (Marculesti)	2.3	•		•	
Iarga (Leova)	5.4		•	•	
Otaci (Ocinta)	7.3	•		•	
Frunza (Ocinta)	2	•		•	
Costesiti (Riscani)	3	•		•	
Biruinta (Singerei)	4.4		•	•	
Bucovat (Straseni)	1.6	•		•	
Comtesti (Ungheni)	2.9	•		•	

4/12

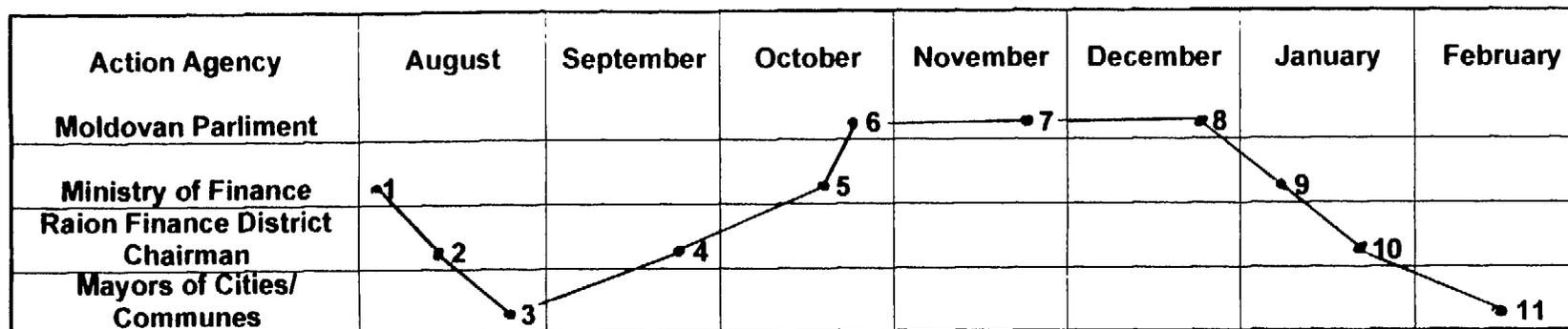
## CHART V

### MOLDOVAN CONSOLIDATED BUDGET PROCESS WITH PARTICULAR ATTENTION TO LEVEL II AND LEVEL I PARTICIPATION

1. Ministry of Finance notifies Raions of start-up of next year's budget process with with set of instructions
2. Raion Finance Department begins consults with Raion Chairman and notifies resident cities, cities and communes to begin budget preparations
3. Mayors, Finance chiefs prepare requests and meet with Raion Finance Department to discuss revenues and expenditures.
4. Requests for all resident cities, cities, communes are put together by raion finance department in line with budget instructions and sent to Ministry of Finance.
5. Ministry of Finance reviews all requests in the light of economic assumptions, needs expressed and puts together consolidate budget which is sent to Parliament to be introduced on First Reading.
- 6-8 Parliament discusses budget, makes changes, adopts norms, etc. and passes final budget on second and third reading at which time adopted budget is sent to Ministry of Finance for implementation
9. Ministry of Finance prepares local budget allocations for both revenues and expenditures and sends to Raion Finance Department and District Chairman for implementation.
10. Raion officials meet with Level I units and determine allocations based on guidelines, norms, instructions receive from MOF and Parliament.
11. Level I officials prepare to execute budgets.

## CHART VI

### MOLDOVAN CONSOLIDATED BUDGET PROCESS WITH PARTICULAR ATTENTION TO LEVEL II AND LEVEL I PARTICIPATION



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11. Level I officials prepare to execute budgets.

*Handwritten initials*

CHART VII

STRASENI 1998 RAION (DISTRICT) BUDGET  
(000 Lei)

I INCOME	APPROVED BUDGET	COLLECTED NINE MONTHS	PER CENT
1. Direct Taxes:	6283.2	4521.9	72
a. Income Tax	1077.7	539.5	50
b. Salary Tax	2041.7	1512.7	74
c. Land Tax	2365.2	1854.3	78
d. Property Tax	798.6	615.4	77
2. Indirect Taxes:	1425.0	982.4	69
a. Value Added	1425.0	982.4	69
3. Other Income	2572.0	2896.2	112
4. Subventions from	14864.0	9599.5	64
<u>Total of All Income</u>	<u>25144.2</u>	<u>18000.0</u>	<u>72</u>
<b>II EXPENDITURES</b>			
1. General Administration	1805.6	1267.0	71.5
2. Public Order & Nat'l Security	653.0	480.0	73.5
3. Education	13590.4	9756.7	72.8
4. Culture, Art, Sport & Youth Activities	548.7	357.6	65.1

**CHART VII (CONTINUED)**

5. Public Health Care	7347.4	4831.0	65.7
6. Social Maintenance Support	358.7	150.4	42.0
7. Agriculture, forests, etc.	408.5	311.5	76.0
8. Communal Services	400.0	598.6	149.
9. Fuel & Energy Support		50.0	
10. Other Economic Services		11.6	
11. Other Expenses	31.9	185.6	150.
<b>TOTAL ALL EXPENDITURES</b>	<b>25144.2</b>	<b>18000.0</b>	<b>71.5</b>

## CHART VIII

### THE 1998 BUDGET FOR COMMUNE BAURCI-MOLDOVENI

<b>Incomes</b>			
Tax on Enterprises Income	22,000		
Tax on Fiscal Bodies	3,600		
Tax on Land Owners	16,500		
Tax on Population Imovable Property	28,000		
Transfers from the State Budget	197,400		
Local Taxes	3,700		
	<b>271,200</b>		
<b>Expenses</b>			
General Administration	32,100		
School & Kindergarten	227,300		
Culture (Club/ Library)	7,500		
Health Service	3,500		
Social Maintenance	800		
	<b>271,200</b>		

## CHART IX

### TAX RESOURCES AVAILABLE TO CENTRAL AND LOCAL GOVERNMENTS IN MOLDOVA

General (State) Taxes	Local Taxes
a) Income/Profit Tax	a) Land Tax
b) Value Added Tax	b) Real Estate Tax
c) Excise Duties	c) Natural Resources User Fees
d) Privatization-related Duty	d) Area Development Fees
e) Customs Duties	e) Auction Lottery Tax
f) Road Tax	f) Hotel Tax
	g) Advertising Tax
	h) Local Insignia User Fees
	i) Retail Outlet Duties
	j) Marketplace Fees
	k) Parking Fees
	l) Resort Area Duties
	m) Pet Owners Fees
	n) Movie Producing Tax
	o) Border Crossing Duties
	p) Sales within Customs Zone Duties
	q) Private Transportation Tax

Source: Tax Code of the Republic of Moldova (Article 6)

## CHART X

### LIST OF TAXES, FEES AND DUTIES ASSIGNED TO CENTRAL AND LOCAL BUDGETS

Tax, Fee or Duty	State Budget	Local Budgets
Profit Tax ( <i>Impozitul pe venitul din activitatea intreprinzatorilor</i> )	✓	✓
Income Tax ( <i>Impozitul pe venitul din salarii</i> )		✓
Real Estate Tax ( <i>Impozitul pe bunurile imobiliare</i> )		✓
Value Added Tax (domestic goods & services) ( <i>Taxa pe valoarea adăugată la mărfurile produse și serviciile prestate pe teritoriul Republicii</i> )	✓	✓
Value Added Tax (imports) ( <i>Taxa pe valoarea adăugată la mărfurile importate</i> )	✓	
Excise Taxes ( <i>Accizele</i> )	✓	
Tax on Stocks Operations ( <i>Impozitul pe operațiunile cu titluri de valoare</i> )	✓	
Taxes on International Trade and External Business Operations (customs tariffs & duties, consular fees, etc.) ( <i>Impozitele asupra comerțului internațional și operațiilor externe</i> )	✓	
Land Tax ( <i>Impozitul financiar</i> )		✓
Natural Resources User Fees ( <i>Plățile pentru resursele naturale</i> )		✓
Fees for Legal Services ( <i>Taxa de stat</i> )	✓	
Proceeds from Capital Goods Sales (earnings from land, enterprise and housing privatization) ( <i>Veniturile încasate din operațiunile cu capital</i> )	✓	✓
Road Taxes ( <i>Taxele și alte încasări pentru fondul rutier</i> )	✓	
Privatization-related Duty ( <i>Impozitul privat</i> )	✓	✓
Net Revenue of the National Bank ( <i>Veniturile nete ale Băncii Naționale</i> )	✓	
Other Taxes and Duties	✓	✓

Source: Law on the 1998 Budget

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## CHART XI

### CONSOLIDATED RAION LOCAL EXPENDITURES IN MOLDOVA DRAFT BUDGET, 1998 ( Lei 000)

Raion	Agriculture	Public Works & Area Development	Social Sector				Local Authorities' Operating Budgets	Law Enforcement	Total Expenditure	
			Public Education	Culture & Sports	Health Care	Social Assistance				Total for Social Sector
oeni Noi	430	400	9,680	343	6,460	140	16,623	550	460	18,463
Basarabesca	280	650	4,170	234	2,120	102	6,626	230	330	8,116
Comana	470	350	9,520	504	6,930	160	17,114	485	430	18,849
Chisinau	390	550	14,910	536	6,870	300	22,616	615	720	24,891
Comana	140	100	2,320	142	1,900	100	4,462	255	300	5,257
Comana	400	350	9,920	542	4,080	130	14,672	395	300	16,117
Comana	250	200	5,830	352	2,690	120	8,992	325	300	10,067
Comana	240	450	10,860	420	6,780	165	18,225	610	520	20,035
Comana	400	400	11,040	345	5,450	140	16,975	300	510	18,585
Comana	370	400	9,640	364	5,250	115	15,369	360	320	16,819
Comana	400	500	12,670	425	6,810	310	20,215	575	700	22,390
Comana	410	350	7,080	402	5,870	180	13,532	485	340	15,117
Comana	310	450	10,590	311	7,010	250	18,191	480	520	19,983
Comana	180	160	4,830	182	1,720	120	6,852	280	600	8,072
Comana	510	600	13,250	735	8,440	1,340	23,765	495	640	26,010
Comana	430	450	12,860	580	6,680	135	20,255	590	500	22,225
Comana	440	400	9,130	485	6,830	200	16,645	415	420	18,320
Comana	300	400	10,360	563	5,690	175	16,788	390	300	18,178
Comana	520	550	13,250	657	8,040	970	22,917	565	600	25,152
Comana	310	400	10,480	320	5,260	145	16,205	445	500	17,860

54

**CONSOLIDATED RAION LOCAL EXPENDITURES IN MOLDOVA  
DRAFT BUDGET, 1998 ( Lei 000) - continued**

Ieova	330	350	9,850	449	4,860	105	15,264	425	330	16,699
Nisporeni	320	400	10,100	423	5,600	160	16,283	515	400	17,918
Ocnija	290	300	7,550	460	5,220	155	13,385	520	350	14,845
Orhei	480	700	17,380	710	8,750	1,430	28,270	760	800	31,010
Rezina	320	350	9,030	555	4,450	130	14,165	450	410	15,695
Rișcani	380	450	10,710	642	6,500	185	18,037	450	500	19,817
Singerei	370	450	10,260	523	6,890	195	17,868	450	500	19,638
Soroca	390	550	12,580	678	8,310	1,685	23,253	525	670	25,388
Strășeni	300	500	12,910	460	6,670	110	20,150	580	700	22,230
Șoldănești	280	300	6,730	383	4,480	210	11,803	415	300	13,098
Ștefan-Vodă	370	450	11,440	432	6,350	185	18,407	375	400	20,002
Taraclia	260	300	7,050	232	4,710	170	12,162	345	300	13,367
Telenești	330	400	10,120	492	4,700	170	15,482	605	500	17,317
Ungheni	480	650	16,240	730	8,940	188	26,098	615	900	28,743
Vulcănești	150	850	4,700	391	100	65	5,256	205	430	6,891
<b>Raions Total</b>	<b>12,250</b>	<b>15,110</b>	<b>349,040</b>	<b>16,034</b>	<b>197,410</b>	<b>10,440</b>	<b>572,924</b>	<b>16,080</b>	<b>16,800</b>	<b>633,164</b>

# Population Data on Moldovan Municipalities Districts

(Excluding Transnistaria and Gagauz-Yeri)

District/Municipality	Total Population (000)	Urban Population (000)	% of Urban	Rural Population (000)	% Rural	Number of Rural Communes	Average Population per Commune
<b>I Municipalities</b>							
Balti	155.6	152.4	98%	3.2	2%	1	3.200
Chisinau	752.1	718.2	95%	33.9	5%	8	4.238
	<b>907.7</b>	<b>870.6</b>		<b>37.1</b>		<b>9</b>	<b>7.438</b>
<b>II Districts</b>							
Anenii Noi	79.0	9.8	12%	69.2	88%	27	2.563
Basarabasca	31.5	13.8	44%	17.7	56%	10	1.770
Briceeni	80.3	17.2	21%	63.1	79%	26	2.427
Cahul	88.9	42.7	48%	46.2	52%	22	2.100
Cainari	43.0	4.5	10%	38.5	90%	17	2.265
Calarasi	83.2	18.0	22%	65.1	78%	27	2.411
Cantemir	64.8	5.5	8%	59.3	92%	27	2.196
Causeni	65.3	21.3	33%	44.0	67%	17	2.588
Cimislia	61.3	16.9	28%	44.4	72%	22	2.018
Camenca	24.8	0.0	0%	24.8	100%	13	*
Criuleni	83.7	8.8	11%	74.9	89%	26	2.881
Donduseni	64.3	11.7	18%	52.6	82%	28	1.879
Drochia	80.4	21.8	27%	58.6	73%	23	2.548
Dubasari	35.0	0.0	0%	35.0	100%	10	*
Edinet	88.5	28.8	33%	59.7	67%	27	2.211
Falscti	96.0	18.8	20%	77.2	80%	29	2.662
Floresti	74.2	22.2	30%	52.0	70%	26	2.000
Glodeni	65.1	12.7	20%	52.4	80%	19	2.758
Hincesti	117.6	18.8	16%	98.8	84%	36	2.744
Ialoveni	89.5	14.5	16%	75.0	84%	21	3.571
Leoya	55.7	17.1	31%	38.6	69%	21	1.838
Nisporeni	80.1	16.4	20%	63.7	80%	28	2.275
Ocnita	59.2	19.0	32%	40.2	68%	19	2.116
Orhei	135.8	37.5	28%	98.3	72%	34	2.891
Rezina	54.6	15.2	28%	39.4	72%	26	1.515
Riscanei	82.1	20.8	25%	61.3	75%	27	2.270
Saroca	95.2	39.4	41%	55.8	59%	29	1.924
Singerei	94.2	20.0	21%	74.2	79%	24	3.092
Slobozia	5.6	0.0	0%	5.6	100%	1	*
Soldanesti	46.3	7.7	17%	38.6	83%	22	1.755
Stefan Voda	75.5	10.2	14%	65.4	87%	23	2.843

56

## Appendix A: List of Contacts Made

<u>Name</u>	<u>Organization</u>	<u>Location</u>
Bruce Abrams	USAID	Washington
Barry Verret	USAID	Washington
Keith Mulrooney	Nature Conservancy	Arlington, VA
Judy Hansen	USAID	Kiev
Harry Walters	USAID	Kiev
Andriy Parinov	USAID	Kiev
Ivan Shvets	USAID	Kiev
Elinor Bachrach	Barents Group LLC	Kiev
Marilyn Schmidt	USAID	Kiev
Greg Huger	USAID	Kiev
Richard Laliberte, et.al.	Barents Group LLC	Kiev
Thomas Lofgren	USAID	Chisinau
Marina Panciuc	USAID	Chisinau
Vasile Filatov	USAID	Chisinau
Victor Ursu	Soros	Chisinau
Stelina Burlacu	Soros	Chisinau
Jo Declercq	Tacis	Chisinau
Luc Becquer	Tacis	Chisinau
Mark Freeman	ACDI VOCA	Chisinau
Vasile Munteanu	ACDI VOCA	Chisinau
Dorin Tudoran, et.al.	IFES	Chisinau
Adrian Evtuhovici	Tacis	Chisinau
Aliona Niculita, et.al.	NGO Contact	Chisinau
Vincent Morabito	Center for Private Bus. Reform	Chisinau
Igor Munteanu, Victor Popa, et.al.	Viitorul Foundation	Chisinau
Soren Tejno	UNDP	Chisinau
Richard Roemers	UNDP	Chisinau
Laverne Cook	ASU/ Ministry of Education	Chisinau
Stefan Toma, et.al.	UNICEF	Chisinau
Milhail Platon	Academy of Public Administration	Chisinau
Valeriu Matei	Deputy Chair, Moldovan Parliament	Chisinau
Eugen Rusu & Ion Neagu	MPs/ Parliamentary Judicial Comm.	Chisinau
Trevor Boyd	Drexel University/ USIS	Chisinau
Mihail Perebinos	Moldovan Mayor's Association	Chisinau
Mihai Cotorobai	Moldovan Constitutional Court	Chisinau
Dumitru Croitoru	Mayor of Orhei	Orhei
Dumistru Postovan	Chairman of Raion Exec. Comm.	Drochia
Ion Mihailuta	GOM Local Govt. Admin Dept.	Chisinau
Richard Fanelly, et.al.	Hagler Bailly/USAID Energy	Chisinau
James Parks	World Bank	Chisinau
Mark Horton	IMF	Chisinau

<u>Name</u>	<u>Organization</u>	<u>Location</u>
Maxim Kakareka	EDRB	Chisinau
Mr. Gologan	Chairman, Raionul Exec. Comm.	Iaolveni
Mr. Covash	Head, Public Administration	Iaolveni
Mr. Coroi, et.al.	Mayor, Department Heads	Causheni
Gheorghe Ciobani	Mayor, Department Heads	Baurci- Moldoveni
Vasile Ivanovich, et.al.	Chairman, Raionul Exec. Comm.	Cahul
Peter Pashale, et.al.	Chairman, Gaguz Yeri Autonomous Regional Assembly & Chief Deputies	Comrat
Igor Vatamaniuc	Center for Business Reform	Chisinau
Valeriu Cebotari	Center for Business Reform	Chisinau
Lester Sweeting, et.al.	Barents Group LLC	Chisinau
Tatiana Cunetesky	GOM, Ministry of Finance	Chisinau
Iulia Iesanu	Local Public Administration, Municipality of Chisinau	Chisinau
Arthur Lungu	Federation of Local & Regional Authorities/ Munic. Of Chisinau	Chisinau
Victor Popusoi	NGO, VARDI	Chisinau
Romanitsa Berghia	Eurasia Foundation/ Moldova	Chisinau
Mr. Taushangi, et.al.	Mayor's Office	Comrat
Vasile Balica	Mayor of Chimislia	Chimislia
Petru Porcecu, et.al.	Chairman, Rayon Exec. Committee	Straseni
Mihail Smiricinski	Director of Communal Services	Straseni
Monique Courchesne,	Barents Group LLC, Legal and	
Lucia Padure, et.al.	Fiscal Reform Project	Chisinau
Rudolf Perina	U.S. Ambassador to Moldova	Chisinau

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## **APPENDIX C**

### **CRITERIA FOR SELECTION OF PARTICIPANTS IN PROPOSED LOCAL GOVERNMENT AND LOCAL GOVERNANCE PROJECT**

1. Participating local units must be of Level I including: resident cities, cities and communes.
2. Participating local units should be already included in a local government project such as, but not limited to, Land Titling, NGO Contact, Rural Development (NGOs), MSIF, Rural Water or similar project.
3. Participating local units should be in close proximity to each other or gathered into raion groupings that would make for least cost operation in project administration.
4. Participating local units must present a local community service project that is under consideration and is a project that will give extended service to the local units or units involved. Preference will be given to projects that are included in ongoing activities noted in # 2 above.
5. Participating local units must agree beforehand to include a substantial element of community participation in deliberations and decision making with regard to the proposed subproject.
6. Participating local units should understand that the proposed USAID project will not contribute to capital costs but will confine its contribution to training and technical assistance.
7. Participating local units should indicate their ability and willingness to undertake the project and to give reasonable assurance that, in cooperation with USAID, they will commit to fulfilling the project's expectations for completion and sustainability.

## **Appendix D**

### **Background and Information on Communal Services Operations**

#### **1. Ministry of Territorial Development, Construction And Communal Services**

On February 6, 1997, via Moldovan Government Decree No. 33, the Ministry of Communal Services and the Department of Architecture and Construction were merged into The Ministry of Territorial Development, Construction & Communal Services. The Ministry performs the following functions:

- a. Develop policy and strategy in territorial maintenance, architecture, construction development, production and use of construction materials, communal services and housing;
- b. Contribute to the coordination of communal services between commercial operations and population needs;
- c. General coordination of urban development, technical and social infrastructure and territorial development activities at the national and regional levels;
- d. Review, coordination and approval of applications and documents relating to architecture, construction, territorial maintenance and communal services;
- e. Authorization of activity in the fields of projection, construction, communal services and production of construction materials;
- f. Review and recommendations of state programs in the fields of communal services and housing construction.

The Ministry also includes the Republican Production Association "Apa-Canal" (Water & Sewer) with their existing departments and subdivisions of water supply at the district and city levels.

#### **2. Organization of the Ministry**

The Ministry is headed by a Minister with a First Vice Minister and three Vice Minister as well as an advisory board of nine people. The Ministry has nine departments as follows:

- a. Architecture, Urban Development, Territorial Maintenance
- b. Finance and Accounting
- c. Construction

- d. Communal Services
- e. Housing Operations Department
- f. Staff and Administrative
- g. Foreign Relations

### **3. Operation of Straseni District Department of Communal Services .**

The District Department of Communal Services has the following responsibilities:

- a. Deliver communal services in the resident city of Straseni;
- b. Cleaning, maintenance for street in resident city of Straseni
- c. Road repair, maintenance of street in resident city of Straseni and of those roads that are designated as District Roads;
- d. Cemetery maintenance
- e. Maintenance of designated public housing units
- f. Leasing of publicly owned facilities to shops and small enterprises
- g. Maintenance of water service lines

### **4. Water Supply, Rates**

Potable water come to Straseni from Micauti - 17 kilometers away. A reservoir is maintained there and the water is pumped to the City. The water does not need chemical additives except for chlorine. The water pumping station at Micauti is operated by the Apa-Canal Department, a state company which is part of the Ministry of Territorial Development, Architecture and Communal Services.

The District Communal Services Department submits its recommendations on the water rates to the District Finance Department and which, when approved by the District Chairman and the District Council, are included in the annual budget and made operative. The Finance Department, however, collects the rates.

### **5. Relationship of Department of Communal Services to Villages**

While the District Department of Communal Services does not perform work for individual villages as such, the communes may, through the Mayor, contract with the District Department to perform certain services. Before the contract is signed, however, the villages must show that they have the financial resources to pay for the services.

### **6. Organization and Budget of the District Communal Services Department**

Attached to this summary is an organization chart of the 1998 Budget of the Straseni District Communal Services Department. It should be noted that the Department's Director is subordinate to three agencies: The Ministry of Territorial Development, Architecture and Communal Services, the District Chairman and Executive Committee and the Mayor of Straseni.

## **APPENDIX E: Duties and Responsibilities of Moldovan Local Governments**

The responsibilities of local government units in Moldovan as listed in what follows are excerpted from the current Law on Local Public Administration. In that law the translation of these assignments is taken to mean "competencies" which in western local government terms usually means "responsibilities" or "duties." Listings have been combined to collect like "competencies" as well.

In some cases where the translation lists two or three unrelated competencies, these may be listed separately or in separate combinations related to similar functions. When similar competencies have been assigned to both Level I and Level II units, we assume that the former are confined to the locality jurisdiction while the latter, especially concerning the district, are regional in character and do not overlap nor necessarily duplicate functions.

### **Level I Resident Cities, Cities and Communes**

1. Administration of the Locality as well as the supporting and necessary administrative facilities as well as the upkeep of these facilities designated for public use.
2. Territorial-area planning and urban development.
3. Construction, operation and maintenance of water and waste water systems which are within the localities boundaries and serve in whole or in part the locality itself. This would also include water treatment as well as the maintenance of healthy living through management of water/waste water needs and the collection and disposal of solid waste and other wastes.
4. Construction, maintenance of roads, streets, bridges and public places within the physical limit of the locality. These will also include attention to traffic control as well as local public transport limited to the boundary of the locality. Also included is the operation and maintenance of markets and market places, green spaces and parks the maintenance of cemeteries.
5. Construction, maintenance and administration of public housing facilities.
6. Public health with special emphasis on family care, mother and child care. A related duty concerns is that affecting children's rights.
7. Social security, including the operation and maintenance of social assistance centers and facilities. The social security of the unemployed is also a local duty.
8. Ensuring the proper operations and function of educational institutions, including secondary schools, kindergartens and nurseries.
9. Promotion of local and national culture including the operation and maintenance of houses of culture, libraries and related cultural facilities.
10. Promotion for sports as well as youth activities at the local level. This also includes the operation and maintenance of sport facilities.
11. Maintenance of public order and civil protection including fire protection.

**Level II District, Chisinau Municipalities and other Special  
Status Autonomous Units**

1. Social-economic development of District, Municipality or Special Status Autonomous Units
2. Upkeep of highways of district or municipal importance as well as organizing inter-district transportation.
3. Construction of major public facilities, e.g. Hospitals, schools, district and municipal highways.
4. Environmental Protection. \*\*
5. Regional Health Care, including the upkeep of medical and social facilities and the provision for mother and child care.
6. Conducting activities involving youth and sports
7. Conducting activities related to secondary and professional education.
8. Public Order

**Notes:**

\* It was the Team's understanding the Level I units were responsible for kindergarten and elementary education while the District was responsible for secondary and professional education. The inclusion of "secondary" education in the competencies of both the Level I and Level II units may be a translation difficulty.

\*\* This is so general that we are not certain what kind of competencies it devolves to the District although the enforcement of central government environmental law and regulations at Level II and by way of district authority to Level I units.

Appendix F

**European Charter  
of Local Self-government**

**Charte européenne  
de l'autonomie locale**

**Strasbourg, 15.X.1985**

*European Treaty Series* / 122  
*Série des traités européens*

## **Preamble**

The member States of the Council of Europe, signatory hereto,

Considering that the aim of the Council of Europe is to achieve a greater unity between its members for the purpose of safeguarding and realising the ideals and principles which are their common heritage;

Considering that one of the methods by which this aim is to be achieved is through agreements in the administrative field;

Considering that the local authorities are one of the main foundations of any democratic regime;

Considering that the right of citizens to participate in the conduct of public affairs is one of the democratic principles that are shared by all member States of the Council of Europe;

Considering that it is at local level that this right can be most directly exercised;

Convinced that the existence of local authorities with real responsibilities can provide an administration which is both effective and close to the citizen;

Aware that the safeguarding and reinforcement of local self-government in the different European countries is an important contribution to the construction of a Europe based on the principles of democracy and the decentralisation of power;

Asserting that this entails the existence of local authorities endowed with democratically constituted decision-making bodies and possessing a wide degree of autonomy with regard to their responsibilities, the ways and means by which those responsibilities are exercised and the resources required for their fulfilment.

Have agreed as follows:

## **Article 1**

The Parties undertake to consider themselves bound by the following articles in the manner and to the extent prescribed in Article 12 of this Charter.

## **Part I**

### **Article 2 – Constitutional and legal foundation for local self-government**

The principle of local self-government shall be recognised in domestic legislation, and where practicable in the constitution.

### **Article 3 – Concept of local self-government**

- 1 Local self-government denotes the right and the ability of local authorities, within the limits of the law, to regulate and manage a substantial share of public affairs under their own responsibility and in the interests of the local population.
- 2 This right shall be exercised by councils or assemblies composed of members freely elected by secret ballot on the basis of direct, equal, universal suffrage, and which may possess executive organs responsible to them. This provision shall in no way affect recourse to assemblies of citizens, referendums or any other form of direct citizen participation where it is permitted by statute.

### **Article 4 – Scope of local self-government**

- 1 The basic powers and responsibilities of local authorities shall be prescribed by the constitution or by statute. However, this provision shall not prevent the attribution to local authorities of powers and responsibilities for specific purposes in accordance with the law
- 2 Local authorities shall, within the limits of the law, have full discretion to exercise their initiative with regard to any matter which is not excluded from their competence nor assigned to any other authority.
- 3 Public responsibilities shall generally be exercised, in preference, by those authorities which are closest to the citizen. Allocation of responsibility to another authority should weigh up the extent and nature of the task and requirements of efficiency and economy.
- 4 Powers given to local authorities shall normally be full and exclusive. They may not be undermined or limited by another, central or regional, authority except as provided for by the law.
- 5 Where powers are delegated to them by a central or regional authority, local authorities shall, insofar as possible, be allowed discretion in adapting their exercise to local conditions.
- 6 Local authorities shall be consulted, insofar as possible, in due time and in an appropriate way in the planning and decision-making processes for all matters which concern them directly

### **Article 5 – Protection of local authority boundaries**

Changes in local authority boundaries shall not be made without prior consultation of the local communities concerned, possibly by means of a referendum where this is permitted by statute

### **Article 6 – Appropriate administrative structures and resources for the tasks of local authorities**

- 1 Without prejudice to more general statutory provisions, local authorities shall be able to determine their own internal administrative structures in order to adapt them to local needs and ensure effective management.

- 2 The conditions of service of local government employees shall be such as to permit the recruitment of high-quality staff on the basis of merit and competence; to this end adequate training opportunities, remuneration and career prospects shall be provided.

#### **Article 7 – Conditions under which responsibilities at local level are exercised**

- 1 The conditions of office of local elected representatives shall provide for free exercise of their functions.
- 2 They shall allow for appropriate financial compensation for expenses incurred in the exercise of the office in question as well as, where appropriate, compensation for loss of earnings or remuneration for work done and corresponding social welfare protection.
- 3 Any functions and activities which are deemed incompatible with the holding of local elective office shall be determined by statute or fundamental legal principles.

#### **Article 8 – Administrative supervision of local authorities' activities**

- 1 Any administrative supervision of local authorities may only be exercised according to such procedures and in such cases as are provided for by the constitution or by statute.
- 2 Any administrative supervision of the activities of the local authorities shall normally aim only at ensuring compliance with the law and with constitutional principles. Administrative supervision may however be exercised with regard to expediency by higher-level authorities in respect of tasks the execution of which is delegated to local authorities.
- 3 Administrative supervision of local authorities shall be exercised in such a way as to ensure that the intervention of the controlling authority is kept in proportion to the importance of the interests which it is intended to protect.

#### **Article 9 – Financial resources of local authorities**

- 1 Local authorities shall be entitled, within national economic policy, to adequate financial resources of their own, of which they may dispose freely within the framework of their powers.
- 2 Local authorities' financial resources shall be commensurate with the responsibilities provided for by the constitution and the law.
- 3 Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within the limits of statute, they have the power to determine the rate
- 4 The financial systems on which resources available to local authorities are based shall be of a sufficiently diversified and buoyant nature to enable them to keep pace as far as practically possible with the real evolution of the cost of carrying out their tasks.
- 5 The protection of financially weaker local authorities calls for the institution of financial equalisation procedures or equivalent measures which are designed to correct the effects of the unequal distribution of potential sources of finance and of the financial burden they must support. Such procedures or measures shall not diminish the discretion local authorities may exercise within their own sphere of responsibility.
- 6 Local authorities shall be consulted, in an appropriate manner, on the way in which redistributed resources are to be allocated to them.

- 7 As far as possible, grants to local authorities shall not be earmarked for the financing of specific projects. The provision of grants shall not remove the basic freedom of local authorities to exercise policy discretion within their own jurisdiction.
- 8 For the purpose of borrowing for capital investment, local authorities shall have access to the national capital market within the limits of the law.

#### **Article 10 – Local authorities' right to associate**

- 1 Local authorities shall be entitled, in exercising their powers, to co-operate and, within the framework of the law, to form consortia with other local authorities in order to carry out tasks of common interest.
- 2 The entitlement of local authorities to belong to an association for the protection and promotion of their common interests and to belong to an international association of local authorities shall be recognised in each State.
- 3 Local authorities shall be entitled, under such conditions as may be provided for by the law, to co-operate with their counterparts in other States.

#### **Article 11 – Legal protection of local self-government**

Local authorities shall have the right of recourse to a judicial remedy in order to secure free exercise of their powers and respect for such principles of local self-government as are enshrined in the constitution or domestic legislation.

### **Part II – Miscellaneous provisions**

#### **Article 12 – Undertakings**

- 1 Each Party undertakes to consider itself bound by at least twenty paragraphs of Part I of the Charter, at least ten of which shall be selected from among the following paragraphs:
  - Article 2,
  - Article 3, paragraphs 1 and 2,
  - Article 4, paragraphs 1, 2 and 4,
  - Article 5,
  - Article 7, paragraph 1,
  - Article 8, paragraph 2,
  - Article 9, paragraphs 1, 2 and 3,
  - Article 10, paragraph 1,
  - Article 11.
- 2 Each Contracting State, when depositing its instrument of ratification, acceptance or approval, shall notify the Secretary General of the Council of Europe of the paragraphs selected in accordance with the provisions of paragraph 1 of this Article.
- 3 Any Party may, at any later time, notify the Secretary General that it considers itself bound by any paragraphs of this Charter which it has not already accepted under the terms of paragraph 1 of this Article. Such undertakings subsequently given shall be deemed to be an integral part of the ratification, acceptance or approval of the Party so notifying, and shall have the

same effect as from the first day of the month following the expiration of a period of three months after the date of the receipt of the notification by the Secretary General.

#### **Article 13 – Authorities to which the Charter applies**

The principles of local self-government contained in the present Charter apply to all the categories of local authorities existing within the territory of the Party. However, each Party may, when depositing its instrument of ratification, acceptance or approval, specify the categories of local or regional authorities to which it intends to confine the scope of the Charter or which it intends to exclude from its scope. It may also include further categories of local or regional authorities within the scope of the Charter by subsequent notification to the Secretary General of the Council of Europe.

#### **Article 14 – Provision of information**

Each Party shall forward to the Secretary General of the Council of Europe all relevant information concerning legislative provisions and other measures taken by it for the purposes of complying with the terms of this Charter.

### **Part III**

#### **Article 15 – Signature, ratification and entry into force**

- 1 This Charter shall be open for signature by the member States of the Council of Europe. It is subject to ratification, acceptance or approval. Instruments of ratification, acceptance or approval shall be deposited with the Secretary General of the Council of Europe.
- 2 This Charter shall enter into force on the first day of the month following the expiration of a period of three months after the date on which four member States of the Council of Europe have expressed their consent to be bound by the Charter in accordance with the provisions of the preceding paragraph.
- 3 In respect of any member State which subsequently expresses its consent to be bound by it, the Charter shall enter into force on the first day of the month following the expiration of a period of three months after the date of the deposit of the instrument of ratification, acceptance or approval.

#### **Article 16 – Territorial clause**

- 1 Any State may, at the time of signature or when depositing its instrument of ratification, acceptance, approval or accession, specify the territory or territories to which this Charter shall apply.
- 2 Any State may at any later date, by a declaration addressed to the Secretary General of the Council of Europe, extend the application of this Charter to any other territory specified in the declaration. In respect of such territory the Charter shall enter into force on the first day of the

month following the expiration of a period of three months after the date of receipt of such declaration by the Secretary General.

- 3 Any declaration made under the two preceding paragraphs may, in respect of any territory specified in such declaration, be withdrawn by a notification addressed to the Secretary General. The withdrawal shall become effective on the first day of the month following the expiration of a period of six months after the date of receipt of such notification by the Secretary General.

#### **Article 17 – Denunciation**

- 1 Any Party may denounce this Charter at any time after the expiration of a period of five years from the date on which the Charter entered into force for it. Six months' notice shall be given to the Secretary General of the Council of Europe. Such denunciation shall not affect the validity of the Charter in respect of the other Parties provided that at all times there are not less than four such Parties.
- 2 Any Party may, in accordance with the provisions set out in the preceding paragraph, denounce any paragraph of Part I of the Charter accepted by it provided that the Party remains bound by the number and type of paragraphs stipulated in Article 12, paragraph 1. Any Party which, upon denouncing a paragraph, no longer meets the requirements of Article 12, paragraph 1, shall be considered as also having denounced the Charter itself.

#### **Article 18 – Notifications**

The Secretary General of the Council of Europe shall notify the member States of the Council of Europe of:

- a any signature;
- b the deposit of any instrument of ratification, acceptance or approval;
- c any date of entry into force of this Charter in accordance with Article 15;
- d any notification received in application of the provisions of Article 12, paragraphs 2 and 3;
- e any notification received in application of the provisions of Article 13;
- f any other act, notification or communication relating to this Charter.

In witness whereof the undersigned, being duly authorised thereto, have signed this Charter  
Done at Strasbourg, this 15th day of October 1985, in English and French, both texts being equally authentic, in a single copy which shall be deposited in the archives of the Council of Europe. The Secretary General of the Council of Europe shall transmit certified copies to each member State of the Council of Europe.

# Appendix G

Draft

## THE LAW ON LOCAL PUBLIC ADMINISTRATION

The Parliament of the Republic of Moldova adopts the present law.

### CHAPTER I

#### Section 1

#### General Provisions

Art.1. The present law establishes and regulates the organization and functioning of the public administration in administrative-territorial units.

Art.2.(1) Public administration of villages (communes), towns (municipalities) and districts is based on the principles of local autonomy, decentralization of public services, eligibility of local public administration authorities and consulting the citizens for local issues of special interest.

(2) Public administration of localities, to which a special status of autonomy have been conferred, is regulated by the present law as well as by the laws on the special legal status of these localities.

(3) The application of the above-mentioned principles can not threaten the integrity of the state.

Art.3. The administrative-territorial units are legal persons. They have assets, enjoy financial autonomy, are entitled to initiative in every matter regarding the administration of local public interests and fulfil their authority, in accordance with the law, within the established administrative-territorial limits.

Art.4. The local public authorities through which is fulfilled local autonomy in villages (communes) and towns (municipalities) are the local councils, as deliberative authorities, and mayors ("Primari"), as executive authorities. Local councils and mayors are elected as envisaged by the law.

Art.5. Local councils and mayors function as autonomous administrative authorities and solve public issues in villages (communes) and towns (municipalities) as provided by the law.

Art.6. A council is elected in each district as public administrative authority to coordinate the activity of local councils in view of realization of the public services of

district and municipal level. The council elects out of its members a chairman, a vice-chairman and a permanent bureau.

Art.7. The relationship between the district and local public administration is based on the principles of legality, autonomy and cooperation in solving issues of common interest. ~~There is no~~ subordination between district and local public administration.

Art.8.(1) For the execution of responsibilities imposed upon them, the councils dispose of the autonomy, granted and guaranteed by the Constitution and by the law.

(2) Local autonomy encompasses the organization and functioning of local public administration bodies, as well as their right and capacity to solve and to manage within the framework of the law, under personal responsibility and to the benefit of the local community, which they represent, an important part of local public matters.

Art.9. The competencies given to the local authorities are full. They can not be called in question or limited by other authority - central, district or municipal - otherwise than in accordance with the law.

Art.10. Issues of outstanding importance for the administrative-territorial units can be subject, in accordance with the law, of consultation with the inhabitants by means of a local referendum.

Art.11.(1) In order to fulfil the local autonomy, the public administration authorities of administrative-territorial units elaborate and approve budgets for revenues and expenditures and are entitled to impose local taxes and dues, as envisaged by the law.

(2) ~~The financial autonomy of administrative-territorial units is established by law.~~

Art.12.(1) ~~The President~~ of the Republic of Moldova ~~appoints~~, upon the suggestion of the Government, a head of the state administration (prefect) for each ~~district~~, autonomous territorial unit and Chisinau municipality.

(2) The head of the state administration (the prefect) is the representative of the Government at the local level. He (she) conducts the public services of ministries, departments and other central bodies of public administration, organized and performed in the administrative-territorial units.

## Section 2

### Delimitation of Competencies

## Membership and Formation of Local Councils

Art.14.(1) Village (commune) and town (municipality) councils are composed of councilors, elected in compliance with the provisions of the Law on Local Elections. The number of councilors is established proportionally to the number of inhabitants, according to the situation as of January 1 of the year of election, as follows:

Number of people in village (commune), town (municipality)	Number of councilors
Up to 1000	7
From 1001 to 3000	9
From 3001 to 5000	11
From 5001 to 7000	13
From 7001 to 10000	15
From 10001 to 20000	17
From 20001 to 50000	19
From 50001 to 100000	23
Over 100000	27

(2) The Council of Chisinau municipality is constituted of 51 councilors.

Art.15.(1) The function of a councilor is incompatible with:

- a) the function of head of the state administration (prefect) and that of vice head of the state administration (sub-prefect);
- b) the function of officer on the staff of the respective village (commune), town (municipality) and district councils or on the staff of the administration (prefect office) of the respective district or Chisinau municipality;
- c) the function of mayor or vice mayor;
- d) the function of Member of the Parliament, Counselor of the President of the Republic of Moldova, member of the Government.

(2) Law can establish other incompatibilities.

Art. 16. The council is considered to be legally constituted when at least two thirds of mandates out of the established number of members are validated.

Art. 17.(1) The local councils meet for the first session within 20 days as of validation of councilors by the judiciary instance. The head of the state administration (prefect) convokes the first session. The head of the state administration (prefect) or its representative attend the first session.

(2) The session is legally constituted when at least two thirds of the elected councilors take part in its works. In case it is not possible to insure this majority, the session shall be held, as rule, in 3 days on the same conditions. Be the session non-deliberative the second time, it is again convoked in 3 days. This time the session shall be considered deliberative when the majority of elected councilors are present. In case the

Art.13 (1) The competencies of village (commune), town (municipality) are the following:

- a) amenity works on territories, management of land plots;
- b) construction and maintenance of roads, streets, bridges and public places, as well as road traffic;
- c) water supply and water pipes, sewerage system, water purification, cleaning of the sanitary equipment, storage and utilization of communal waste, electric energy supply;
- d) local public transport;
- e) public hygiene;
- f) social issues, including centers of social assistance;
- g) communal dwelling construction;
- h) education, including primary schools, kindergartens, nurseries;
- i) culture, including cultural centers, libraries and other institutions of culture;
- j) physical culture, including sports grounds and sport equipment;
- k) markets and market halls;
- l) green areas and parks;
- m) cemeteries' maintenance;
- n) public order and anti-fire protection;
- o) maintenance of public and administrative buildings.

(2) The competencies of district and Chisinau municipality are the following:

- a) social-economic development of the territory;
- b) health care;
- c) environmental protection;
- d) social assistance providing;
- e) maintenance of public order;
- f) maintenance of sanitary and social institutions;
- g) mother and child protection;
- h) activity related to secondary school and college education;
- i) maintenance of roads of district importance;
- j) organization of inter-district transport;
- k) construction of large public buildings (hospitals, schools, highways, etc.);
- l) professional training.

(3) The competencies of local communities, districts and Chisinau municipality can not be called in question or limited by other authority - central, district or of Chisinau municipality - otherwise than within the established framework of the law.

## CHAPTER II

### LOCAL COUNCILS

#### Section 1

council can not meet even the third time, because of unmotivated absences of councilors, the head of the state administration (prefect) shall declare as vacant the mandates of those councilors who missed the three convocations. In such a case, new elections shall be organized within 30 days time, in compliance with the Law on local elections. The decision of the head of the state administration (prefect), through which are declared vacant the places of those councilors who missed unmotivated the sessions, can be sued in court by the latter ones within 5 days as it was made known to the public. The decision of the court is final and irrevocable.

(3) The first session is chaired by the eldest councilor, assisted by 1 or 2 of the younger councilors.

## Section 2

### Authorities of the Local Councils

Art.18.(1) The local council is entitled to initiative and decides, in compliance with the law, on any issue of local interest, excepting those that fall under the competence of other public authorities.

(2) The council has the following authorities in force on the administrated territory:

- a) appoints, at the suggestion of the mayor, the vice mayor (vice mayors);
- b) approves the statutes of the village (commune), town (municipality) and the regulations of the council, on the basis of the sample statutes and regulations approved by the Parliament; also approves other regulations and rules envisioned by law;
- c) approves studies, forecasts, projects and programs of social-economic development, organization and improvement of the territory;
- d) approves, at the suggestion of the mayor, the organizational structure and the personnel of its staff (apparatus) and its functional instructions, approves the organizational structures and the staff autonomous directions and specialized public services of the local council;
- e) ~~approves the~~ local budget, its formation, administration and execution: approves credits and the utilization of budget reserves; approves loans and the balance account of the budget;
- f) establishes local taxes and dues, as well as special dues for a limited period of time, in compliance with the law;
- g) administrates, under the law, the public and private domain of the village (commune), town (municipality), takes decisions within its competence on solving litigation in the subordinate territory;
- h) creates institutions and economic agents of local importance; decides upon the concession or lending of assets or public services of local interest, as well as upon participation, with capital or assets share, in commercial ventures and enterprises for performance of works and services of local interest, in compliance with the law;

- i) appoints and dismisses, under the law, the heads of economic agents and public institutions of local importance under its supervision and authority;
- j) monitors, supervises and analyzes the activity of economic agents and public institutions under its authority;
- k) imposes specific norms for public institutions and economic agents of local importance under its authority, in compliance with the general criteria established by law;
- l) organizes public services in public utilities, local transport, municipal administration networks and others and insures their efficient functioning;
- m) approves, under law, projects of urban development of localities part of the administrative-territorial units, as well as projects of improvements and amenity works on the territory and the measures needed for their fulfillment; insures the performance of public works in compliance with the approved projects and plans;
- n) approves local programs for environmental improvement and protection, contributes to the conservation and protection of historical and architectural monuments, parks and protected woodlands; supervises the rational utilization of lands and natural resources;
- o) creates and insures the functioning of local charity organizations;
- p) forms out of its members, depending on the local specific character and necessities, committees responsible for different fields of activity, modifies them;
- q) decides, under the law, upon association with other public administration authorities of local or district level for performance of works or services of public interest, as well as upon cooperation with domestic and foreign economic agents for the performance of activities or works of mutual interest;
- r) decides upon cooperation, collaboration and establishment of "twin town" relations with localities from abroad;
- s) awards to local or foreign physical persons for outstanding merits the title of honorary citizen of the village (commune), town (municipality);
- t) examines councilors' reports, takes decisions on them; discusses the reports of the mayor;
- u) resigns before term councilors' authorities;

(3) The local council also carries out other authorities, established by law or by the statutes of the village (commune), town (municipality).

### Section 3

#### Functioning of the Local Council

Art.19.(1) The local council exercises its mandate since the date of its constitution until the declaration as legally constituted of the newly elected council. The mandate of the council can be prolonged by an organic law in case of war or natural catastrophe.

(2) The local council elects by open vote, with the majority of votes of the present councilors, a chairman for the duration of each session.

Art.20. (1) The local council meets for ordinary sessions on monthly basis, as convoked by the mayor. •

(2) It can come together for extraordinary sessions as often as necessary, at the request of the mayor or of at least one third of members of the council.

(3) The local council shall be convoked at least 10 days in advance of an ordinary session and 3 days in advance of an extraordinary one.

(4) In case of maximal urgency to solve the issues of primary importance for the population of the village (commune), town (municipality), the local council can be immediately convoked.

(5) Convocation is done in writing through the provision of the mayor and is mentioned in the minutes of the session. The invitation to attend the session shall comprise the agenda, the date, hour and place, where the session will be held.

(6) The agenda of the session is made known to the population of the village (commune), town (municipality) through the local press or other media.

Art. 21.(1) The sessions of the council are deliberative, if the majority of elected councilors is present.

(2) Councilors are obliged to attend the sessions of the council. In case a councilor misses 3 consecutive sessions without good reasons, he (she) can be sanctioned in accordance with the provisions of the council' s regulations.

(3) In case the local council does not meet during 3 consecutive months or did not adopt any decision at 3 consecutive sessions, or the number of its members have dropped under half plus one, the council is dismissed by law.

(4) Dismissal by law of the local council is announced by the mayor to the head of the state administration (prefect), who takes act of the dismissal of the council and suggests to the Government to organize new elections.

(5) The date of elections is established only after expiration of the 10 days term or within 30 days after final stay of the decision of the court by which the claim of the councilors has been rejected.

Art.22. The sessions of the local council are public, unless the councilors decide with the majority of their votes to have a closed meeting.

Art.23. The local council approves the agenda of the session. at the suggestion of that who, under art. 20, requested the meeting of the council. The agenda can be amended only for urgent issues.

Art.24.(1) In the performance of its attributions the local council adopts decisions with the vote of the majority of present councilors, except for cases when the law or the regulations of the council requires a different majority. In case of parity of votes, the decision is not adopted, the discussions being continued at the next session.

(2) Decisions on administration of the public and private domain of the village (commune), town (municipality), planning of locality development and improvement of the territory, as well as the association with other councils, public institutions or economic agents, domestic or foreign, are adopted with the vote of at least two thirds of the elected councilors.

(3) Decisions on the local budget, as well as those by which new local taxes and dues are imposed, are adopted with the vote of the majority of the elected councilors. In case the budget can not be adopted at two consecutive readings, that should take place with an interval of 5 days at most, the activity shall be organized on the basis of the last year budget until the adoption of the new one.

(4) The local council may establish that certain issues shall be decided on by secret or nominal vote.

(5) The draft decisions can be proposed by councilors or by the mayor.

Art. 25.(1) The decisions of the local council are signed by the chairman of the session, endorsed by the secretary and made known to the mayor. In case it is not possible that the chairman signs or if he (she) refuses to sign the decision, it is signed by one of the present councilors.

(2) Normative decisions become obligatory since the date they are made known to the public and the individual ones - since announced.

(3) Normative decisions are made known to the public only after expiration of the term during which the head of the state administration can claim it in the court or after the final stay of the decision of the court, which rejects the claim of the state administrations.

Art.26.(1) The councilor that falls under the following categories can not take part in debates and adoption of decisions:

- a) has a material interest in the issue under debates;
- b) is a member of the leading bodies of the managing or commercial associations, with regards to which is taken the decision.

(2) The decisions adopted by the local council with infringement of the provisions of paragraph (1) of this article may be annulled under law.

Art.27. As a rule, the issues on the agenda of the session of the local council are not discussed without a special report of the respective group on the council's staff and a notification of the special committee of the council.

Art.28.(1) The debates and discussions taking place at the sessions of the local council are written down in the minutes, signed by the chairman and de secretary of the council.

(2) The minutes and the documents debated at a session shall be placed in a special file of the respective session, which shall be numbered, sealed up and signed by the chairman of the session and the secretary of the council.

Art.29.(1) The councilors are collectively responsible for the activity of the local council they are members of and for its decisions, that they voted for. Each councilor is, as well, responsible for his (her) own activity performed into the execution of the mandate.

(2) The vote of the councilors, at their request, can be noted in the minutes of the session.

Art.30.(1) The local council can be dismissed or its activity can be suspended if:

- a) the number of councilors has dropped under half;
- b) the council adopted repeatedly decisions that have been irrevocably annulled by the court as they contravened the general interests of the population of the village (commune), town (municipality) or infringed the Constitution and the legislation of the country.
- c) the council adopted political decisions that surpass its competencies. Isolated political acts of councilors do not lead to dismissal of the council.

(2) The dismissal or cessation of the activity of the local council shall be done by the Parliament, at the grounded suggestion of the head of the state administration (prefect), based on the final decisions of the court. The decision of the Parliament and the grounds that stayed at its basis are made known to the members of the council by the head of the state administration (prefect) within 10 days as of its publication in the Monitorul Oficial of the Republic of Moldova.

(3) Action can be brought in against the decision of dismissal by councilors within 10 days since they have been informed of it in compliance with paragraph (2). In such a case the further procedure provided by law is not carried out. The action in court suspends the execution of the dismissal procedure.

(4) The date of new elections for the local council is established by the Parliament, at the suggestion of the Government, within 30 days after expiration of the term envisioned by paragraph (3) or, in case, after final stay of the decision of the court that rejected the action of councilors.

(5) The mayor shall solve, until constitution of the new council, the current issues of the village (commune); town (municipality).

(6) In cases when:

the councilor misses unmotivated 3 consecutive sessions of the council, infringes the Constitution, other legislation or the interests of the local community, takes part in the activity of anti-constitutional organizations, which is confirmed by the decision of the court;

there is an incompatibility of functions; the indictment issued by court comes into force;

as well as in cases of decease and personal accord for dismissal (the request for dismissal shall be submitted in writing), the validity of the mandate may be suspended before term by the respective council.

(7) The councilor can sue this decision.

Art.31. The sessions of the council may be attended, without the right to vote, by the head of the state administration (prefect) and the chairman of the district council, their representatives, members of the Parliament, officers of central state bodies, as well as by persons invited, when needed, by the local council.

## CHAPTER III

### The Mayor

Art. 32. (1) The villages (communes), towns (municipalities) have one mayor and one vice-mayor each; the towns - district centers have one mayor and two vice-mayors: Balti municipality - one mayor and 3 vice-mayors and Chisinau municipality - one mayor and 4 vice-mayors, appointed according to the law.

(2) The vice-mayors of villages (communes), towns (municipalities) with population under 7000 perform their functions on a non-paid basis.

Art.33.(1) The mayor is protected by law when on duty.

(2) The work contract of the mayor, vice-mayor, with public institutions, economic entities and commercial ventures with the major share of capital belonging to the state shall be suspended for the duration of the mandate.

(3) When the mandate expires, the person shall be offered his previous position or, when impossible, other equivalent position at the same or other entity, with his consignment.

(4) The mayors of villages (communes), towns (municipalities) and their families enjoy the guarantees and compensations envisaged by the Law on Public Service for public functionaries.

Art.34.(1) The election of the mayor shall be validated within 20 days from elections by the court in whose jurisdiction is situated the village (commune), town (municipality) or the administrative - territorial unit.

(2) The Supreme Court of Justice validates the election of the mayor of Chisinau municipality.

(3) The result of the validation is announced at the first session of the council or, in case, at a extraordinary session by a judge or a representative of the head of the state administration (prefect).

(4) In case of invalidation of the mayor's mandate, new elections shall be organized in compliance with the Law on Local Elections.

Art.35.(1) The mandate of the mayor can be prolonged by organic law in war time or catastrophe.

(2) The mandate ceases before term in case of decease, incompatibility, moving to another administrative-territorial, impossibility to be executed for a period longer than 4 months or coming into force of the indictment, issued by the court.

(3) In the situations listed above in paragraph (2), the council adopts a decision by which it takes act of the cessation of mayor's mandate and declares this position vacant.

Art.36.(1) The mayor of the village (commune), town (municipality) that does not respect the Constitution, the legislation, the interests of the local community, takes part in the activity of anti-constitutional organizations, infringes ethic norms of behavior or does not execute his(her) functions can be revoked by the constituency under law.

(2) Revocation is done on the request of one third of constituency, the request of the local council or the hierarchically superior one.

Art.37.(1) While executing the responsibilities related to the civil status and to the tutor's authority, as well as those charged upon him by normative acts related to census, organization of elections, announcement of legislation to the population, and other similar responsibilities established by law, the mayor also acts as the representative of the state in the village (commune), town (municipality), where he (she) was elected.

(2) In exceptional situation, when the mayor is not able (not allowed) to fulfill some of the responsibilities listed in paragraph (1) or envisioned in other laws, these responsibilities are carried out by the secretary.

Art.38. The mayor carries out the following major responsibilities:

a) insures the execution of the fundamental rights and freedoms of citizens, of the provisions of the Constitution and the legislation of the country, decrees of the President of the Republic of Moldova, decisions of the Parliament and Government, acts issued by ministries, departments, other bodies of central public administration and by the local council;

b) insures the execution of the decisions of the local council. When the mayor considers one of the decisions illegal, he (she) shall notify of it the head of the state administration (prefect) in 3 days since he (she) took act of it.

c) suggests to the council to consult the population in the form of referendum for local issues of special interest and , on the basis of the decision of the council, undertakes measures for the organization of such consultations;

d) submits to the council on annual basis or as often as needed reports on the economic and social situation of the village (commune), town (municipality);

e) elaborated the draft of the local budget and the balance of its execution and submits them to the council for approval;

f) executes the function of the main credits' administrator;

g) verifies, on regular basis or upon request, collections and expenditures of the local budget and reports immediately to the local council;

h) elaborates the draft of the personnel statutes, organizational structure, the staff and wages of the mayor's office employees and submits them for approval to the local council;

~~h) appoints and dismisses the staff of the local council,~~ except for the secretary. suggests to the local council the appointment and dismissal of the leaders of economic agents and public institutions of local importance, that are under the authority of the respective local council;

j) supervises the activity of the staff of the local council;

k) fulfills the rights and insures the execution of the responsibilities of the village (commune), town (municipality) as legal persons;

l) supervises the inventory and administration of assets belonging to the village (commune), town (municipality);

m) insures the public order and peace of the population by means of the local police, people's guard, fire brigade and civil protection service, that are obliged to meet his (her) requirements under the law;

n) leads and supervises the activity of the people's guard;

o) undertakes the measures envisaged by law with respect to the public meetings;

p) prohibits or suspends performances, representations or other public events that contravene the legal order or threaten the morals, order and peace of the population;

q) leads local public services, insures the activity of civil state services, tutor's authorities and notaries; supervises the fulfillment of social assistance measures;

r) issues the authorizations, passes and notifications envisioned by law;

s) insures the elaboration of the regulations on urban development and of the documents related to development and improvement of the territory and submits them for approval to the local council in compliance with the provisions of the law;

t) insures the maintenance of public roads from the village (commune), town (municipality), the location of traffic signs, the normal development of vehicle and pedestrian traffic;

u) controls hygiene, the cleanness of public places and the purity of food put for sale to the population with the help of specialized bodies;

v) undertakes measures to prevent and limit the consequences of calamities, catastrophes, fires, epidemics, etc. together with the specialized bodies of the village (commune), town (municipality). For this purpose he (she) can mobilize the population, the economic agents and public institutions of the village (commune), town (municipality), that are obliged to execute the established measures;

w) supervises the markets, market hall, entertainment places and parks and undertakes efficient actions for good order and functioning;

x) undertakes measures and is responsible for the professional training of the employees of the staff of the local council and of the subordinated units;

y) supports by any means the cooperation of the village (commune), town (municipality) with administrative-territorial units from abroad, as well as the extension of cooperation and direct liaisons with them.

(2) The mayor also carries out other responsibilities, envisioned by law or charged upon him by the respective council.

Art.39. The mayor submits - on quarterly basis or at the request of the local council - informational reports on the execution of the decisions adopted by the council.

Art.40.(1) The mayor may empower the vice-mayors to carry out some of his responsibilities listed in art.38, except for those envisaged in point a), f), k), m), o), p), r) and v).

(2) The authorities given to the mayor in accordance with art.37, paragraph (1), except for those related to civil state, can not be delegated.

Art.41.(1) The vice-mayor is elected with the vote of the majority of elected councilors. The duration of the vice-mayor's mandate is the same with that of the mayor's mandate.

(2) Dismissal of the vice-mayor is done by the local council, at the suggestion of the mayor or of one third of councilors, through a decision adopted with the vote of two thirds of the elected councilors.

Art.42.(1) In the execution of his (her) duties, the mayor issues dispositions. They become feasible since announced to the related persons.

(2) The mayor established the infringement of law and adopts measures for their elimination or, when necessary, informs the competent bodies.

Art. 43.(1) In cases when the mayor was brought in to court for premeditated crime, as well as when he (she) was put under preventive arrest in the course of the penal case, he (she) shall be suspended from the execution of mayor's functions.

(2) The suspension can be disposed only by court.

(3) The suspension lasts until the case is completely solved, except for the case when the court requested early repeal of this measure.

(4) The mayor, suspended from his (her) function that was found not guilty has the right to compensations under law.

(5) The provisions of this article are also applied for vice-mayors, their suspension being disposed by the local council through a decision adopted with the vote of the majority of the elected councilors.

Art.44.(1) In case of vacancy or suspension of the mayor's position, his (her) responsibilities shall be carried out by one of the vice-mayors until validation of the new mayor's mandate or, if the case, until repeal of the suspension.

(2) In the situation envisioned in paragraph (1), the council delegates through a decision, a councilor out of its members to carry out temporarily the responsibilities of vice-mayor.

(3) If both the mayor and vice-mayor are suspended from their functions at the same time, the council delegates one member who will carry out the responsibilities of mayor, as well as those of vice-mayor on temporary basis until repeal of suspension.

(4) In case both positions of mayor and vice-mayor become vacant at the same time, the local council elects a vice-mayor, the provisions of paragraphs (1) and (2) being applied until a new mayor is elected. The Parliament shall establish the date of the election of new mayor within 30 days since both positions became vacant.

## CHAPTER IV

### The Secretary

Art.45. Each village (commune), town (municipality) has a secretary paid from the local budget. The secretary is a public functionary who has received higher legal or administrative education. As exception, in villages (communes) a person with other higher or special secondary education can hold the position of the secretary.

The secretary should not be a member of any political party or social-political movement.

~~Art.46.(1) The head of the state administration (prefect) appoints the secretary on the basis of the suggestions of the council, on the invitation of the mayor, on a selection basis.~~

(2) The secretary enjoys stability of function and falls under the provisions of the Law on Public Service.

(3) At the initiative of the mayor or of one third of councilors, the head of the state administration (prefect) can dismiss the secretary, at the suggestion of the local council through a decision adopted with the vote of at least two thirds of the elected councilors.

(4) The head of the state administration (prefect) can apply disciplinary sanctions on the secretary at the suggestion of the mayor or of the local council under law.

Art.47. (1) The secretary shall carry out, under law, the following main responsibilities:

- a) attends the sessions of the local council;
- b) insures the convocation of the local council;

- c) endorses the draft decisions of the local council, taking responsibility for their compliance with the law;
  - d) insures good functioning of compartments and appropriate development of legal activities on the staff of the local council;
  - e) insures execution of secretary work;
  - f) prepares the materials related to the issues to be debated by the local council;
  - g) announces and passes on to authorities and interested persons the acts issued by the local council or the mayor within 10 days, if not otherwise stipulated by law;
  - h) insures that the decisions of the local council and the dispositions of the mayor of general interest are made known to the public;
  - i) receives, distributes and maintains correspondence in legal terms;
  - j) issues extracts or copies of any acts from the council's archives, except for those of secret character established by law, as well as of acts of civil state;
  - k) confirms (endorses) signatures and copies, with the exception of those issued by central public authorities;
  - l) is responsible for, coordinates and organizes, when necessary, the execution of responsibilities related to tutorial authority, civil state, succession of social protection, notaries;
  - m) coordinates and keeps record of individual households, introducing them in special registers;
  - n) keeps and applies, when necessary, the seal;
  - o) offers the necessary help to councilors and the committees of the council;
  - p) administrates the mayor's office and its assets.
- (2) The secretary shall also perform other responsibilities envisioned by law or charged upon him (her) by the local council or mayor.

## CHAPTER V

### Public Services of the Village (Commune), Town (Municipality) and The Staff of the Local Council

Art. 48. Public services are organized in the village (commune), town (municipality) by the local council, at the suggestion of the mayor, in the main areas of activity, according to the local specifics and necessities, in compliance with the provisions of the legislation and in the limits of available funds.

Art.49.(1) Hiring and firing of the personnel of public services of the village(commune), town (municipality) is done by the managers of these entities under the law.

(2) The mayor hires and fires the personnel of the local council's staff under the law.

(3) The local council can recommend, well grounded, to the mayor to dismiss the leaders of compartments of its staff.

Art.50. The local council approves the regulations for organization and functioning of its own staff, establishes the competence and terms of reference of the personnel, in compliance with the provisions of the law.

Art.51. (1) The requirements for appointment, hiring, promotion, sanctioning and dismissal, the rights and responsibilities of the personnel of public services of the village (commune), town (municipality), as well as those of the staff of the local council are established by law and regulations.

(2) The functionaries on the staff of the local council fall under the provisions of the Law on Public Service.

## CHAPTER VI

### The District Council

#### Section 1

#### Membership and Formation of the District Council

Art.52.(1) The district council is the authority of public administration at the district level.

(2) The district council is composed of councilors elected according to the Law on Local Elections.

Art.53. The number of councilors of each district council is established depending on the population of the district as of January 1 of the year of election, as follows:

Number of population in the district	Number of councilors
Up to 200000	29
From 200001 to 300000	31
From 300001 to 400000	35
From 400001 to 500000	39
Over 500000	41

Art.54. For the formation and constitution of district councils are applied, if the case, the provisions of art. 15 and 16.

## Section 2

### Responsibilities of the District Council

Art.55.(1) The district council is the district authority of public administration for coordinating the activity of village (commune) and town (municipality) councils aimed at the fulfillment of public services of district interest. For this purpose the district council carries out the following main responsibilities:

a) coordinates the activity of local councils for the performance of public services of district interest;

b) organizes and leads the district public services and approves the regulations;

c) offers to local councils and to their staff, as well as to public services from villages (communes) and towns (municipalities) support and technical, legal and any other kind of assistance, at their request;

d) analyzes the suggestions made by villages (communes), towns (municipalities) in view of elaboration of the economic forecast or of projects for environmental improvement;

e) adopts projects and programs of social-economic development of the district and monitors their fulfillment;

f) approves the district budget, the relations with the budgets of villages (communes), towns (municipalities) and the yearly budget execution report;

g) approves the maximal expenditures, the maximal staff of the subordinated institutions of the social sphere, as well as the tariffs for the paid services of these institutions;

h) establishes the general lines of organization and urban development of localities and territory improvement;

i) elects out of councilors and dismisses, in compliance with the present law, the chairman, the vice-chairmen of the district council and of the permanent bureau;

j) adopts its own regulations;

k) approves, within the legal norms, its own organizational structure and staff;

l) imposes taxes and dues of district level, as well as special taxes for limited period of time, in compliance with the legislation in force;

m) decides under the law the creation of economic agents of district importance, acquisition, concession or rental of private assets or public services of district interest, as well as the participation with assets or capital share in commercial ventures for the fulfillment of works and services of district importance;

n) appoints and dismisses the leaders of the subordinated economic agents and public institutions of district importance; monitors and controls their activity, analyzes their quarterly reports;

o) establishes sample norms for the autonomous directions or commercial enterprises that it has created;

p) creates, reorganizes and liquidates social-cultural and sanitary institutions and insures their good functioning, within the limits of allocations of the respective budget;

q) assists the organization and development of scientific, cultural, artistic, sport and youth activities;

r) decides under the law to associate with other local or district authorities of public administration in order to perform works and services of public use, to cooperate with domestic or foreign economic agents for performance of some activities and works of mutual interest.

(2) The district council also carries out other responsibilities established by law.

### Section 3

#### Functioning of the District Council

Art. 56. The district council executes its mandate since the day of its constitution until the new council is considered legally constituted.

Art.57.(1) The district council meets for its ordinary sessions once in three months.

(2) The district council can meet as often as necessary for extraordinary sessions, at the request of the chairman, of at least one third of councilors or of the permanent bureau.

(3) The chairman convokes the district council with at least 10 days before ordinary sessions and 3 days before extraordinary ones.

(4) The provisions of art. 21 and 22 are applied in the corresponding way.

(5) Convocation is done in writing and is introduced in the minutes of the session. The invitation to the session shall contain the agenda, the date and place.

Art.58. The district council adopts decisions in the execution of its functions. Decisions are signed by the chairman of the district council or the vice-chairman, who presided the session, and endorsed by the secretary.

Art.59.(1) The district council elects out of its members, for the duration of the mandate, one chairman, two vice-chairmen, as well as other 4 or 6 councilors that form together the permanent bureau.

(2) The chairman and vice-chairmen of the district council are also respectively chairman and vice-chairmen of the permanent bureau.

(3) The chairman and the vice-chairmen of the district council are elected with the vote of the majority of elected councilors.

(4) Dismissal of the chairman and vice-chairmen may be done by the district council at the suggestion of at least one third of the elected councilors, if present all the conditions envisioned for dismissal of mayor, with the vote of two thirds of the elected councilors.

(5) The work contract of the chairman or vice-chairmen with public institutions or economic entities is suspended for the duration of the mandate.

Art.60.(1) The permanent bureau of the district council, created in compliance with the provisions of art. 59, carries out the following responsibilities:

a) elaborates the draft agenda of the council;

b) prepares the sessions of the council, takes care of the appropriate elaboration of all documents to be debated;

c) analyzes the draft decisions to be submitted to the council for debates and approval and prepares their grounding;

d) suggests to the chairman the convocation of extraordinary sessions;

e) submits to the council for approval the regulations of the council;

f) establishes the measures needed for the fulfillment of the decisions of the council and analyzes periodically the stage of their realization.

(2) The permanent bureau carries out any other responsibilities stipulated by law or by the regulations of the local council, which should be elaborated and approved in compliance with these legal norms.

(3) The organization and functioning of the permanent bureau are established through the regulations of the district council.

(4) The district secretary is also the secretary of the permanent bureau.

Art.61. The head of the state administration (prefect) or his (her) representative may assist at the session of the permanent bureau.

Art.62.(1) The chairman of the district council is responsible for the good functioning of the specialized compartments on the staff of the district council, as well as of the economic agents subordinated to the council;

(2) The chairman of the district council represents the district in the relationship with other public authorities, domestic and foreign physical and legal persons, as well as in court.

(3) The staff of the district council is subordinated to its chairman.

Art.63.(1) The chairman of the district council carries out under the law the following responsibilities:

a) presides the sessions of the district council and of the permanent bureau;

b) insures the execution of the decisions of the district council;

c) supports the activity of the public institutions and economic agents of district importance;

d) executes the responsibilities of the district as legal person;

e) executes the function of the main credit administrator;

f) elaborates the district draft budget and the closing balance of budget execution and submits them to the council for approval;

g) appoints, imposes sanctions on and dismisses, under law, the personnel of the staff of the district council;

h) submits to the council, on yearly basis or as often as needed, reports on the activity of the district, as well as on the social-economic situation of the district;

(2) The chairman of the district budget also carries out other responsibilities, stipulated by law or charged upon him (her) by the district council.

Art.64. The chairman of the district council issues dispositions. They become feasible after being made known to the interested persons.

Art.65. (1) Each district and Chisinau municipality as well, has one secretary paid from the district budget or from that of Chisinau municipality respectively. The secretary is a public functionary with higher education degree in law or administration. The secretary can not be a member of a political party or organization, under sanction of dismissal.

(2) The State Chancellery appoints the secretary, at the suggestion of the district council or of the council of Chisinau municipality, at the initiative of the chairman of the district council or the mayor of Chisinau municipality, respectively.

(3) The secretary is appointed as result of a selection organized in compliance with the provisions of the Law on Public Service, within a month since the position became vacant. One of the members of the selection committee should be, compulsorily, a representative of the Direction for Public Administration, Social Issues and Petitions of the State Chancellery.

(4) The secretary of a district or that of Chisinau municipality can be dismissed or sanctioned by the State Chancellery, at the suggestion of the district council, municipal council, adopted with the vote of at least two thirds of the elected councilors, at the initiative of the chairman of the district council, the mayor of Chisinau municipality or one third of councilors.

(5) To the district secretary and the secretary of Chisinau municipality are applied, in the corresponding way, the provisions of this law related to the secretary of the village (commune), town (municipality).

(6) The district secretary and that of Chisinau municipality executes the responsibilities attributed in accordance with the law on the district and Chisinau municipality related to civil state, tutorial authority and protection of minor, coordinating the respective specialized compartment of the staff of the district of Chisinau municipality council.

Art. 66.(1) The provisions of the present law with regard to the organization and functioning of local councils, except for those related to responsibilities, are correspondingly applied to the district council and its chairman.

(2) The district council and the council of Chisinau municipality is dismissed under law when it does not meet during 6 consecutive months or the number of its councilors has dropped under half. The secretary of the district or of Chisinau municipality announces the dismissal to the head of the state administration (prefect) and to the Government. After the necessary checking, the Government takes act of the dismissal of the district council.

(3) The provisions of art. 30, paragraphs (6) and (7) are applied in the corresponding way.

(4) For the period when the district council is dismissed or could not be constituted according to the law, the current issues under its competence are solved by a public functionary, empowered by the Government.

## CHAPTER VII

### The Administration of Chisinau Municipality

Art.67. The administration of Chisinau municipality is performed by the council of Chisinau municipality, as deliberative authority, and the mayor of Chisinau municipality, as executive authority, both elected in compliance with the provisions of the Law on Local Elections.

Art.68. The council of Chisinau municipality coordinates the activity of village (communal) and town councils, that are part of the municipality, in view of fulfillment of public services of district (municipal) interest and carries out in this respect the responsibilities charged upon the district (municipal) council.

Art.69. The council of Chisinau municipality is elected, constituted and functions in compliance with the provisions of this law and the Law on Local Elections, which are correspondingly applied.

Art.70.(1) The council of Chisinau municipality, the mayor and the vice-mayors of Chisinau municipality carry out the responsibilities stipulated in this law for local and district councils, for mayors of villages (communes), towns (municipalities). that are applied in a corresponding way.

(2) The provisions of articles 74-106, 131 and 132 of this law are also correspondingly applicable to the authorities enumerated in art.67.

Art.71.(1) The mayor convokes the council of Chisinau municipality.

(2) The council of Chisinau municipality meets for its ordinary sessions once in three months and as often as needed for extraordinary sessions, at the request of the

mayor, of at least one third of the elected councilors or of the permanent bureau of the council.

Art.72.(1) The council of Chisinau municipality elects, for the duration of the mandate, 5 or 7 of its members that shall constitute, together with the mayor and the secretary of the municipality, the permanent bureau.

(2) The mayor and the secretary of Chisinau municipality are, respectively, the chairman and the secretary of the permanent bureau.

(3) The permanent bureau and the council of Chisinau municipality carry out the responsibilities envisioned for the permanent bureau and the council of the district.

Art.73.(1) In the sectors of Chisinau municipality, as its subdivisions, can be instituted authorities of the council and appointed representatives of the mayor.

(2) The municipal council, at the suggestion of the mayor approves the structure and staff of the subdivisions created in sectors, as well as their regulations.

(3) The mayor of Chisinau municipality appoints and dismisses, through his disposition, his representatives in the sectors.

## CHAPTER VIII

### Goods and Works

#### Section 1

#### Administration of Goods

Art. 74. The movable and immovable property that belongs to the public domain of local interest, to the private domain of the administrative-territorial unit, as well as the rights and liabilities of patrimonial character, constitute the patrimony of the administrative-territorial unit.

Art.75. To the public domain of local or district interest belong all the goods that according to the law or by nature are of public use or interest and have not been declared of national interest. The goods from public domain of local or district interest encompass the land plots on which are situated building of local or district public interest, markets, network of streets, public parks, buildings and monuments of local or district public interest, forests and lakes, that according to the law do not to the public domain of national interest. To the public domain of local or district interest can also belong other goods acquired by the village (commune), town (municipality) or district, under law.

Art.76. The private domain of administrative-territorial units encompasses movable and immovable goods - other than those listed in art.74 - that are or came into their property by legal ways.

Art.77.(1) The goods belonging to the public domain are inalienable, untransferable and can not be subject to seizure.

(2) The private domain is subject to the common law, if not otherwise provided by law.

(3) Donations or legacies of goods with tasks can be accepted only with the approval of the local or, if the case, the district council with the vote of at least two thirds of the elected councilors.

Art.78. All the goods that belong to the administrative-territorial units are subjected yearly inventories and the reports on their state are submitted to the local and district councils.

Art.79. (1) The local or district councils decide to pass the goods belonging to the public or private domain, of local or district importance, into the administration of the economic agents or public institutions, into concession or lease. They also decide on the purchase or sale of goods part of the private domain of local or district interest, in compliance with the legislation in force.

(2) Sale, concession, lease and transfer in management are done by means of public auction, organized according to the law.

(3) Alienation of goods belonging to the private domain of villages (communes), towns (municipalities) or districts, exchange of land plots, delimitation and division of the real estate indivisible with this private domain, renunciation or concession of property rights in favor of third parties is done on the basis of expertise, approved by the council.

Art.80. The local and district councils can contract, under the law, works and services useful to the public, within the limits of funds approved in the local or district council, or of the sold public list.

Art.81. The local and district councils can give into free of charge use, for limited periods of time, real estate objects from their assets to charity organization or entities of public use, registered as legal persons, for performance of activities aimed to satisfy the necessities of the population of the village (commune), town (municipality) or district.

## Section 2

### Public Works

Art.82. Constructions and repair works of public interest are executed on the territories of villages (communes), towns (municipalities) and district only on the basis of respective projects, fundamental studies and other documents, with the notification and, if the case, the approval of the local or district council, under the law.

Art.83. Documents on urban development and improvement of the private territory of the village (commune), town (commune) and district are worked out, notified and approved in compliance with the legal provisions.

Art.84. The approved works shall be offered for execution on the basis of an auction organized in compliance with the law and on condition of strict correspondence with the respective project and approved fundamental study.

Art.85. The local and district councils may decide to create, under the law, commercial enterprises, ventures, agencies and may organize other activities for the execution of certain works of local interest, using the social capital, which is constituted by the participation of councils and of other legal and physical persons.

## CHAPTER IX

### Administration of Public Finances

#### Section 1

#### General Provisions

Art. 86. (1) The finances of villages (communes), towns (municipalities) and districts are administrated in compliance with the conditions set by law, on the principal of local autonomy.

(2) The local public administration authorities are entitled to have own financial resources, sufficient proportionally with the competencies charged upon them by the law, of which they can freely dispose to the interest of the community.

Art.87. The revenues of the local and district public administration are constituted of own resources, transfers from established taxes (general state) and from other sources, under the law.

Art.88. (1) ~~The norms of allocations from the general state revenues and the transfers from the district budget into the local are established in accordance with the Law on the State Budget for the respective year by the district financial direction and, submitted to the district council for approval together with the submission of the draft district budget, after consulting the mayors and the representatives of the local councils.~~

(2) The amounts disbursed to the administrative-territorial units according to paragraph (1) are used in compliance with the designation and phasing established in the budget approved by the local or district council.

Art.89.(1) The revenues and expenditures of administrative -territorial units are envisioned for each financial year in the respective budgets, approved by the local or district councils according to the law.

(2) The local and district budgets can not be approved with an annual budget deficit.

(3) The local and district councils, as well as that of Chisinau municipality are responsible for the maintenance of the budget balance approved for each local, district and municipal budget.

## Section 2

### Revenues

Art. 90.(1) The local and district councils insure the revenues of villages (communes), towns (municipalities) and districts by establishing local or district taxes and dues, and by means of other sources envisaged by law.

(2) The revenues of the budgets of administrative -territorial units include:

- a) local taxes and dues envisaged in the Law on Local Taxes and Dues;
- b) disbursements from general state taxes, determined by the Law on the State Budget;
- c) transfers from the state budget or the district budget;
- d) revenues collected from the extra-budgetary funds of the budgetary institutions;
- e) collections from sale of patrimonial goods of the administrative-territorial unit;
- f) other collections envisioned by law.

Art.91.(1) The local and district councils, under the law, establish special taxes (fees) for the functioning of local or district public services, created for the benefit of the population.

(2) The special taxes (fees) are established to cover at least the investments and the current maintenance expenditures of these services.

Art.92.(1) The special taxes (fees) are collected only from those citizens that use the provided services.

(2) Special regulations approved by the local or district council shall determine the conditions for collections of special taxes (fees) and of payments approved by the interested citizens, as well as their distribution per person.

(3) The decisions of the local and district councils, related to the distribution of taxes per citizen, shall be immediately announced at the council's office and made known to the public by any means.

Art.93.(1) The control over the collections of the local budgets is done by the ~~territorial fiscal bodies~~ or by the own bodies of the local and district councils, according tot the law.

(2) The revenues approved and not collected into the budget of the administrative-territorial unit and their exceeding expenditures are not covered by the state budget, except for the cases when the state budget was amended in the course of the year.

(3) The exceeding revenues collected in the process of budget execution and the funds spared by reduction of expenditures stay at the disposal of the local public administration authorities (or of the district administration or that of Chisinau municipality, respectively).

### Section 3

#### Expenditures

Art.94.(1) In the local and district budgets are introduced as expenditures the amounts designated for activities financed from these budgets according to the law.

(2) No budget expenditures can be approved without existing sources of financing.

Art.95.(1) The local and district councils can decide, with the vote of at least two thirds of the elected councilors, to attract temporary loans in the framework of the budget year, in accordance with the law. After being voted, the loans shall be envisaged in the budget alongside with other fund to be covered or reimbursed.

(2) The population of the respective administrative -territorial units shall approve the decisions of the councils with regards to attraction of loans

(3) The decisions on loans can be approved only on condition that the administrative -territorial unit can guarantee their covering and reimbursement.

Art.96. The chapter of expenditures of the local budgets shall include the amounts necessary for wage payment to the chairman and vice-chairmen of district councils, mayors, vice-mayors, secretaries and functionaries on the staff of the local and district councils, as well as other expenditures envisioned by the regulations of the councils.

#### Section 4

### Approval, Execution and the Annual Report on the Execution of the Budget

Art.97. The local, district and Chisinau municipality councils approve the local, district budgets and, respectively, that of Chisinau municipality not later than on December, 20 of each year.

Art.98. The local, district and Chisinau municipality councils within 15 days after adoption of the state budget shall reexamine their budgets to correlate them with the Law on the State Budget.

Art.99.(1) The revenue side of the local budgets shall be executed in compliance with the provisions of the Law on Local Taxes and Dues, the Law on the State Budget and the decisions of the local, district or Chisinau municipality councils.

(2) It is not allowed to spend funds from the local, district or municipal budgets without the approval of the respective councils.

Art.100. The local, district and Chisinau municipality councils adopt the annual report on the execution of the local, district or municipal budget, according to the details approved in the respective budgets.

Art.101. In each local or district budget shall be envisaged by a special article the creation of a reserve fund, from which supplementary loans can be approved, that are used when the budgetary allocations are not sufficient.

Art.102.(1) The draft budget, worked out and published, is debated by the respective council at the first session, after expiration of 15 days from publication.

(2) The draft budget is submitted together with the report of the mayor or the chairman of the district council and the remarks presented within 15 days since publication.

(3) The council debates also the remarks and adopts the draft budget, after voting it per articles.

Art.103. The provisions of this chapter are completed by the provisions of the Law on Local Public Finances and the Law on Budget System and Budget Process.

## Section 5

### Extra-budgetary Funds

Art.104.(1) The local or district council may create extra-budgetary funds, under the law.

(2) The extra-budgetary funds formed on the basis of:

a) voluntary contributions of economic entities and citizens for solving the issues of common interest;

b) revenues from sale of value titles, shares of local importance, local lotteries, etc.;

c) fines; .

d) other means envisaged by law.

Art.105. The extra-budgetary funds are kept on special accounts in banks and use at the discretion of local and district public authorities.

Art.106. The local and district public authorities can create, under law, currency accounts.

## The Regulation on Organization and Functioning of the State Administration (Prefect Office)

Art.1. The head of the state administration (the prefect) is the direct representative of the state in the district, Chisinau municipality and the administrative-territorial unit with a special legal status.

2. The head of the state administration (the prefect) is helped by a vice-head of the state administration (the sub-prefect). In the Chisinau municipality the head of the state administration is helped by two vice-heads of the state administration (sub-prefects).

3. The President of the Republic of Moldova, at the suggestion of the Government, appoints and dismisses the heads and the vice-heads of the state administration (the prefects and sub-prefects).

4. The work contract of the head and vice-head of the state administration (the prefect and the sub-prefect) with public institutions or economic enterprises shall be suspended for the full duration of the mandate.

5. The head and the vice-head of the state administration (the prefect and the sub-prefect) can not be at the same time deputies, members of the local or district council, mayors and can not perform lucrative functions of professional representation with a national character, other public functions or paid professional activity at economic enterprises, commercial or other kind of organizations.

6. As representative of the Government, the head of the state administration (the prefect) watches that the activity of local, district and Chisinau municipality councils and of mayors develops according to the law.

7. There is no subordination between the head of the state administration, on the one hand, and the local, district and Chisinau municipality councils and mayors, on the other hand.

8. The head of the state administration (the prefect) conducts the public services of ministries, departments and of other central bodies, constituted in the administrative-territorial units.

9.(1) The head of the state administration (the prefect), as representative of the Government, has the following main responsibilities:

a) insures the fulfillment of national interest, observance of the legislation and maintenance of public order;

b) controls the legality of administrative acts and of the local and district public authorities;

c) gives notification on the appointment or dismissal of the chiefs of the public services of ministries, departments and other central bodies, constituted in the administrative-territorial units;

d) disposes of the corresponding decision-making for prevention of infractions and protection of citizens' rights, by means of legally constituted bodies;

e) is responsible, under the law, for the preparation and execution of defense measures of non-military character; the military authorities and the local bodies of the Ministry of Internal Affairs are obliged to inform the head of the state administration about any issue that may be of importance for the district;

f) appoints, with the agreement of the Government, one representative in each sector (place) of the district or of Chisinau municipality;

g) approves the structure and the staff of the praetor's offices of the sectors (places) of the district or of Chisinau municipality;

h) appoints and dismisses, at the suggestion of the local council, the secretary of the village (commune), town (municipality);

i) executes administrative and budgetary control over local communities and their public institutions;

j) monitors the execution of the planned contracts, being obligatorily consulted with regard to any decisions that may impact the services, and is the legal representative of the state in all the societies and entities with state representation at the district level;

k) coordinates the activity of police and control bodies of the district;

l) submits yearly or as often as necessary to the President and to the Government of the Republic of Moldova reports on the general, social-economic, cultural and administrative state of the district, as well as on the fulfillment of the government program.

10. The head of the state administration (the prefect) also carries out other responsibilities envisaged by law or charged upon him by the President or the Government of the Republic of Moldova.

11.(1) While performing the control over the legality of the acts issued by the local or district public administration authorities, the head of the state administration (the prefect) may sue, if considers illegal their acts, as well as those of the chairman of the district council, except for those of current managerial character.

12.(2) 10 days before bringing in the claim to the court, the head of the state administration (the prefect) shall ask the local and district public administration

Art.122. The ministries, departments and other central bodies are obliged to announce to the head of the state administration (the prefect) the orders and other instructions given to the territorial public services.

Art.123. The execution of the responsibilities of the Government related to local public administration, including the control over the execution of his responsibilities by the mayor, is carried out by the direction for public administration, social issues and petitions, that suggests to the Government the appropriate measures.

## CHAPTER XI

### The Sector

Art.124. The sector is an administrative circumscription of the district, created to facilitate the process of administration of the district and to insure the efficient control over the activity of the public services of ministries, departments and other central bodies, organized in the sector. The sector does not dispose of its own elective body and assets and is not a legal person.

Art.125. The villages (communes) and towns of the district are divided into sectors by law.

Art.126. In the sector functions the praetor's office as representative body of the district state administration (the prefect office) to control and supervise the observance of the legislation of the Republic of Moldova and the legality of the normative acts issued by the local and district public administration authorities.

Art.127. By the praetor's office functions a group of inspectors formed according to necessities and paid from the district budget. The organizational structure and the staff of the praetor's office of the sector, as well as its regulations, are approved by the head of the state administration (the prefect).

Art. 128. A praetor is appointed in each sector as representative of the head of the state administration. The praetor is appointed and dismissed by the head of the state administration (the prefect), with the agreement of the Government.

Art.129. The praetor hires and fires, in compliance with the law and with the agreement of the head of the state administration (the prefect), the employees from the staff of the praetor's office of the sector.

Art.130. The praetor, as representative of the head of the state administration (the prefect) carries out the following main responsibilities:

- a) executes the control over the legality of the administrative acts of the local public authorities of the sector;

# PARLIAMENT OF THE REPUBLIC OF MOLDOVA

## LAW

### On the Administrative and Territorial Organization Of the Republic of Moldova

The Parliament adopts the present Law.

#### Chapter I General Provisions

Art. 1. – The administrative and territorial organization of the Republic of Moldova and the establishment of the legal framework for all the settlements shall be carried out in conformity with Articles 110 and 111 of the Constitution and is carried out in compliance with their actual economic, social and cultural needs, abiding by the historical traditions, in order to provide for all regions, urban and rural settlements an adequate level of civilization.

Art. 2. – The public administration in the administrative and territorial units are based on the local autonomy principles, on the public services decentralization, on local public administration authorities eligibility and on consulting the citizens on local issues of special significance.

Art. 3. – In the administrative and territorial units the activity shall be carried out on the grounds of local budgets by the local public administration authorities organized abiding by the legal terms.

#### Chapter II The Administrative and Territorial Units

Art. 4. – (1) The territory of the Republic of Moldova is split into administrative and territorial units, autonomous units with special status, raions, cities and villages.

(2) The status of the administrative and territorial unit is determined by the Parliament.

Art. 5. – (1) The village is an administrative and territorial unit located within the territorial borders of a settlement of a group of rural citizens which are united by the geographical conditions, economic, social and cultural relations, customs and traditions.

(2) Two or more villages may join and form one administrative and territorial unit called commune.

(3) The village (commune) in which the local public administration authorities are located is called village-residence.

(4) The commune shall be named after the name of the village- residence.

Art. 6. – The city is a more developed entity than the village from the economic, social and cultural points of view, being supplied at a corresponding level with assets, and authorized with administrative, industrial, commercial, political and cultural functions, in which a greater part of the population is involved in industry, sphere of the public service and in different domains of intellectual activity.

Abiding by the legal terms, some towns can be declared municipal centers.

Art. 7.- (1) The municipal center is an urbane locality having an important role in the economic, social, cultural, scientific and administrative life of the Republic, with important units of the framework of education, health care and culture.

(2) The municipal can comprise also autonomous territorial and administrative units.

(3) The municipal center in which the raion administration authorities reside are called municipalities-residence.

(4) The municipal center may be split into sectors.

Art. 8. – The municipal statute is granted to cities: Bălți, Bender, Cahul, Căușeni, Chișinău, Comrat, Edineț, Nîncești, Orhei, Sorca, Tiraspol and Ungheni.

Depending on the number of population, economic and social conditions, other cities may be granted municipal statutes abiding by the legal terms

Art. 9.- (1) The Raion is a territorial and administrative locality made of villages (communes), cities and municipals which are essential units of the territorial and administrative organization of the republic.

(2) The Raion is established after the villages (communities), cities and component municipals, are made limitation of borders taking into consideration their traditions, the economic, social and cultural conditions and their assets.

(3) The Raion may be split into sectors (places).

(4) The raion shall be named after the name of the settlement-residence.

Art. 10 – The special status autonomous territorial units shall be made of locations united by economic, social and cultural relations, being formed with the view of maintaining the national identity for the prosperity of the national language and culture.

Art. 11. – The villages (communes), cities and municipalities that avail of climatic and balneological conditions, and of corresponding facilities for health protection and rest of citizens shall be granted under the law the status of balneoclimatic resorts.

Art. 12. – The raions and municipalities-residence of the former are listed in annex 1, which is an inalienable part to the present Law.

Art. 13. – The sectors (places), cities and villages (communes) making part of raions are listed in Annex 2, which is an inalienable part to the present Law.

Art. 14. - The sectors (places), cities and villages (communes) making part of the Chisinau city are listed in Annex 3, which is an inalienable part to the present Law.

Art. 15. - The sectors (places), cities and villages (communes) making part of the special status autonomous units are listed in Annex 4, which is an inalienable part to the present Law.

### **Chapter III**

#### **Establishment and Abrogation of the Territorial and Administrative Units and the Amendment of Their Borders**

Art. 16. – (1) Establishment, abrogation and amendment of the status of an administrative and territorial unit shall be made by the Parliament of the Republic of Moldova on the grounds of proposals from the Government and the local public administration authorities after consulting the citizens.

(2) The independent administrative and territorial unit is established if it has a population no less than one thousand inhabitants and sufficient financial means to support the staff of the mayoralty and institutions of social sphere.

(3) The administrative and territorial units which have actually a population less than the number established by the present Law, are stimulated to be reorganized under the law.

Art. 17. – The amendment of borders of the administrative and territorial unit and transfer of the administrative center shall be made by the Parliament of the Republic of Moldova on the grounds of proposals from the Government and local public administration authorities after consulting the citizens.

Art. 18. – To abrogate: The Law of the Republic of Moldova nr.306-XIII from December, 7 1994 regarding the territorial and administrative organization of the Republic of Moldova (Monitorul Oficial, 1995, nr.3-4, art.40) and the laws on its modification and completion nr.519-XIII from July, 7 1995 (Monitorul Oficial, 1996, nr.43, art.486), nr.563-XIII from July, 22 1995 (Monitorul Oficial, 1995, nr.48-49, art.564), nr.676-XIII from December, 26 1995 (Monitorul Oficial, 1996, nr.8-9, art.88), nr.812-XIII from April, 24 1996 (Monitorul Oficial, 1996, nr.29-30, art.306), nr.839-XIII from May, 23 1996 (Monitorul Oficial 1996, nr.40-441, art.371) and nr. 1050-XIII from December, 18 1996 Monitorul Oficial, 1997, nr.6, art.60).

President of the Republic of Moldova

## Appendix H

### PARLIAMENT OF THE REPUBLIC OF MOLDOVA

#### LAW

#### On the Administrative and Territorial Organization Of the Republic of Moldova

**The Parliament adopts the present Law.**

#### **Chapter I General Provisions**

Art. 1. – The administrative and territorial organization of the Republic of Moldova and the establishment of the legal framework for all the settlements shall be carried out in conformity with Articles 110 and 111 of the Constitution and is carried out in compliance with their actual economic, social and cultural needs, abiding by the historical traditions, in order to provide for all regions, urban and rural settlements an adequate level of civilization.

Art. 2. – The public administration in the administrative and territorial units are based on the local autonomy principles, on the public services decentralization, on local public administration authorities eligibility and on consulting the citizens on local issues of special significance.

Art. 3. – In the administrative and territorial units the activity shall be carried out on the grounds of local budgets by the local public administration authorities organized abiding by the legal terms.

#### **Chapter II The Administrative and Territorial Units**

Art. 4. – (1) The territory of the Republic of Moldova is split into administrative and territorial units, autonomous units with special status, raions, cities and villages.

(2) The status of the administrative and territorial unit is determined by the Parliament.

Art. 5. – (1) The village is an administrative and territorial unit located within the territorial borders of a settlement of a group of rural citizens which are united by the geographical conditions, economic, social and cultural relations, customs and traditions.

(2) Two or more villages may join and form one administrative and territorial unit called commune.

(3) The village (commune) in which the local public administration authorities are located is called village-residence.

(4) The commune shall be named after the name of the village- residence.

**Art. 6. – The city is a more developed entity than the village from the economic, social and cultural points of view, being supplied at a corresponding level with assets, and authorized with administrative, industrial, commercial, political and cultural functions, in which a greater part of the population is involved in industry, sphere of the public service and in different domains of intellectual activity.**

**Abiding by the legal terms, some towns can be declared municipal centers.**

**Art. 7.- (1) The municipal center is an urbane locality having an important role in the economic, social, cultural, scientific and administrative life of the Republic, with important units of the framework of education, health care and culture.**

**(2) The municipal can comprise also autonomous territorial and administrative units.**

**(3) The municipal center in which the raion administration authorities reside are called municipalities-residence.**

**(4) The municipal center may be split into sectors.**

**Art. 8. – The municipal statute is granted to cities: Bălți, Bender, Cahul, Căușeni, Chișinău, Comrat, Edineț, Nîncești, Orhei, Sorca, Tiraspol and Ungheni.**

**Depending on the number of population, economic and social conditions, other cities may be granted municipal statutes abiding by the legal terms**

**Art. 9.- (1) The Raion is a territorial and administrative locality made of villages (communes), cities and municipals which are essential units of the territorial and administrative organization of the republic.**

**(2) The Raion is established after the villages (communities), cities and component municipals, are made limitation of borders taking into consideration their traditions, the economic, social and cultural conditions and their assets.**

**(3) The Raion may be split into sectors (places).**

**(4) The raion shall be named after the name of the settlement-residence.**

**Art. 10 – The special status autonomous territorial units shall be made of locations united by economic, social and cultural relations, being formed with the view of maintaining the national identity for the prosperity of the national language and culture.**

**Art. 11. – The villages (communes), cities and municipalities that avail of climatic and balneological conditions, and of corresponding facilities for health protection and rest of citizens shall be granted under the law the status of balneoclimatic resorts.**

**Art. 12. – The raions and municipalities-residence of the former are listed in annex 1, which is an inalienable part to the present Law.**

Art. 13. – The sectors (places), cities and villages (communes) making part of raions are listed in Annex 2, which is an inalienable part to the present Law.

Art. 14. - The sectors (places), cities and villages (communes) making part of the Chisinau city are listed in Annex 3, which is an inalienable part to the present Law.

Art. 15. - The sectors (places), cities and villages (communes) making part of the special status autonomous units are listed in Annex 4, which is an inalienable part to the present Law.

### **Chapter III**

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(2) The independent administrative and territorial unit is established if it has a population no less than one thousand inhabitants and sufficient financial means to support the staff of the mayoralty and institutions of social sphere.

(3) The administrative and territorial units which have actually a population less than the number established by the present Law, are stimulated to be reorganized under the law.

Art. 17. – The amendment of borders of the administrative and territorial unit and transfer of the administrative center shall be made by the Parliament of the Republic of Moldova on the grounds of proposals from the Government and local public administration authorities after consulting the citizens.

Art. 18. – To abrogate: The Law of the Republic of Moldova nr.306-XIII from December, 7 1994 regarding the territorial and administrative organization of the Republic of Moldova (Monitorul Oficial, 1995, nr.3-4, art.40) and the laws on its modification and completion nr.519-XIII from July, 7 1995 (Monitorul Oficial, 1996, nr.43, art.486), nr.563-XIII from July, 22 1995 (Monitorul Oficial, 1995, nr.48-49, art.564), nr.676-XIII from December, 26 1995 (Monitorul Oficial, 1996, nr.8-9, art.88), nr.812-XIII from April, 24 1996 (Monitorul Oficial, 1996, nr.29-30, art.306), nr.839-XIII from May, 23 1996 (Monitorul Oficial 1996, nr.40-441, art.371) and nr. 1050-XIII from December, 18 1996 Monitorul Oficial, 1997, nr.6, art.60).

President of the Republic of Moldova

# Appendix I

## UNITED NATIONS DEVELOPMENT PROGRAMME Project of the Government of Moldova

### PROJECT DOCUMENT

**Project Number:** MOL/97/011/A/99

**Project Title:** Governance & Democracy : "Strengthening Local Governments II"

**Duration:** 24 months

**Project Site:** Chisinau, Republic of Moldova

**ACC/UNDP Sector:** 0200 General Development Issues and Policies

**ACC/UNDP Subsector:** 0240 Public Administration and Management

#### Implementing and Executing

**Agency:** Chancellory of State

~~UNDP & Cost-sharing Financing~~

**Starting Date:** June 1998

~~UNDP TRAC 1.1.1: US \$ 0  
Third Party Cost-sharing:  
US\$ 1,865,110.00  
UNDP & Cost-sharing  
Total: US \$ 1,865,110.00~~

**Government Inputs:** 910,000 MDL  
(in kind)

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#### Brief Description:

The project will enhance the capacity at the district and town & communal level to tackle the problems confronting them during present phase of nation building and establishment of a democratic society based on a market economy, specifically in the fields of strategic planning and economic development, financial and information management and in human resources and organizational development. The project will be implemented as an integrated part of the UNDP Programme Governance and Democracy and is subsequent to MOL/95/003.

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On behalf of:	Signature	Date	Name/Title
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The Government	_____	_____	_____
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UNDP	_____	_____	_____
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(UN official exchange rate at date of last signature of the document 1 US\$ = )

## A. Context

The present project - MOL/97/011/A/01/99 'Strengthening Local Governments II' - will be implemented as an integrated part of the UNDP programme Governance and Democracy in Moldova and subsequent to MOL/95/003 'Strengthening Local Governments'. The rationale and main features of this programme are outlined below.

### 1. The Local Government System and Host Government Strategy

#### *Description of the Overall Development Problem*

Since its declaration of independence on August 27, 1991, Moldova has become encompassed in a comprehensive process of nation-building with the aim to create a modern independent state based on the principles of democracy, the rule of law, pluralism and a market economy. As a consequence, Moldova is simultaneously undergoing three fundamental and difficult transformations: (i) from a centrally planned economy to a market economy; (ii) from an integrated part of a larger country to an independent state; and (iii) from authoritarian rule to a Western type democracy. These transformations are intimately linked to each other. Failure to transform the economy into an efficient market economy capable of serving as a vehicle for generating sustainable economic growth and improved living conditions would pose a mortal threat to the creation of an independent democratic nation. Similarly, the establishment of a market economy is inconceivable without a major overhaul of the political, judicial and administrative system and of functional independence. In short, effectively functioning, democratic institutions are essential at all levels of Moldovan society.

The transformation of the institutional framework and the political and administrative system is just as far-reaching and important as the changes in the economic field. Moldova inherited from its past a political, administrative and overall institutional system which was the fruit of a communist ideology, designed to meet the requirements of a centrally planned economy and to serve as a tool for totalitarian control. Furthermore, as Moldova was but a peripheral part of a larger country, the system was incomplete as the uppermost echelons were missing.

#### *The Local Government System and Host Government Strategy*

The administrative division of Moldova, the rights and obligations of local governments and the relationships between local governments and the central authorities as well as between local governments and their constituencies are regulated in three main pieces of legislation: the law on the administrative division of the territory of the

Republic of Moldova;<sup>1</sup> the law on local administration;<sup>2</sup> and the law on local elections.<sup>3</sup>

Some 62 towns and 925 rural communes form the lowest level of administration. These are grouped into 40 districts (*raioane*) and four cities (*municipii*).<sup>4</sup> The system of local government,<sup>5</sup> both at the middle and the lower level, is based on the principle of local autonomy in the management of local affairs and decentralization of public services in the spirit of subsidiarity. A parliamentary commission, headed by Deputy Prime Minister Valeriu Bulgari, is presently preparing the ground for a comprehensive restructuring of the system of local administration. The main purpose of the proposed restructuring is to create larger and stronger administrative units and a more clear cut division of responsibilities and power between the centre, districts and communes in order to achieve more effective decentralization. The present project is designed to work in tandem with these efforts, with the dual aim of strengthening capacity and facilitating change. Compared to its predecessor - MOL/95/003 - there is a stronger focus on commune/town authorities, which is in line with Government policies to strengthen this level.

The areas inhabited by the Gagauz minority enjoy particularly far reaching autonomy within the framework of a recent law on the creation of the autonomous territorial unit of 'Gagauzia' with a special statute. Discussions are being pursued with representatives of the self-proclaimed so-called Republic of Transnistria with a view to arriving at a similar settlement.

The local governments consist of councils with a deliberative function and mayors and executive committees with executive authority. The councils, both at the district and at the commune/town level, and the mayors of the communes and towns are elected by the public for four years. The councils in their turn appoint the executive committees. At the district level, a member of the elected council is proposed by the central government as president of the council, to be approved by the council and subsequently appointed by the President of the republic.<sup>6</sup> The first democratic local elections were successfully carried out in accordance with the new legislation in April 1995.

At the central level the local governments fall under the purview of the Deputy Prime Minister and the Chancellery of State. The decentralization of decision-making and governance should be seen as an integral and key aspect of the overall strategy to establish a modern western-type democracy, as outlined above. The importance of creating a judicial power balance between central and local authorities is further underscored by the ethnic diversity of the country.

The Government commitment to strengthening local authorities and assigning an increasingly important role to them is *inter alia* demonstrated by its wholehearted support to the UNDP project MOL/95/003 'Strengthening Local Governments' undertaken within the Governance and Democracy Programme.

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<sup>1</sup> *Lege privind organizarea administrativ-teritoriala a Republicii Moldova*, enacted by the Parliament on December 7, 1994.

<sup>2</sup> *Lege privind administratia publica locala*, enacted by the Parliament on December 7, 1994.

<sup>3</sup> *Lege cu privire la alegerile locale*, enacted by the Parliament on December 7, 1994.

<sup>4</sup> Chisinau, Balti, Bender and Tiraspol.

<sup>5</sup> Throughout the present document local government refers to both district level and commune/town level authorities, unless otherwise specified.

<sup>6</sup> The same procedure is followed for the appointment of the mayors of the four cities Chisinau, Balti, Bender and Tiraspol.

115

## 2. Prior and Ongoing Assistance

The present project is a follow-up to MOL/95/003 'GAD - Strengthening Local Governments', launched in January 1996 and executed by the Government of Moldova. Altogether some 22 districts and municipalities participate from the beginning in this project. In the course of its implementation a large number of additional districts requested to join the project and since early 1997 virtually all districts participate in the project. In addition, the Academy of Public Administration and the Chancellery of State are directly involved in most activities undertaken within the project. The main activities under the project are outlined here below.

- A series of seminars and an internship in the Netherlands aimed at enhancing the capacity and competence of the participants in the fields of economic, financial and fiscal management of a modern local administration.
- Enhancing the capacity of the Academy to provide courses for local government officials in the most modern practices of local administration management.
- Elaboration of district level strategies for economic and social restructuring and development in the context of a market economy.
- Assistance with the establishment of a human resources and personnel policy for local government.
- Establishment of durable twinning relations between districts/municipalities in Moldova and counterparts in other European countries.

An in-depth evaluation of the project was undertaken in June, 1997. In order to take into account the key recommendations by the project evaluators, and to meet requests from districts which were not participating in the project from the beginning to benefit from all project activities, a project revision was prepared and adopted in October 1997. As a result of this project revision, the project MOL/95/003 will be extended until mid-1998.

While the above project is the only major case of international assistance aimed directly at strengthening local authorities in Moldova, a number of international agencies provide assistance in related fields. TACIS provides comprehensive assistance to the Academy of Public Administration since mid-1995 and has several projects aimed at supporting the privatization, particularly of agriculture. Similarly, the World Bank is about to launch a 'Social Investment Fund Project' aimed at providing small scale credits and support to local community based projects. The US Peace Corp provides support to small scale enterprise development in several districts, while UNDP has a project aimed at promoting small scale enterprise development at the national level. Through the Governance and Democracy Programme links have already been established with the above mentioned agencies and projects.

### 3. The Institutional Framework

The project will be a component part of the Governance and Democracy Programme. The project director will be the Deputy Prime Minister, who has the overall responsibility for local administration. This mode of implementation has important advantages as it ensures that the project is implemented in symbiosis with Government policies and as it permits the use of well-established direct government channels to all the participants of the project. The overall strategy and implementation arrangements of the Governance and Democracy Programme is based on the principles outlined below.

- Because of the acute nature of the problems addressed by the programme and the crucial formative phase of the Moldovan economy and society today, it is important for the projects under the programme to gain momentum rapidly and to achieve a considerable short-term impact. At the same time, sustainability must be assured and the more long-term results of the programme must be given due weight. Hence, the programme and the individual component projects must give equal consideration to both of these aspects.
- Close co-ordination and collaboration with the national counterparts in all phases of the programme is the single most important factor determining its success. The programme and the individual projects have been designed jointly with the counter-parts and the implementation must be undertaken in the same spirit.
- Considerable synergy effects can be achieved from close co-ordination of the component projects within the frame of the overall programme.
- Co-ordination with other external assistance is essential. The implementation of the individual projects within the framework of an overall programme facilitates such co-ordination.
- Linkage with sister institutions in other countries is also an important method for building sustainable capacity in the Moldovan institutions. In this context, co-operation with Western Europe counterpart institutions plays an important role. Special efforts are also made during the implementation to study and learn from the experiences of Central and Eastern Europe and other CIS countries.
- The approach of the component projects must be comprehensive in nature and tailor made to meet the specific needs of the target recipients. The scope of remolding existing institutions must involve formal training as well as changing existing perceptions, mentalities and patterns of work. This requires exposure to analogous institutions abroad and support to the establishment of direct links with such institutions. In addition improvements of administrative routines and practices, and technical support will be necessary.
- National execution is a basic principle of the programme, as this mode of execution will best help build national capacity, ensure government 'ownership' of the individual projects and a high degree of relevance in their design and implementation.

## B. Project Justification

### 1. Problem to be Addressed; the Present Situation

Few, if any, institutions have seen their mandate and responsibilities as dramatically changed and increased in the wake of the collapse of the economic and political system of the former Soviet Union as have local authorities at the district, town and commune level. The strictly hierarchical political and administrative system, imposed by the requirements of central planning of the whole economy as well as by the political system, permeated entirely the relationship between central, district and local authorities.<sup>7</sup> Finding themselves at the lower, receiving end of this hierarchy, local authorities served as little more than the extended arms of the central government. Their main function was to execute orders handed down from above. As a result of the absence of a clear delimitation of responsibilities between economic agents and administrative bodies, they also maintained direct links of a supervisory or monitoring nature with most economic units located within their jurisdiction. By contrast, their relationship with the local constituencies was more or less perfunctory.

The primordial importance of vertical links was reinforced by the organizational structure. The financial department of a local government would be directly subordinated to the Ministry of Finance, the agricultural department to the Ministry of Agriculture and so forth. Hence, rather than forming cohesive bodies, local authorities were profoundly fragmented, making any form of coherent governance exceedingly difficult.

Economically, too, the room for maneuvering was extremely limited. Local governments had, at least formally, no fiscal power of their own. Typically, they were allocated funds from the central level together with detailed specifications of the use of the funds. Similarly, the levels of ambition with regard to providing services such as education, health care, communal services and so on were set at the central level and handed down to the local authorities in the form of detailed quantified guidelines.

Against this backdrop, the challenges facing the local governments as they are called upon, not only to assume all the functions of a modern local government in a parliamentary democracy and market economy, but also to play a key role in the transformation of the entire political and economic system in this direction, appear truly daunting. In the case of Moldova, the difficulties facing the local authorities in fulfilling their new and much enhanced role, are compounded by the extreme economic crises, which is having repercussions on all aspects of society. It is becoming increasingly clear that the local governments play a key role in the transformation from a society based on hierarchical central planning to one based on democracy, the rule of law and a market economy. They are important, because they form the only institution which is forced to deal with the problems of societal transformation in all these three areas at the same time.

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<sup>7</sup> The terms 'local government' and 'local authority' are used interchangeably in this paper, although the official Moldovan terms, *administratie locala* (previously) and *autoadministratie locala* (presently), might convey a more true impression of the nature of these bodies.

Local authorities are the first, and often the only, contact between citizens and the state in this period. The perception among the population at large of the nature and success of the democratization of the society will therefore to a large extent be influenced by the ability of the local authorities to change and to translate the lofty concepts of democracy into an everyday reality. As such, much of the burden of preserving social order throughout the transition, of interpreting, explaining and implementing reform falls on local authorities, which themselves suffer from uncertainty as to how to proceed.

The transition from 'the rule of man' to 'the rule of law' is perhaps the most crucial aspect of the entire democratization process. Local authorities play an essential role in this regard. As the public institution with the most immediate contact with the public, it is within their power to give substance to, as well as to discredit, this process in the eyes of the population. The fluid and often contradictory nature of much of the legislation during the initial stage of the transition is a complicating factor in this regard.

Lastly, local authorities can and need to play a key role in promoting the transformation of the economy from one based on dictates from the offices of central planners to one governed by the market, and, not least, in facilitating and promoting the fundamental economic restructuring which inevitably follows from the replacement of administrative prices by market prices. Experiences from other 'transition economies' in East Central Europe and in Asia provide conclusive evidence on the primordial role of entrepreneurship and new enterprise development for successful economic restructuring and recovery. There are several reasons for this. Firstly, development of new green field enterprises is often proving easier than restructuring of the existing, former state enterprises. Secondly, new enterprise development is essential as a means of employment and income creation at a time when the restructuring of existing large-scale enterprises almost invariably implies shedding of surplus labour. Thirdly, successful overall economic restructuring and recovery is greatly facilitated by the development of a symbiotic relationship between new, small scale enterprises and the old large scale enterprises. A conducive, supportive and predictable external environment is crucial to a sound development of entrepreneurship and new small scale enterprises. Although much of the framework for such an environment is established at the national level, in the form of legislation, macro-economic policies and so forth, local authorities do have a key role to play in creating such an environment locally. Furthermore, well-designed local policies can go a long way towards alleviating the social costs of economic restructuring by facilitating labour mobility, strengthening the local human resource base and alleviating the plight of those who lose out in the transformation process. It is in the light of the above background and challenges that the emerging local governance in the Republic should be assessed.

An attempt to summarize the main issues and problems facing the local governments, both at the district and the commune level, is made below.

- The horizontal links forged within the local governments as a result of the new legislation and the election of local mayors and councils have not been accompanied by a rupture of the previous links between agricultural, financial and other sections of the local administrations and their respective ministries. Hence, there is at the present a dual and often contradictory command structure. The heads of the

various departments are subordinated both to the elected local councils and to their respective ministries.

- At a more general level, the fact that the local governments now are directly accountable to the local electorate and that the legislation provides them room for considerable autonomy has only to a limited extent increased their de facto independence vis-à-vis the central government.
- The fiscal autonomy of the local governments remains exceedingly limited. Tax rates are set by the Parliament and the division of tax revenues between local and central authorities is such that almost all districts and most communes/towns invariably and inevitably run a deficit. These deficits are covered by subsidies, which the individual districts negotiate with the Ministry of Finance and the individual communes/towns with the district in question. This is a severe impediment to the economic autonomy of local governments, both at the district and at the commune/town level.
- The organizational structure of the local governments has changed little and as a consequence is not well-suited to the new role and responsibilities of the local governments.
- At the commune/town level there is a mismatch between the division of the country into a large number of very small units on the one hand and the geographic concentration of economic activities, inherited from the previous economic system and resulting from excessive emphasis on large scale units, on the other hand. As a consequence, many communes have a very weak economic base. This problem is compounded by a lack of any clear-cut mechanism for regional redistribution of fiscal revenue.
- The main economic challenge and opportunity facing local governments at both the district and the commune/town level at the present is the ongoing privatization of agriculture. Not only does the success and outcome of this process to a large extent depend on the attitude and aptitude of the local authorities, but it also results in a de facto shift in responsibilities and power from the managers of the former kolхозes and sovchozes to the elected representatives of the local communities. While this shift is clearly welcome from a democratic point of view, the local authorities are not always equipped to single-handedly assume their new and increased role.
- There is an acute and general lack of experience in running a modern local government. Capacity strengthening is particularly needed in the fields of economic, fiscal and budgetary management, but also with regard to issues such as public relations, transparency and human resources policies.
- Local governments suffer from isolation and lack of exposure to practices elsewhere. For a long time their links were primarily vertical, with the central government. There is a strong need to foster horizontal links and exchanges of experiences with other local governments, both within and outside the country.

It is against this background that MOL/95/003 'GAD - Strengthening Local Governments' was launched in early 1996 and the present successor project has been developed.

The base of very close cooperation with the Government and, in particular, with the Chancellery of State, which has been laid in the course of the implementation of

MOL/95/003 will be used to ensure that the present project will be implemented as an integral part of the comprehensive reform of the system of local administration, which the government has just embarked upon.

## **2. Expected Post-project Situation**

Upon the completion of the present project and its predecessor MOL/95/003 it is expected that what is outlined below will be achieved.

- In virtually all districts (raioane) there will be senior local (district) government officials with sufficient theoretical and practical knowledge of modern financial, budgetary and information management of a local (district) government and of the fundamental mechanisms of a market economy to effectively meet the requirements in this field in a self-governed district/commune/town in a market economy. Among the officials trained, at least five will also be trained to train their colleagues in these fields.
- Most town and commune authorities will have a considerably enhanced capacity in the field of local administration and planning.
- There will be a capacity at the Academy of Public Administration to provide courses for local government fields in the most modern practices of local level financial, budgetary and information management, as well as in strategic planning techniques.
- The complex problem of planning for economic development at the local/district level in the context of a market economy will have been tackled on several levels: A methodological framework for developing regional/local economic strategies in the Moldovan context will have been developed; a several such strategies will have been developed in collaboration with the authorities concerned; a number of young Moldovan economists will have received training in field, and; there will be a much increased awareness among both government officials and Moldovan economists about the potentials and limitations, pitfalls and possibilities of fostering sustainable local level economic development through improved governance.
- The first concrete steps towards re-inventing a human resources and personnel policy for local government will have been taken.
- A number of local governments in Moldova will have established durable (twinning) relations with counterparts in other European countries.

The specific contribution of the present project to the expected post-project situation depicted above will include the hereunder following.

- Several hundred local government officials, primarily mayors, at the town/commune level, will have been trained in strategic planning techniques and in modern administrative methods. A large share of them will also have been exposed to local administrative practices abroad.

- There will be a core group of highly qualified teachers at the Academy of Public Administration, capable of training local government officials in key fields of local administration.
- A comprehensive modern system of local administration will have been developed in one pilot district.
- A number of local authorities will have established durable (twinning) relations with counterparts in other European countries.
- The capacity at the district level to promote local economic development will have been strengthened further.

### **3. Target Beneficiaries**

The direct recipients of assistance will, for the most part, be government officials at the district and town/commune level. However, it is important to emphasize that the ultimate target beneficiaries are the citizens of the local authorities concerned. Their interests are to be served by local government structures and practices that are more efficient, effective, coherent and innovative.

This in turn demands an emphasis on the competence of the level of local government nearest to the citizen namely the town and commune councils and administrations. However, the scope of the project does not allow comprehensive access to more than a small percentage of these first-line authorities.

One district will be selected for more comprehensive assistance in economic development planning on a pilot basis.

### **4. Project Strategy and Implementation Arrangements**

The strategy and implementation arrangements for the overall Governance and Democracy programme, outlined above, will provide a general framework for the present project. As part of the Governance and Democracy Programme, the present project will benefit from and draw upon the administrative infrastructure and, not least, the extensive network of contacts developed under MOL/95/003. The present project will to a large extent draw on outputs already achieved under MOL/95/003, such as trained teachers at the Academy of Public Administration, to give but one example.

More specifically, the strategy of the present project rests on two fundamental principles: effective government ownership of the project, and close collaboration between the recipient local governments and a counterpart organization in Western Europe. This mode of implementation ensures effective government participation in the project and creates the best possible conditions for achieving an optimal and sustainable impact. The project strategy is furthermore based on the principles and advantages outlined below.

*Participation by Recipients* In the course of the implementation of MOL/95/003 a comprehensive network of contacts has been established with local governments

throughout the country as well as with the parts of the central government directly concerned with local administration. The present project can draw on this network to ensure effective participation in all aspects of the implementation of the project. This is essential as genuine support of the project objectives and co-interest in the project by the local authorities is a precondition for success.

A lesson learnt in the course of the implementation of MOL/95/003 is the importance of continuous dialogue with the vast target group of the project and of widespread dissemination of information about project activities and the project objectives as a means of increasing general awareness about the project as well as extensive participation in it. These lessons will be taken fully into account in the implementation of the present project. The strengthening of an association of local authorities, which is expected to take place through a parallel project, will greatly facilitate such a dialogue.

*Sustainability* The sustainability of the project achievements is of utmost importance to attain the long term objectives of the project. This issue has no easy solution. The key factor will be the success of the overall project process. Thus, effective contribution of the project to the success of the reforms is also the most important way of ensuring that the project will have a sustained effect. This is best achieved by ensuring that the project is implemented as an integral part of the overall reform policies pursued by the Government.

Genuine reforms require not only new skills, but also changes of mentality and perceptions of those involved in the reforms. Visual exposure to local government practices elsewhere has proved to be an effective way of achieving this. This is also one of the main focuses of this project. Other means of achieving this is a colleague to colleague approach.

The training of trainers within the Academy of Public Administration and the active involvement of these trainers in the implementation of the project will greatly enhance the sustainability of the project results beyond the duration of the project. This aspect is an important and fully integrated part of the project, as reflected in the work plan. The project is also designed in such a way as to ensure that the new techniques and knowledge gained are applied in practice.

*Help for Self-Help* The close involvement of the Moldovan counterparts, not only as recipients but also as partners, in the implementation of the project goes hand in hand with the approach of 'help for self-help'. It will permit the Dutch experts to function as catalysts, enabling the Moldovan counterparts to help themselves in the future. Through both theoretical and practical exposure to the best practices of financial management and strategic planning, the Moldovan counterparts will not only permanently enhance their own professional competence and capabilities, but will also be able to set an example for their colleagues.

*Colleague to colleague approach* The strong element of direct contacts between the Moldovan local government officials participating in the project and their counterparts in the Netherlands embedded in the project makes for easy and effective communication and contributes towards the goal of sustainability. Such contacts are considered as particularly effective as the two parties have broad reference areas in common and

more or less the same professional background and experiences. The colleague to colleague approach makes for easy communication and flexible co-operation.

The project will be nationally executed. The implementing agency on the government side will be the Chancellery of State. It is foreseen that the project director will be the Deputy Prime Minister responsible for local authorities. An advisory committee with representatives of local authorities, the Chancellery of State, the Academy of Public Administration, a recognized international expert in the field, the project-staff and UNDP will be formed to assist the project with guidance and advice.

The UNDP Office will play a supportive and monitoring role, particularly with regard to the budgetary aspects and to the achievement of the immediate objectives. The UNDP Office will also provide office support in the implementation of the project.

The Association of Netherlands Municipalities (VNG) will act as a subcontractor with responsibility for the direct implementation of a major part of the project. The role and responsibilities of VNG in the implementation of the project is indicated under 'Responsible party' for the individual activities listed in section D below and will be elaborated in detail in a separate agreement between VNG and UNDP.

Under the supervision of the project director, a project management team consisting of the deputy project director and the senior project staff will have the main responsibility for the overall implementation of the project and for liaising with the various parties involved. An advisory committee headed by the project director and consisting of the senior project staff, the national programme adviser, the chief technical adviser and a representative of UNDP will provide support and guidance in the implementation of the project.

## **5. Reasons for Assistance from UNDP**

The essence of the project is a transfer of knowledge and experiences from countries where local governments have evolved as democratic and efficient institutions over a long period of time to a setting in Moldova where these institutions need to be transformed and developed in as brief a period of time as possible. The very nature of the project is therefore such as to require intense foreign involvement and external assistance. Local governments can play a pivotal role in the reform process and assistance enabling them to assume this role better and quicker than would otherwise have been the case will therefore have a direct impact on the speed and ease of the societal reforms.

The UNDP is uniquely placed to assist the Government of Moldova in the fields covered by the project. It has a long experience of providing assistance to transition economies in Asia, Africa, East Central Europe and in the countries of the former Soviet Union. It also has a permanent office in Moldova. Furthermore, its Management Development Programme, established in 1988 with the objective to assist countries in improving the efficiency of the public sector, has already accumulated an impressive record of achievements and experiences, not least in the formerly socialist countries.

## **6. Special Considerations**

The project is designed with a view to make a decisive contribution towards strengthening democracy and democratic institutions in a nascent nation devoted to democratic values, but where the democratic foundation is still weak. As the project focuses on changing and strengthening public institutions effective local ownership of the project is essential.

This project is a good opportunity to address the issue of gender balance among public administration officials (currently less than 10% of mayors are women). In the selection of the participant local government officials special care will be taken to obtain a satisfactory gender balance and for this purpose female participants will have priority.

The project is unlikely to result in any negative side-effects.

## **7. Coordination Arrangements**

The implementation of the project within the frame of the overall Governance and Democracy project will ensure full co-ordination with other UNDP activities undertaken in this field. It will also facilitate co-ordination with other external assistance. Together with MOL/95/003 the present project plays a pioneering role in as much as they are the first major projects targeting on local administration in Moldova. However, co-ordination with projects in related areas, such as a UNDP project on small scale enterprise promotion, USAID and TACIS projects on privatization and local level economic recovery and the World Bank Social Investment Fund Project, will be endeavored as the potential synergy effects would appear to be considerable. Of particular importance is coordination with a parallel project planned by the Dutch Government aimed at the strengthening of an association of local authorities.

Most importantly, the design of the project as a nationally executed one will ensure that the project is closely co-ordinated with government policies and activities in the field of local government.

## **8. Counterpart Support Capacity**

Government support is primarily provided via the Vice Prime Minister's Office, the State Chancellery, the Academy of Public Administration and the participating local governments. The State Chancellery liaises with local authorities on a regular basis. It has the role of both monitoring and supporting the work of local government, and provides an effective bridge between local authorities and the central government as a whole. The State Chancellery is committed to improving local government practice and a very close working relationship already exists between the Governance and Democracy Programme and the State Chancellery to this end.

Similarly, a close working relationship already exists with the district authorities participating in MOL/95/003. The implementation of MOL/95/003 has resulted in a large amount of goodwill and in a strong support for the GAD programme among local authorities. The present project can draw upon these achievements. This is not

only a critical factor in ensuring the success of the project, but will also permit a 'flying start'. A good working relationship already exist with The Academy of Public Administration, who play an effective role in the implementation of the Governance and Democracy Programme.

However, due to severe budgetary and foreign exchange constraints, the ability of the Moldovan counterparts to make monetary contributions to the project budget is limited. For this reason, the Moldovan contribution will primarily be in kind.

## C. Development Objective

To create an institutional framework at the commune/town and district level capable of playing an effective and positive role in a democratic society and in creating a conducive environment for a modern market economy.

## D. Immediate Objective

To enhance the capacity at the commune/town and district level to tackle the problems confronting them during the present phase of nation-building and establishment of a democratic society based on a market economy, specifically in the fields of strategic planning and economic development, financial and information management and in human resources and organizational development.

### *Output One*

Several hundred local government officials at the commune/town level, primarily elected mayors trained in modern management methods for local administrations and in strategic planning techniques.

Success criteria: Individual written assessment of all aspects of the training by the participants. Assessments by Dutch training experts and the Moldovan counterparts. One of the purposes of Activity 1.4, below, is to assess the degree of achievement of the expected output and immediate objective.

### Activity 1.1

Training of 400-500 local government officials at the commune/town level in modern management practices for local administrations and strategic planning techniques. The training will be organized in 20 five day courses with 20-25 participants in each. Five teachers at the Academy of Public Administration in Chisinau will receive special training (see Activity 3.2) to teach these courses. During the first round of courses a senior trainer at VNG will assist. He/she will remain as a resource person and will be available for consultations by the Moldovan teachers throughout the implementation of this activity.

*Responsible party:* The senior project staff, VNG and the Academy of Public Administration.

#### Activity 1.2

The participants in the training courses will prepare in writing an analysis of the economic and social situation in their district, the main problems and issues facing the development of the district as well as its perceived potentials. A selection of the best analyses will be edited, translated into English and published in both Moldovan and English for distribution within and outside Moldova.

*Responsible party:* The senior project staff.

#### Activity 1.3

On the basis of the analyses prepared in Activity 1.2, 100 participants will be selected to participate in study tours on modern local administration in the Netherlands and selected countries in East Central Europe. Due attention in the selection process will be given to the need to achieve a reasonable gender balance.

*Responsible party:* The senior project staff.

#### Activity 1.4

Five study tours of one week's duration with 20 participants in each to the Netherlands and selected countries in East Central Europe. One to two teachers from the Academy of Public Administration will also be included in each of these study tours. The thematic focus of the study tours will as far as possible be designed to reflect the needs and priorities identified by the participants in Activity 1.2. The study tours will focus on visits to local governments in host countries with a view to give them a first hand exposure to local government practices elsewhere.

*Responsible party:* VNG for arrangements in the Netherlands, the senior project staff for logistics in Moldova.

#### Activity 1.5

Two to three workshops focusing on problems in the implementation of the knowledge gained by the participating local government officials during the project. The seminar will be held in two or three locations for participants from different parts of the country. The aim will be threefold: to assist the Moldovan local government officials with on-the-spot assistance suggestions and solutions and to get feedback on the effects on the project and suggestions for future improvements and to identify remaining needs. The target teachers at the Academy of Public Administration will take part in this activity.

*Responsible party:* VNG and the senior project staff.

### **Output Two**

An expanded collaboration between Moldovan towns/districts and their counterparts in Western and East-Central Europe.

*Success criteria:* Several new programmes of collaboration are established.

### Activity 2.1

Assistance in establishing contacts with suitable partners. The VNG will provide interested parties with contacts in the Netherlands and in East Central European countries through the respective associations of local authorities. Furthermore, the VNG will provide the necessary information on the 'North-East-West-South (NEWS) Programme', which funds tri-lateral links between local authorities in East Central Europe, Western Europe and the Third World.

*Responsible party:* VNG and the senior project staff.

### Activity 2.2

Co-ordinate initial contacts with foreign partners, plus organizational support for initial visits.

*Responsible party:* The senior project staff, assisted by VNG in the case of twinning arrangements in the Netherlands.

### Activity 2.3

Monitor the financial aspects of the twinning activities. Tentatively, a ceiling of USD 12,000 will be allocated to cover the initial cost of each twinning arrangement. Other things equal, twinning arrangements with components focusing on economic development planning and financial and economic management or which encompass ethnic, gender or environmental aspects will be given priority.

The VNG seeks provide additional funding for the co-operation between local authorities in the Netherlands and Moldova, through the Netherlands Inter-Municipal Development Co-operation Programme (NIDCP). The NIDCP criteria for funding exchanges between both countries will apply in these cases. The VNG will monitor the financial and project related aspects of the twinning as part of their allocated tasks under the NIDCP programme, and will ensure that the priorities of economic development and financial and economic management within the twinning are given due attention. The VNG will, however, also facilitate activities not directly related to these issues to strengthen the synergy between local authorities, and to enable the creation of a conducive environment for exchanges and links.

If sufficient twinning links exist (three or more) the VNG will organize periodical meetings in the Netherlands for the Dutch twinning partners to exchange experience and formulate further activities. A similar set-up could be considered for Moldova.

The twinning partners will have to decide on the modality of the co-operation they wish to embark upon to facilitate implementation of activities. These modalities are generally speaking of two kinds. The first is a structured co-operation agreement with clearly delineated tasks, responsibilities, activities, results and outputs. The second is a twinning between local authorities based on a general agreement to co-operate on different themes, including exchanges of a cultural and social nature.

*Responsible party:* VNG and the senior project staff.

### Activity 2.4

Monitor and evaluate initial achievements of the twinning links.

*Responsible party:* The senior project staff.

### Activity 2.5

Follow-up discussions with the Moldovan twinning partners on the usefulness and applicability at home of the experiences gained through the twinning arrangement. The Moldovan twinning parties will produce yearly reports on the activities undertaken and experiences gained from the twinning arrangement, including suggestions and recommendations for others aiming at embarking on similar twinning arrangements.

*Responsible party:* The senior project staff.

### **Output Three**

Strengthening the capacity of the Academy of Public Administration in the fields of local administration and teaching methodology. Under the predecessor, MOL/95/003, a group of teachers at the Academy of Public Administration were included in the training activities and in the internship in the Netherlands with a view to create a domestic capacity to teach in these fields. Based on the competence already created, the present project will provide intensive training to the same group of teachers, possibly also some additional teachers, with a view to create a hard core of highly trained teachers capable of meeting part of the need for qualified training in the field of local administration in the future.

*Success criteria:* The target teachers are capable of providing training at the required level of quality in the area of local administration and are actively engaged in doing this.

#### Activity 3.1

Four one semester fellowships for the target group teachers *tentatively* at the Academy of Public Administration to receive training in subjects related to local administration and in modern teaching methodologies, tentatively at the Academy of Public Administration in Groningen.

*Responsible party:* The senior project staff together with VNG and the Academy of Public Administration.

#### Activity 3.2

A two week visit for the teachers who will implement Activity 1.1 tentatively to the Academy of Public Administration in Groningen for training in giving the courses under Activity 1.1.

*Responsible party:* VNG.

#### Activity 3.3

Participation in international conferences in the area of local administration. The project will make a financial allocation to permit the target teachers at the Academy of Public Administration to attend and present papers at international conferences. Presentation of a paper will be a precondition for receiving financial assistance to attend a conference.

*Responsible party:* The senior project staff and the Academy of Public Administration.

#### Activity 3.4

Provision of literature and periodicals in the field of local administration.

*Responsible party:* The senior project staff and the Academy of Public Administration.

#### **Output Four**

Development of a modern administration in one of the districts scheduled to become centres of the proposed new regions. To this end, VNG will enlist the assistance of one or several municipalities in the Netherlands which will assume the direct responsibility for providing the assistance and acting as host for the Moldovan delegations visiting the Netherlands. Thus, the output will primarily be produced through a direct collaboration between Dutch municipalities and the district in Moldova. The assistance will be provided both in the form of technical assistance by Dutch municipal experts and practitioners and local experts working directly with the local counterparts in the two districts and in the form of study visits to the Dutch municipalities. The project will target both at the district and the commune level. Communes will be encouraged to form voluntary groupings to facilitate implementation of the project.

In order to increase outreach and to foster collaboration between the districts which will form the proposed regions as well as between districts and town/commune authorities all activities will involve at least one representative of the neighbouring districts which will become part of the new region as well as one representative from the town/commune authorities. The focus will be on the six areas outlined below.

1. The organizational and administrative structure of the district and commune authorities and the mode of collaboration between the two levels.
2. Promotion of local economic development and restructuring.
3. Financial and fiscal management.
4. Provision of social services.
5. Environmental protection.
6. Local democracy and popular participation.

*Success criteria:* The district has elaborated and is implementing concrete action plans in the six fields mentioned above. Visible progress in these fields have been registered both at the district and at the commune level.

#### **Activity 4.1**

A study tour by representatives of the Dutch municipalities contracted to assume the main responsibility for implementing Activity 4.2 - 4.7 to the target district in Moldova to familiarize themselves with the situation in Moldova and, in particular in the target district in Moldova, and for discussions with representatives of the local authorities in the district on matters related to the implementation of the activities.

*Responsible party:* VNG, the senior project staff together with the district authorities.

#### **Activity 4.2**

Assistance with reforming the organizational and administrative structure and procedures of the local (district and commune/town) authorities in the district. Special

emphasis will be given to a review of staff functions and personal management, and assistance with the development and implementation of a plan for more effective utilisation of the public servants at the district and commune/town level. The activity will include technical assistance by Dutch municipal experts and a study tour to the Netherlands on this theme.

*Responsible party:* VNG, the senior project staff, together with the district concerned.

#### Activity 4.3

Assistance with the development and implementation of policies for promoting local economic restructuring and development. The activity will include technical assistance by Dutch experts and a study tour to the Netherlands to study Dutch experiences in this field.

*Responsible party:* VNG, the senior project staff together with the district concerned, with assistance from a municipality overseas.

#### Activity 4.4

Assistance with the development and implementation of a more effective financial and fiscal management. The activity will include technical assistance by Dutch municipal experts and a study tour to the Netherlands to study modern financial and fiscal management practices on the spot.

*Responsible party:* VNG, the senior project staff together with the district concerned, with assistance from a municipality overseas.

#### Activity 4.5

Assistance with the development and implementation of a policy for more effective provision of social services (education, health care, social security, vocational training and labour market intermediation etc.) . The activity will include technical assistance by Dutch experts in the field and a study tour to the Netherlands.

*Responsible party:* VNG, the senior project adviser together with the district concerned, with assistance from a municipality overseas.

#### Activity 4.6

Assistance with the development and implementation of a policy and measures for environmental protection. The activity will include technical assistance by Dutch experts in the field and a study tour to the Netherlands.

*Responsible party:* VNG, the senior project adviser together with the district concerned, with assistance from a municipality overseas.

#### Activity 4.7

Assistance with the fostering of local democracy, popular participation in local affairs and collaboration with local non-governmental organizations. The activity will include technical assistance by Dutch experts in the field and a study tour to the Netherlands.

*Responsible party:* VNG, the senior project adviser together with the district concerned, with assistance from a municipality overseas.

#### Activity 4.8

A national seminar to evaluate, discuss and disseminate the experiences from the activities undertaken in the pilot district.

*Responsible party:* The senior project staff and the Academy of Public Administration.

## **Output Five**

Improved office infrastructure for the local governments participating in the project, if possible including establishment of an intranet system for communication between local authorities.

*Success criteria:* Equipment effectively utilised by the relevant officials and staff members of the local governments concerned. VNG will provide assistance with the design and implementation of the intranet system.

### Activity 5.1

Procurement, installation and testing of the equipment.

*Responsible party:* The senior project staff together with VNG.

### Activity 5.2

Training in the use of the equipment.

*Responsible party:* The senior project staff together with VNG.

## E. Inputs

### 1 UNDP Inputs/ Direct Field Office Support

- a) International project staff;
- |                               |        |
|-------------------------------|--------|
| International project adviser | 24 m/m |
| Chief Technical Adviser       | 3 m/m  |
- b) National project staff;
- |                                        |        |
|----------------------------------------|--------|
| National programme adviser             | 4 m/m  |
| National project adviser               | 24 m/m |
| National project manager               | 24 m/m |
| Financial and administrative assistant | 24 m/m |
| Project assistant(s)                   | 48 m/m |
| Driver                                 | 24 m/m |
| Interpreter/translator                 | 48 m/m |
- c) International short term consultants;
- Short term experts participating in conferences
- d) Local consultants;
- Consultants for dev. of modern adm. in pilot district 25 m/m
- Short term interpreters/translators
- EDP Consultant short term for servicing the districts
- e) Training;
- Fellowships, four of a duration of one semester each.
- Participation of trainers in international conferences
- Study tour for commune/town officials on local administration, 5 x 20 x 7 days
- Intensive training of five trainers at the Academy of Public Administration in Groningen, 5 x 14 days
- Study tour on org. and adm. of local administration, 7 x 7 days + interpreter
- Study tour on local economic development, 7 x 7 days + interpreter
- Study tour on economic and fiscal management, 7 x 7 days + interpreter
- Study tour on provision of social services, 7 x 7 days + interpreter
- Study tour on environmental protection, 7 x 7 days + interpreter
- Study tour on fostering local democracy, 7 x 7 days + interpreter
- Conference on regional economic development
- Seminar to disseminate result of pilot district
- f) Equipment;
- It is foreseen that the project will take over the project equipment of MOL/95/003. However additional three PC with software will be procured for the project office.

(Local Governments)

Tentatively 80 PC with software and printers

g) Expendable equipment

h) Maintenance costs

i) Inputs from association of Netherlands Municipalities (VNG) in their capacity as subcontracted agency. The nature of the involvement of VNG in the implementation of the project is shown under 'Outputs and activities' above and is laid down in detail in a separate agreement. The inputs will be in the form of comprehensive consultancy services (including organization of training courses in Moldova), organization of study tours to the Netherlands and elsewhere, technical backstopping and intermediation and facilitation of contacts between local governments and government officials in Moldova and their counterparts in the Netherlands. (Draft budget attached)

## **2 Government Inputs (s. Attachment)**

- a) Counterparts to international consultants.
- b) Salaries of government officials participating in courses and other activities undertaken by the project.
- c) Office accommodation for the project staff and for international consultants in Chisinau.
- d) Temporary office space in the district(s)/commune(s)/town(s) selected for in-depth studies on regional economic development strategies.
- e) Local incidental expenses for project implementation.

## **F. Risks**

There can be no guarantee that the trained local government officials will remain in government service after the completion of the project. However, as the training provided under the project is quite specific in its nature and is likely to enhance the career prospects of the trainees within local government, this risk is not considered to be large.

The project is sufficiently flexible to accommodate regional variations in the attitudes towards economic and political reform of local governments.

## **G. Prior Obligations and Prerequisites**

### **1. Prior Obligations**

None.

## **2. Prerequisites**

Government inputs are delivered in adequate quantity and in a timely manner. The project document will be signed by UNDP, and UNDP assistance to the project will be provided, subject to UNDP receiving satisfaction that the prerequisites listed above have been fulfilled or are likely to be fulfilled. Should anticipated fulfilment of one or more prerequisites fails to materialize, UNDP may, at its discretion, either suspend or terminate its assistance. The UNDP will consult the Steering Committee prior to taking any decision to suspend the project.

## **H. Project Reviews, Reporting and Evaluation**

The project will be subject to tripartite reviews (joint reviews by representatives of the Government, the executing agency and UNDP) at least every year, the first such meeting to be held within the first twelve months of the start of full implementation. The Chief Technical Adviser will prepare and submit to each tripartite review meeting a Project Performance Evaluation Report (PPER). Additional PPERs may be requested, if necessary, during the project.

A project terminal report will be prepared for consideration at the terminal tripartite review meeting. It shall be prepared in draft sufficiently in advance to allow review and technical clearance by the executing agency at least four months prior to the terminal tripartite review.

The project shall be subject to evaluation sixteen months after the start of full implementation. The organization, terms of reference and timing will be decided after consultation between the parties to the project document, plus any associated United Nations agency. From the UNDP, a representative of the Management Development Programme will be invited to participate.

The project management is responsible for compliance with report requirements stipulated by the donor in the cost-sharing agreement.

## **I. Legal Context**

This project document shall be the instrument referred to as such in the Standard Basic Assistance Agreement between the Government of the Republic of Moldova and the United Nations Development Programme, signed by the parties on October 2, 1992 and the amendment of the same of July 5, 1997. The host country implementing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government co-operating agency described in that Agreement.

The following types of revisions may be made to this project document with the signature of the UNDP resident representative only, provided that he or she is assured that the other signatories of the project document have no objections to the proposed changes:

135

## Appendix J



**F u n d a ț i a      V i i t o r u l**  
Chișinău, 2004, Bd. Ștefan cel Mare, nr. 119, Scara 2, et. 2, ap. 14,  
telefon: {3 7 3 - 2} 24. 75. 40 - e - mail: igorm@cc.acad.md

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### **Cc: Suggestions to the draft law on local public administration**

23 October, 1998

**Art.1. From the very beginning, we must say that it is an improper tradition for the Parliament of the Republic of Moldova to insert in the text of the law some explanations of juridical and/or scientific nature. If a legal norm does have imperative force, we may only suppose that a different interpretation of these term would become illegal, regardless of the need to advance theoretical and scientific approach (administrative science, for instance). Thus, decentralization is understood by the authors of the current draft as “a system of administrative organization, which allow local communities or public services to be administrated by themselves, under the control of state”, which provides them legal personality, providing legal prerequisites that permit the creation of their own authorities, with all their necessary resources. We can therefore guess which handbook of administrative law came under the hands of the authors of this draft, but we are not very convinced that they found the most confident/trustfull definition for the core terms of the fields from a scientific point of view. (like: decentralization, centralization, local government). Many would say that the administrative decentralization, in Constitutional and Administrative Law, is merely “the act of delegation of some administrative powers onto the local level for the benefit of the elected officers”<sup>1</sup>, or as “a division of administrative measures, organized on the very existence of different pluralist decisional and autonomous centers, meaning a number o local subjects with juridical personality”<sup>2</sup>, etc. We beleive that we must take into consideration the potential disagreements between various scientific concepts and the meaning laid down by the legislators in the current draft, and therefore, these provisions should be definitely cut off from the draft.**

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<sup>1</sup> Jean Gicquel, Droit constitutionnel et institutions politique, Montchrestien, 1989

<sup>2</sup> Jacques Moreau, Administration regionale, locale, et municipale, Dalloz, 1980.) etc.  
etc..

**Art.2.** The provisions of this article, which are referred to “the special mood of organization and functioning of the public administration within the administrative-territorial units,” are generally useless. Even the title of this draft on law clearly points out what it means - “regarding the local public administration”, thus, the object of this legislative initiative rests upon the organization and functioning of the local government. If this article will be deleted, nothing else will be changed within the content and the scope of the law, which also argues the usefulness of these provisions.

**Art.12.** In our opinion, it is not correct to allow the President of the Republic of Moldova to nominate “prefects” in their positions. According to the task of their specific mandate, prefects are clearly Governmental appointees at the regional/territorial level, and the experience of those countries where this administrative tradition exists tells us about the strong and indisputable link between with their central government. Under Constitutional framework, Central Government shall have an opportunity to manage those deconcentrated economical and social devices/units/factories, in a flexible and operational manner, even through the imposition of disciplinary sanctions (if necessary!) on some managers and officials. In fact, this kind of control should not meet any kind of counter-trends from the President of the country, degenerating an administrative act into a political dispute. In addition, in the case of an institutional disagreement between the President and the Government, it is clearly pertinent that the entire public administration system as an institutional assembly will be hindered, nurturing long and unproductive debates over all institutional chains from the central government to the level of regional or even local governments (judetse and comuna). The II part of this article seems to be also vague, as it expects from the President of the country to adopt rules of normative character, although it is really a matter of juridical nonsense, because the President of the country, according to the Moldova Constitution, cannot adopt or issue any kind of normative regulations. Even more, these regulations cannot have as an object of their regulation “social relations in a given society”, which is definitely a matter of the Parliament of the Republic of Moldova. Section II of the same article: we believe that it is incorrect the title of this section “division of competencies”, as it is expected that the Law shall set up specific competencies, specifically for the village (comuna), cities (municipii), and thus, it should be called “Specific competencies for villages, cities, municipalities”.

**Art.14.** It should be revised the opportunity for setting up new local councils, “starting from a numerical average of 2,000 of inhabitants”, as they still might be seen as quite small and unable to provide a satisfactory material and human bases of resources, which, in turn, could diminish the credibility of the process of decentralization and local autonomy. We suggest another variant: “A local Council shall be established for a locality having 2,000 till 5,000 of inhabitants.

**Art.21** The provision according to which “local council’s meetings are deliberative if they are attended by the majority of the acting councilors” sounds rather vagues and strange. What it means “acting councilors” - valid, supplementary validated through a sort of official procedures, or simply, a case of technical mistake? Let’s suppose that 4 out of 5 councilors are seek, which means that they are not able to fulfill their councilor’s functions: what’s about with the respective Local Council, how can be summoned the remaining councilors and who shall be responsible for the good management of the communal affairs? We believe that the duration of mandates (which is enforced along the entire period of political mandate of a given councilor) shouldn’t be confounded with the function of the local councilors (exercised only during the period of deliberation or the fulfillment of those tasks specified by the Council). In turn, we would suggest another variant: “if there is a simple majority of the local councilors”. According to the 3 line of the same article “the local council “can be dismissed even in the case when it has not adopted a decision during 3 consecutive meetings”. The mistake seems to be obvious, as there are several reasons for why a local council could not take a proper decision after 3 consecutive meetings: (1) meetings were not properly prepared, or (2) the Council deliberated over the matters established, but could not find a required compromission between divergent views and therefore, failed to take a decision, etc. In extreme, the perceived threat of being dismissed may prompt some of the local councilors to admit to vote for certain matters which are far from be in the interest of the local communities (they pretend to represent), and therefore this is not a good instrument to make local councilors more functional. We suggest to withdraw this provision from the draft. In addition, it is not quite clear WHO is empowered to dismiss the Council, and in what circumstances, and who undertake the official proceeding of dissolution, which underline the improper clarification of this theoretical and practical possibility. We suggest another variant: “a decision regarding the dissolution is adopted by the District Council, at the request of the

Mayor, followed by a special decision of the Court which validated the election of the given local council and if this dismissal does correspond to the existent legal provisions”.

**Art.22.** We suggest that “all meetings shall be conducted openly for all citizens”, as transparency of the public institutions shall be regarded in the light of the superior constitutional provision and not as a matter of benevolence of the local officials (!), helping to build up the independence of the local governments, from the one side, but also to support the right of simple citizens to be better informed, get and deliver free information of public use (excepting those cases where this information can induce prejudices affecting personal interests of some citizens or national security (art.34 paragraph 3 of the Constitution). My personal consideration: It is necessary to harmonize the provisions of the article 22 of the Law with constitutional provisions of the art.34, suggesting the following version: “Closed Sessions can be conducted only in those cases where the information discussed can induce prejudices to citizens or to the national security.

**Art.25.** It is rather imprecise the provision of the line 1 of this article, saying that in the case where the Chairman of the meeting cannot sign the decision of the local council, it should be signed by one of the councilors. It does not specify which are the cases where the Chairman might be harmed, wounded or impeded to sign the decision. Who should be among councilors the person signing the decision: that who voted against the decision or that who voted in favor of it, those elderly or young councilors? We suggest to eliminate this provision.

**Art.30.** We appreciate as incorrect the provision contained at letter b) which envisions that “the activity of the local council might be suspended if it adopted twice a decision, considered illegal by a Court”. It is important to note here that a Court cannot dismiss a decision of the Local Council on the ground that “the provisions of this act would be against the general interests of its community”, but only in the case where some provisions of a specific decision come in contradiction with the national legislation. The substance of local autonomy does not allow the implication of whatever authority in the work and agenda of the local councils and therefore, the evaluation of the local council’s decisions on the ground of “necessity/opportunity” or whether they are fitting with the general interests of the respective local community is largely

not a matter of judicial contest. The provisions contained at the line 6 of the same article, through which "the local councilor could be dispensed by his mandate if he is infringing upon the interests of the respective local community" should be withdrawn too. Which should be the scale or criterium for "the evaluation of the local interest" and who shall set it up? It seems to be quite a complex task to determine it within the frame of plurality of views and opinions, which represented the starting point for the election of the local councils.

**Art.34.** We believe that the validation/confirmation of the Mayor of the Chisinau Municipality by the Supreme Court is simply useless. It should be noted that despite the fact that the elected leader of the capital of the country is really an important personage he remains still an "elected mayor" and his status cannot be compared, for example, with the political and legal status of the President of the country. We will suggest the following variant: The Mayor of Chisinau Mayoralty is confirmed by the Court (Tribunal) of Chisinau.

**Art.35.** There is not a mechanism for ending the mandate of mayors before the term. It should be not forgotten that in all concrete cases, it is necessary a special decision of a Court who confirmed their installation after elections (and if there is a situation, envisioned by the existent legislation, where this mayor shall be considered guilty and sanctioned for his fault). From another point, this provision should be viewed as a guarantee, as a protection for the free exercise of the councilor's mandate. In addition, what would it mean "the impossibility to exercise its mandate for a period of time longer than 4 months? What it then means? is it a mathematical sum of the days missed by the councilor along 1 or 2 years during his complete mandate? We suggest to re-draft or even change the timing of this period of possible absences?

**Art.36.** We found another dazzling regulation at this article which looks to be entirely extirped from the "Moral Code of the Communism's Builder" (!). How could be revoked/dismissed a mayor if he "infringes upon ethical and moral norms"? Which is the law establishing the admitted moral norms? If a mayor will be blamed for the infringement upon moral and ethical norms, who shall be the authority to consider the size and gravity of his fault? In the case where new prefects will try to give him directions or "hidden political hints" (as it is usually done within the current Executive Committees of the raions), from the best consideration

of the local autonomy principles, the mayor will want to follow them, and in effect, prefects will want to take punitive/administrative measures towards the “disobedient” mayors (for example, claiming that these mayors should be dismissed). Therefore, we suggest to withdrawn these provisions as it is not correct to set up “these moral criteria for dismissal”, but a mandate could be suspended in the case where a mayor infringes deliberately and voluntary constitutional provisions and the acting legislation of the state. This accusation can be sustained, however, only through a decision of the court.

**Art.37.** We suggest for this article to indicate clearly all exceptional cases where a mayor can exercise exceptional measures, otherwise these cases will be left entirely on the free will of the secretary, which is not an elected officer or who is bound functionally to the prefect who shall appoint him.

**Art.38.** We consider as incorrect the provision contained at letter b) of this article where, is considered the illegality of a decision of the local council, the mayor has only a right to inform the prefect in a period of 3 days. First of all, only the courts can evaluate the legality or illegality of certain decisions of the public authorities. It is not clear enough the official proceedings for the going for a trial in the court where mayors disagree with the decisions of prefects. It is also not clear what should do the local councils and mayors when they are not satisfied with the work of the decentralized institutions (primary and secondary schools, for instance), especially when the prefects are not taking measures to redress the situation. We suggest another variant: The Mayor has a right to trial the decisions of the local councils in a court, if the decision was considered illegal, and afterwards he should inform the prefect. Similarly, Mayors can start to contest a decision of the prefect to a court, after a 2 notification, which remained without reply, or to send a notification in this regard on a hierarchical superior instance, addressed to the Prime-Minister.

**Art.45.** We suggest to revise the provisions of this article, through which some facilities are accorded to the mayor and his family. It is simply incorrect for him to have free of charge medical insurance, did the authors meant the re-creation of the former 4th Department of the

Ministry of Health for some officials?<sup>3</sup> A mayor is the same citizen, with the same rights and social benefits like other citizens, but with some additional public responsibilities towards a specific local community. Some facilities could be established for some officials having special merits before society, but it does not mean to provide this right to a new class of local bureaucrats.

**Art.48.** We consider it incorrect the provision contained at the letter c) through which the secretary is obliged to counter-sign the drafts of the decisions of the local council, and thus, assuming his personal responsibility for their undertakings. Taking into consideration the provisions contained in the article 46, allowing the nomination of some candidates for the position of secretary without high education in law, and even for some people with secondary education, it is really a mine! Without a proper knowledge of all technics related to the existent legislation, without an adequate legal background and special knowledge in the field of local government, it is hard to believe that they could become responsible for their jobs. We suggest the following variant: "he notifies the drafts of the law, and in the case when he considers them illegal, he should inform the local councils and arguing his position", followed by a special provision regarding the requirements for hiring a secretary.

**Art.49-50,**Both articles attempt to regulate some issues of the local public services, but without clearly setting the legal mechanism for the interaction between the private sector and the local public authorities. We would like to suggest to the authors of this draft to provide a clear legal framework for the management of the local resources and properties, otherwise these matters will be left *a posteriori* to be determined by central authorities: how are rented, to be purchased or tendered of some municipal properties, how should be accorded fiscal exemptions at the local level for those cu will contract various kinds of public services for a given local community (comuna or municipii).

**Art.89.** For ensuring a proper functioning of financial autonomy of the local government, as it stipulates the current draft of the law, we suggest to set up the norms and even percentage

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<sup>3</sup> A Clinic which existed before 1991 only for the needs of the party nomenclature in MSSR

of taxes from the general state taxes, the rates of the district, municipal, state and local budgets, which are to be determined not according to the Law on state budget, but in accordance with the Law on local public finances. The later is almost imminent, if the Parliament of the Republic of Moldova wish to give long life to the new and decentralized local government.

**Art.119.** It is a mistake to allow prefects to nominate in some administrative-territorial units his personal staffed envoys, because it is easily perceived that somebody would like to rejuvenate the old idea of maintaining pretors of the former raions, which disappeared from the draft, by are supposed to be recreated under new names.

**Ph.D. in Constitutional Law, Victor Popa**

**Lawyer, Professor on Constitutional Law, Legal Expert of the Viitorul Foundation**

## Appendix K

### Key priorities to the USAID Strategy in Moldova, suggested by Viitorul Foundation

Chisinau, October 29, 1998

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#### 1. Civil Service:

- Improving the image of public service and rising its prestige, concomitant with a broader framework for making public institutions more transparent, bringing the administration closer to their citizens, making the system of the officials' recruitment more open and responsible to the public;
- Dignifying public servants and improving their quality and qualifications, aiming to change their behaviour and attitudes;
- Simplifying procedures and lifting bureaucratic burdens in the state and local public administration;
- Introducing new work methods, concepts and tools to accelerate modernisation of the existent civil services, while encouraging various initiatives of the so-called "citizen's pressure groups" to cooperate with the state and local public administration, which will ensure a civil control over the hired staff;
- A citizen-oriented approach and concern for the quality of service is the key component of a public management reform programme;

#### 2. Administrative modernisation:

- Promulgating laws, issuing instructions and announcing structural changes are not the end/stop of the reform process, but just the beginning. The proper management of its implementation and supervision/monitoring is even more vital for the success of a reform programme than the preparation of any legal text per se;
- The participation of external subjects, such as citizen or business groups, the evaluating of the administrative drawbacks, designing new initiatives, supporting the rise and the good-work of the pressure groups might provide with additional incentives, or as a vital "push" factor, to the modernisation process;
- Although the modernisation of some vital branches of the state or regional governments can take a decade or even more time, there is a critical need for ensuring a continuity of the process (which cannot be confined only to a person (be it the President of the country, the leader of the democratic opposition in the Parliament, or elsewhere), and there is a real need to have a competition of

the modernisation policies (at the state level, but also amidst neutral, serious, impartial and non – governmental centers), who may remain effective for an extended amount of time and who can provide their assistance through various reform teams at different levels of the global modernisation strategy;

- New institutions should have built – in mechanisms for creating "learning organisations", able to: listening to clients, evaluating the outcome of actions, creating an environment which encourages learning from the public, started to practice routine questioning operations, being able to gather public opinion (feed – back) on the quality of services provided to citizens;

### **3. Political environment:**

- As the political cycles proved to be shorter than the time required to properly introduce structural changes, it is necessary to create preconditions for the next stage of the political shifts. The weakness of the current experience, could be compensated by setting practical "visions", "plans" or even "concepts" to be addressed/challenged in the new stage, for example: "putting the citizen at the centre of attention for administrative change", or "making the local government more functional", etc. In practical terms, this approach should invite the administration to look outwards to civic society and see itself (within the broad complex of specific institutional gaps: weakness, malfunctioning, poor education, little practice in working "for citizens", etc.) through the eyes of their clients. For examples: Wuality Awards, National Debureacratism Day, A "National Contest for Ideas on Quality" to be promoted through media.
- Demonstrating early benefits of reforms is vital, as people often fear about the reforms which did not bring them anything practical. It should be promoted more available information to the ordinary citizens as concerns the problems directly affecting their personal interests: health, education, military and civic service, labour, employment and training, social security, taxes and savings, access to laws and courts, housing, transport, industry and energy, agriculture, consumer protection, environment, official documents and licences, public services, citizenship and family, a general directory of public institutions, etc.
- Authors of institutional changes should be more proactive and creative in marketing reforms and keeping up the momentum of the public interest. It is basically the overt suspicion of citizens, misunderstanding and negative environment which dismissed important economic reforms in Moldova (like: privatization for bonds, the creation of the financial and stock market, etc). Even external subjects are invited to develop inventive methods to repeatedly explain the value and the time scale of reforms, because a specific responsiveness initiative serves only a small portion of the citizenry, the one which uses this service;

#### 4. Decentralisation and deconcentration

- *Financial public reform* should combine two main concerns: **economic** (allowing the implementation of the financial autonomy at the level of the local government, reducing the public deficit, improving economic competitiveness within the rural/urban economies), and **managerial** (improving the managerial behaviour of the financial agents, together with a bettering of their social status, setting new forms of *learning by doing* for the public officials through the creation of a competitive framework on which further flexibility and budgeting initiatives can be built in). We suppose that a *Code of Administrative Procedures* should be worked out immediately (with the help of the existent/or emerging professional associations of the public servants) in order to set up a document, aimed to clarify the relationship between the citizen and public officials, bringing order and cohesiveness to this relationship. The citizens' rights and their access to information, appropriate service, complaint mechanisms, participation in decision – making, etc, should become the foccus of this document.
- *Human resources* is a major topic which cannot be continuously disregarded, as rigidities continue to be evident in this area, and the general system is too centralised (through the work of the sole State Academy for the Studies in Public Administration, often failing after the control of political groupings (former DAPM). Efficiency and effectiveness of the public officials should be put on the agenda of the Government in order to forge medium – term and long – term agreemen on what to do and how to do it; A revision of the Law on public service should be immediately initiated in order to decentralise, deconcentrate and delegate authority, which in turn, will led to the redefinition of the role of staff in managerial positions. Perhaps, instead of several rigid regulations on conduite an Ethic Charter should be also produced, with the purpose to serve
- Training and development of the public services should be supported through a competent, hands – on assistance, provided to various groups of beneficiaries: public and state officers, active citizens, aimed to lead to a radical improvement in the qualification of civil servants and the creation of an informed audience among the public officials. Training and development of viable professional associations among public servants should be seen as a key element towards a better public administration system, represented by new and educated public officials, willing to come across the old habits, and trained to act autonomously on the benefit of local communities.

## Appendix L

*Senior-Level, Technical Specialty: Component B, Labor Category 9, Budget: Municipal Association Advisor*

**L. ALAN BEALS**  
*Development Associates, Inc*

### EDUCATION

- MPA — Maxwell Graduate School of Citizenship and Public Affairs, Syracuse University, Syracuse, New York, 1955
- BA — Political Science, Colgate University, Hamilton, NY, 1954

### PROFESSIONAL EXPERIENCE SUMMARY

*Mr. Beals retired recently following 44 years of recognized eminent and highly successful leadership in the development and executive management of non-governmental associations and private sector-based organizations dedicated to the professional provision of decentralized local government services and their growth-related expansion — with emphasis on economic development, environmental management and improved social and educational services. He began his career in urban city management, serving next as the National League of Cities' Publications Director. He then became Executive Director of the Maryland Municipal League before serving as Director of Detroit's Metropolitan Fund. Mr. Beals then joined the federal government's Office of Economic Opportunity, serving in management positions at its headquarters office in Washington, DC and in Chicago. Following service as the U.S. Conference of Mayor's Director of Federal and Congressional Relations, he was named Deputy Executive Director and then Executive Director of the National League of Cities — a position he held for 15 years. He retired holding two unique and related executive positions as President and CEO of both the Savannah, Georgia, Area Chamber of Commerce and the Savannah Area Convention Visitors Center. While serving the National League of Cities, Mr. Beals also was Founder and long-term board member of Sister Cities International. He also was a founding member of the Board of Directors of the International Union of Local Authorities located in the Hague and served as a consultant to the Organization of Economic Cooperation and Development (OECD) in organizing a world meeting on urban transportation. Later, he served as a consultant to the United Nation's World Summit on the Environment. He continues to serve as a Board of Visitors Member of Syracuse University's Maxwell School of Citizenship and Public Affairs and as a Member of Harvard University's Advisory Commission on Local and State Government. Mr. Beals is an elected member of the National Academy of Public Administration and is a past Chairperson of its Board of Directors. He is also a member of the Board of Directors of the Academy for State and Local Government, having served twice as its Chairperson.*

## EMPLOYMENT CHRONOLOGY

**1990 - Present**                    **Savannah Area Chamber of Commerce, Savannah Area Convention Visitors Center, P.O. Box 1628, Savannah, GA 31402-1628**

*President/CEO* — Mr. Beals' accomplishments as CEO include leadership in building an international trade and convention center, managing a public referendum resulting in a local option sales tax that provided \$37 million for the facility, and leading a state legislature lobbying effort that resulted in an additional \$18 million appropriation for the center's construction. He organized and guided a community-wide strategic planning effort (Vision 20/20) recognized nationally for its excellence. As a steering committee member of the Georgia Partnership in Education, he played a leading role in the development and implementation of the Savannah Public Schools' Five-Year Compact Agreement that has been recognized nationally for its excellence. Mr. Beals organized a for-profit, managed health delivery subsidiary corporation, Savannah Health Ventures, Inc., to pool member interests, expand health care coverage and lower costs. He also founded the Chatham Environmental Forum to apply innovative methods to resolve conflicts over environmental and economic development policies and issues in Savannah metropolitan area.

**1975 - 1990**                    **National League of Cities, Washington, DC, 1301 Pennsylvania Ave., NW, Washington, DC 20004**

*Executive Director/CEO* — Mr. Beals represented 49 state municipal associations and 17,000 cities and towns in the United States and Puerto Rico. During his tenure, direct city membership tripled; assets increased from zero to \$10 million; campaigns were initiated to educate electoral candidates and the electorate about municipal problems and issues; a weekly newspaper was published with a circulation of 26,000; an economic development task force was established, co-chaired by mayors Andrew Young and Henry Cisneros; a mutual insurance company was organized, with current annual income of \$30 million, to reinsure state municipal league worker compensation and public officials liability pools; and a partnership was established with the Control Data Corporation and the General Telephone and Electronics Company to provide an electronic mail system and data bases for all member associations, cities, and towns. As Executive Director, Mr. Beals interacted with White House and Cabinet appointees during five Presidencies, testified before numerous Congressional committees, and advanced numerous legislative positions with elected and staff members of the U.S. Congress.

**1970 - 1975**                    **National League of Cities/U.S. Conference of Mayors, 1620 I Street, NW, Washington, DC 20006**

*Executive* — During this period, Mr. Beals served as Deputy Executive Director (1972-1975); as Director of Federal Relations (1971-72) and as Director of Congressional Relations (1970-1971) of the National League of Cities. He also served in the latter two capacities for the U.S. Conference of Mayors during the same time periods.

**1967 - 1970                    Office of Economic Opportunity, Chicago, Illinois (Defunct)**

*Regional Director* — Mr. Beals was responsible for all federal anti-poverty efforts in a six-state region, the largest in the United States. His operating and funding responsibilities included Head Start and Community Action Programs, totaling over \$200 million annually; 16 Job Corp locations; and over 1,000 VISTA volunteers.

**1966 - 1967                    Public Officials' Advisory Council, Office of Economic Opportunity, Washington, DC (Defunct)**

*Director* — Mr. Beals organized and staffed an advisory body of government officials and mayors to assist the agency in its planning and programming activities.

**1965 - 1966                    Anti-Poverty Programs, Metropolitan Fund, Detroit, Michigan (Defunct)**

*Director* — Mr. Beals organized federally supported anti-poverty efforts within a six-county region in coordination with the Office of the Governor and influential business, labor, civic and academic leaders.

**1959 - 1965                    Maryland Municipal League, 1212 West St., Annapolis, MD 21401**

*Executive Secretary* — As CEO of a state organization of 139 towns and cities, Mr. Beals organized a successful statewide campaign to amend Maryland's constitution to authorize urban renewal authority for local governments. He also developed an innovative state financing package for water pollution control.

**EARLY PROFESSIONAL EXPERIENCE**

From 1957-1959, Mr. Beals was Director of Publications for the National League of Cities, and from 1955-1956, was the Assistant to the City Manager of Norfolk, Virginia.

**EARL F. MATHERS**  
1730 North Lynn Street  
Arlington, Virginia 22209-2023  
(703) 276-0677

## EDUCATION

Doctoral      Studies progressing in Public Administration through Hamline University  
MPA            Emphasis in Budgeting, Personnel, Finance, Public Program Management and  
                  Intergovernmental Relations, University of Wyoming, 1985-1986  
BA             Sociology, University of Montana, 1980

## LANGUAGES

Spanish        Good  
German        Fair  
Lithuanian    Basic

## WORK EXPERIENCE

*Mr. Mathers, a full-time Development Associates staff member, is proposed as a short-term technical specialist. An expert in organizational development, community capacity building and citizen involvement techniques, for 3 years he was chief of party of a USAID project to improve democratic local governance in Lithuania. His work has included providing training and technical assistance to local government officials and to leaders of civil society organizations in fifteen Lithuanian municipalities. This involved collaborating with the municipal training center at a local university to develop and deliver a series of workshops for government and civil society organization officials that are designed to encourage collaboration and the joint planning and implementation of economic development projects. Several of Mr. Mathers publications touch upon various aspects of citizen involvement, NGO development and other collaborative efforts at the local level. Some of the other projects Mr. Mathers helped to facilitate in Lithuania include infrastructure development, public utilities and housing. In addition, Mathers has extensive domestic and international training experience in a variety of topics related to management, leadership, public administration and economic development. This training experience includes two short-term USIA assignments in Russia as well as hosting study tours for Mongolian Governors in Wyoming.*

**8/1995 - Present      Development Associates, Arlington, VA**

- ***Manager/Democracy and Governance*** — Project Manager and Consultant on a variety of domestic and international projects in the areas of democratization, organizational development in local governments, community capacity building, NGO collaboration and economic development. Provides assistance in the areas of institutional capacity building and professional development while coordinating contract activities.

- **Local Government Manager** — Consultant in the areas of city and business management in Panevezys, Lithuania under a USAID contract. Provided counseling and training assistance both in Panevezys and other cities around Lithuania. Introduced a number of management techniques and systems, working closely with a variety of different agencies and universities. Assisted city government in the areas of operations management, grantsmanship, economic development, public participation, organizational development and solid waste management. Produced various training materials and published a handbook on local government management.

**4/1991 - 8/1995      Campbell County Economic Development Corporation, Gillette, WY**

- **Executive Director** — Responsible for planning, directing and coordinating the activities of corporate staff and board related to regional economic development. Organization is involved in a complete range of economic development activities including research, business attraction, retention and financial packaging. Position involved financial management, planning, extensive creative writing, supervision, lobbying, grantsmanship, data management, fund raising, research and intergovernmental coordination. Organization maintained an active role in strategic planning internally and externally.

**8/1994 - 8/1995      North East Wyoming Economic Development Coalition, Gillette, WY**

- **Chief Executive Officer** — Concurrent with employment at CCEDC, managed the operation for the five county NEWEDC. This position involved a broad range of activities associated with economic and community development, establishing intergovernmental cooperation and dealing with municipal issues.

**6/1988 - 4/1991      Fremont County Association of Governments, Fremont County, WY**

- **County Development Director** — Program management, project development, grant writing, business development, communication, inter-agency coordination, fiscal management, supervision of JTPA programs, human resource management, short-term and long-range planning as well as legislative affairs. Facilitated substantial progress in the public involvement and organizational development within local government. Managed and coordinated county economic development efforts involving several municipalities and community groups as well as considerable interaction with state government.

**12/1989 - 2/1991      City of Lander, Lander, WY**

- **Consulting Administrator** — Consulting services on a part-time basis for the city government in the areas of project management, CDBG program management, lobbying, grant writing, collections, coordinating the activities of various groups with city government, and infrastructure development.

**8/1986 - 6/1988      Rehabilitation Enterprises of North Eastern Wyoming (RENEW),  
Sheridan, WY**

- ***Director of Vocational Services*** — Fiscal management, human resource management, grant writing, rehabilitation programming, physical plant, organizational development, production, marketing, communication and staff training. Direct and indirect supervision of 20 staff including four key management personnel. Responsible for all vocational and community outreach programming to meet the needs of the developmentally disabled in a five county region with two primary operations.

**1/1985 - 8/1986      University of Wyoming, Laramie, WY**

- ***Graduate Assistant/Student*** — Taught introductory Political Science and performed research as required by the department. Responsibilities included the preparation and delivery of lectures, grading and preparing tests question.

**12/1981 - 1/1985      Northwest College, Powell, WY**

- ***Director of Physical Plant Operations*** — Responsible for plant maintenance and supervision of 17 full-time and 30 part-time staff. Position involved all aspects of personnel management, budgeting, planning, project development, research, evaluation and staff development. Acted as liaison for upper administration, developed various policies and was responsible for a wide range of oral and written communication. Also responsible for numerous ongoing and special events and acted as co-sponsor NWCC's Outing Club.

## **AFFILIATIONS/HONORS**

American Advisor to Russia  
Rotary Club International  
American Society for Public Administration/Member  
Rocky Mountain Trade Corridor Delegate and Founding Member  
American Economic Development Council

## **ADDITIONAL EDUCATION**

ICMA Consultative Meeting — Zagreb, Croatia, 1996  
National Development Council — The Art of Deal Structuring, 1994  
National Development Council — Business Credit Analysis, 1993  
National Development Council — Economic Development Finance, 1993  
Board Governance Conference — 1992  
Total Quality Management — Deming "Four Day Seminar," 1992  
Guided Independent Studies in Total Quality Management, 1991-1992  
American Economic Development Council — Economic Impact Analysis, 1991  
National Development Council — Real Estate Finance, 1990

Downtown Improvement Districts, 1990  
National Main Street Conference Seminars, 1990  
Economic Development Institute, University of Oklahoma, 1989  
Basic Industrial Development Course, Texas A&M University, 1989  
Managerial Leadership, University of Northern Colorado, 1987  
Facilities Management, Three day course from Service Eng., 1984  
Supervision and Hiring and Firing Seminars from Keye Productivity, 1983  
Intensive Counseling Internship — Missoula Youth Court Probation, 1979-1980  
Research and Technical Writing Internship — The Montana Bar Association, 1976

## **Publications and Professional Writings Authored by Earl Mathers**

The EDGE ( *Economic Development Gauge and Exchange* ), publisher and major contributor 1991-1995, a newsletter distributed primarily in Wyoming and in the U.S.

*Quality Initiatives In Campbell County*, Wyoming, Economic Development Review, Summer 1993, article.

*The Importance of the Coal Industry to State and Local Economies of Wyoming*, Mining Engineering, August 1994.

*Assisting in the Transformation of The Russian Economy*, Economic Development Review, Fall 1995, article.

*Identifying Opportunities For Cooperation In Facilitating Economic Development: The Role of Colleges and Universities*, 1996, conference paper published by Kaunas Technological University.

*Is Lithuania Worth The Investment?*, Trade and Culture Magazine, March 1996, article.

*Economic Development and Democratic Reform in Lithuania: Joined At The Hip*, Economic Development Review, Spring 1997, article.

*Strengthening Local Government in Lithuania*, Public Administration Times, May 1997, article.

*A Guide For Local Government Officials* ( major contributor ), published by Kaunas Technological University Press and USAID, 1997, book.

*Implementing a Municipal Economic Development Program*, Local Government Innovative Practices Guide, 1997, International City/ County Management Association (ICMA).

*Linksmakalnis: The Remarkable Transition of a Lithuanian Town*, ASPA-Public Administration Times, April 1998, article.

*Facilitating Community Development Through Local Government Collaboration With NGOs*, The Norwegian School of Management, 1998, professional paper.

*Organizing Public Participation at the Neighborhood Level: The Success of the Des Moines Model*, ASPA-Public Administration Times (anticipated publication date October 1998), article.

\* Mr. Mathers has produced numerous other unpublished professional writings, and training materials. A more comprehensive listing is available upon request.

*Budget and Financial Specialist*

**WILLIAM A. SOMMERS**  
*Development Associates, Inc.*

**EDUCATION**

MPA — JFK School of Government, Harvard University, Cambridge, MA, 1983  
BA — Political Science, Middleburg College, Middleburg, VT, 1951  
Mid Career USAID Academic Study Grant, Fletcher School of Law and Diplomacy, Tufts University, Medford, MA 1969 - 1970

**PROFESSIONAL EXPERIENCE SUMMARY**

*Mr. Sommers is a local government management and financial expert with 40 years of senior-level experience, including municipal budget, finance and taxation. He has served with USAID in provincial and urban government administration; as a metropolitan suburban municipality and major urban city administrator; as a provider of technical assistance to a state municipal association; and currently as an independent developing country consultant in Poland, Hungary, Indonesia and Egypt serving as a Team Leader, Project Manager and Chief of Party. During his 28 years of developing country experience, including four years in ENI countries, Mr. Sommers has received awards for distinguished service from three foreign governments, including a Gold Medal of Achievement from the Government of Poland. He has participated in two seminal European local government conferences: The Baltic Sea Conference on Local Government and Environment, held in Helsinki, September 1-3, 1993; and the European Conference on Sustainable Cities and Towns, held in Aalborg, Denmark, May 24-27, 1994.*

**EMPLOYMENT CHRONOLOGY**

**April 1, 1997 - June 1, 1998**

Opened and managed Representative Office in Indonesia for Research Triangle Institute, based in Research Triangle Park, NC, furthering RTI interests in Indonesia and the Southeast Asian region in search for new projects while coordinating support for ongoing projects. Completed commissioned project studies of selected Indonesian cities, managed program for training of water utility managers and wrote complete Manual on Project Planning and Management for a Vietnamese technical assistance and training project.

**May 30, 1996 - March 31, 1997** *Team Leader of ADB Study Group* to design a proposed project and loan for the Ministry of Public Works, Government of Indonesia, on capacity-building in human settlements infrastructure management. Directed a team of four expat consultants and seven Indonesian consultants to produce a project design within 8 months under an RTI-ADB contract including three action plans, and four reports: Inception, Interim, Final Draft and Final. Served on ADB project fact finding mission.

**Sept. 1982 - May 1996** *Project Manager, Local Environment Management Project (LEM)* operating in Poland and Hungary. Employed by Research Triangle Institute which

operated the project under a USAID contract. Supervised 5 full time Polish staff plus 6 Polish technical consultants, 7 Hungarian consultants and 34 expat, short term technical consultants. Worked on initial field assessment, designed work plan. Organized/directed technical assistance in waste water treatment and solid waste/landfill operations in nine Polish cities and six Hungarian local governments. Directed local staff in design, implementation of extensive training program of nine courses in 21 sessions for 318 participants as well as 13 workshops/seminars for 298 participants. Organized and directed the production of 26 project/subject matter reports reproduced in Polish, Hungarian and English. Undertook extensive field trips in Poland and at least monthly field visits to Hungary.

**Dec. 1990 - Aug. 1992**      **Chief of Party, Local Development II Project (LD II) in Egypt,** operated by Chemonics International, Washington, DC, under contract with USAID. Supervised 18 expatriates, 75 local professional staff, 25 local support employees and 65 short term, expatriate technical consultants. Managed and supervised extensive provision of technical assistance and training for 22 Egyptian governorates involving subproject activities in water, waste water, buildings, roads, rolling stock, operation and maintenance, planning, cash management, cost recovery, capacity building. Maintained daily contact with USAID and prepared a variety of USAID required reports including annual, quarterly and monthly. Maintained direct contact with Egyptian central government officials as well as governorate staff. Supervised financial reporting involving expenditures averaging \$75,000 per month. Extensive written communications between Project Office, USAID and Home Office. Considerable effort with the Government of Egypt in policy analysis and structural reform proposals.

**Nov. 1987 - Nov. 1990**      **Commissioner, Department of Public Works, City of Cambridge, MA** with 270 full time employees, annual operating budget of \$11 million and annual capital budget of \$15 million. Managed a large urban department in the Boston metropolitan area involving street maintenance, construction, engineering, provision and maintenance of sewer, parks and forestry, public buildings, capital planning. Directed planning, technical design and financial analysis of a projected \$30 million sanitary sewer construction program, involving continual coordination with state, regional and local authorities as well as with neighborhood groups. Developed an innovative computerized outfall reporting system integral to City's participation in the larger cleanup program of Boston Harbor. Wrote and implemented a series of innovative regulations to induce private contractors to assist in the repair and maintenance of city streets suffering from repeated utility cuts.

**July 1985 - Oct. 1987**      **Commissioner, Inspectional Services Department, City of Boston, MA,** with 250 employees, an annual budget of \$11 million focused on issuing building and occupancy permits at annual value of \$800 million-\$1,000 million. Served as Building Commissioner and managed zoning, plan review, housing and health inspections, weights and measures, animal and rodent control. Reorganized a floundering, chaotic department into a working, responsive operation. Made extensive policy inputs to decisions on land use planning and zoning law update. Issued series of legally binding regulations on building construction, fee collections, enforcement, model fast track permitting and affidavit system of building inspection. Wrote series of information booklets on all phases of permitting.

**May 1982 - July 1985**      **City Manager, Englewood, NJ** with 350 employees and \$25 million budget. Managed densely populated, urban city in the center of the New York Metropolitan Area emphasizing innovative operations, tight fiscal control, effective coordination, personnel administration, community development and citizen participation. Developed a framework for physical renewal based on partnership between private commercial developers, construction trades and city management to focus on deteriorating commercial areas.

**Sept. 1979 - June 1982**      **General Development Officer with USAID.** Responsible for research, design and writing of urban and rural development projects including water, waste water infrastructure, land use planning, policy analysis in Egypt, Yemen and Thailand totaling over \$100 million. Extensive field work, project development, preparation of project papers.

**July 1975 - Aug. 1979**      **General Development Officer and Assistant Director for Provincial Development with USAID in the Philippines.** Supervised an operating division with 100 employees and a program commitment of \$125 million, focusing on provincial development, tax improvement, financial administration, municipal and urban management, public works, planning, budget reform, personnel administration reorganization and land use planning.

**Aug. 1973 - June 1975**      **On special assignment from USAID to the Massachusetts Municipal Association.** Developed a program of technical assistance to member towns and cities in police organization, municipal finance, human services, health administration and general management.

**Aug. 1970 - July 1973**      **General Development Officer and Chief, Division of Local Government, USAID/South Vietnam.** Administered a division with 30 persons and directed the planning, coordination and writing of project papers. Worked with the Vietnamese Department of Local Government in local government reorganization, tax administration, and internal administration of urban units including extensive training programs.

**June 1969 - June 1970**      **USAID. Sponsored Academic Training, Fletcher School of Law and Diplomacy, Medford, MA.** Specialized in development methods in economics, management, administration and analysis of developmental policy applications in client countries.

**July 1962 - June 1969**      **General Development Officer, USAID Thailand. Advisor to the Department of Local Administration** on local and urban government and administration, policy analysis including urban development. Developed and implemented innovative management techniques and reforms in the operation of district administration.

**June 1957 - July 1963**      **First Municipal Manager in Bensalem, PA (Philadelphia Metro Area) and Franklin, NJ (New York-New Jersey Metropolitan Area).** Reorganized services, redirected management efforts to deal with the vexing problems of urban growth. Instrumental in getting community acceptance of a large scale sewer program in answered areas of the towns. Initiated new budget process, personnel administration, land use planning and capital planning and improvement.

# Appendix M

## Moldova Local Government Assistance Assessment

### Scope of Work

#### A. Goal

USAID/Kiev is requesting a proposal for an assessment of the state of local governance in the Republic Of Moldova. The purpose of this assessment is to provide an analysis of the state of local government reform in Moldova, specifically the problems, impediments to resolving these problems and an analysis of the resources to address them. A related purpose is to identify and prioritize related technical assistance and training needs. The objective of this exercise is to help develop local government capacity and reform activities which support the Mission's Democratic Transition and Economic Restructuring strategy at the local level.

The contractor selected to implement this delivery order will put together a team of three local governance experts and spend up to three weeks in Moldova conducting interviews, gathering data, doing a sector assessment, and otherwise analyzing the political, economic and institutional factors effecting the establishment of democratic local governance in Moldova. The main deliverable under this delivery order shall be a written and oral report to USAID/Kiev and USAID/Washington which may provide the basis for future local governance activities in Moldova. Local government in Moldova is defined as cities, towns and villages.

#### B. Background

1. USAID/Kiev included a Democratic Transition Strategic Assistance initiative in Moldova under SO 2.1 (citizen participation) pursuant to the June, 1997 Moldova Strategy and R4 Review. At the time of that review, local government issues were identified as the major problems in democratic development. Local government was characterized as weak, a constraint on democratic and economic transition and less reform-minded than the central government.

2. USAID has now determined that the time is appropriate to undertake an assessment of local government technical assistance and training needs in Moldova. While there are fair and free elections of mayors and local councils, it is clear that the underlying local government legal and financial frameworks are inadequate. At the same time, local government reform has not matched the progress in economic restructuring. Therefore effective synergies at the local level between land and business privatization efforts and democratic local government are lacking.

3. It is generally recognized that the training needed to build local government capacity is not adequate and that the *Association of Mayors of the Republic of Moldova* will need assistance to become an effective and viable vehicle for lobbying and institutional support of for the local government system. The newly elected parliament and administration appears reform-minded with respect to the role of local government and this should provide a healthy environment for timely assistance under SO 2.3 (local government).

4. The assessment conducted by the contractor will assist USAID in developing a strategic objective framework, a set of targets and indicators and to design a local governance activity.

#### **C. Assessment Team and Period of Performance**

1. The contractor will put together an assessment team consisting of three members, a municipal management specialist, a budget and financial specialist, and a legal and policy specialist. The team will act under the direction of USAID/Kiev Municipal Development Advisor and in addition report findings to representatives from AID/Washington, ENI/DGSR/RLG and ENI/EEUD/UDH. The contractor shall designate a team leader, subject to USAID's concurrence, while each member of the team will have lead responsibilities for certain aspects of the assessment, but will be expected to collaborate across lines of responsibility in developing the final report.

2. The period of performance will include up to three weeks in the field (Kiev and Moldova) and up to five days in Washington for pre- and post-trip work, including TDY planning and coordination of the final report. The work is expected to take place approximately during the period of September 1 to October 2, 1998. A six-day workweek is authorized, as needed.

#### **D. Tasks and Responsibilities**

1. The team's assessment will be based on the five attributes of a successful local government system devised by the ENI Bureau to provide a framework for local government programs in the region. In the context of Moldova, the approach taken with respect to this assessment will include the following:

(a) **Legal Sustainability:** Under the lead of the legal and policy advisor, the team will provide an analysis of the electoral and legal basis for local government in Moldova (including any pending legislation), the extent to which local government authority and autonomy are legally guaranteed and roles and responsibilities clearly defined, and conflicts and overlaps in policies, laws and regulations affecting local government. Local government authority will be compared against the Council of Europe Local Self

158

Government Charter. Opportunities for assistance in the preparation and processing of legal and regulatory reform by expatriate advisors and indigenous institutions will be identified.

(b) Democratic Process: Under the lead of the municipal management advisor, the team will examine the extent to which 1) local governments are accountable and effective and 2) local government decision-making is transparent, open to public participation and responsive to citizen priorities. The team shall look for opportunities to promote participatory practices such as open budget and zoning hearings, advisory committees, information offices and local media relations. In addition, an analysis will be made as to whether local governments are encouraging private sector participation in economic development. Field visits to representative municipalities and meetings relevant NGO's will be undertaken to investigate this subject. In addition, selected institutions which could provide training or other support for such practices will be interviewed and evaluated.

(c) Financial Resources: Under the lead of the Contractor's Budget and Financial Specialist, the team will provide a description of the intergovernmental transfer and local tax authority, borrowing and budget authorities. On the basis of that analysis, the team will determine the extent to which opportunities exist to support fiscal decentralization and help develop capacity at the local level to undertake budget and financial analysis and planning. A determination will also be made as to whether local governments are credit-worthy and whether a municipal credit market exists or could be developed.

(d) Municipal Services and Assets: Under the lead of the Contractor's municipal management advisor, the team will provide an assessment of the extent to which 1) municipalities are effectively managing municipal services and assets specifically through privatization and market-oriented techniques, including privatization of housing and communal services, progress toward cost recovery practices for utilities, contracting out and competitive procurement of services and supplies, consumer feedback and quality control etc. - and 2) municipalities plan and prioritize infrastructure development and service delivery. This assessment will be based on field visits and interviews in selected municipalities, including small towns and villages and with service providers. The team will identify and prioritize training opportunities and regulatory reform needs to improve capacity of local governments to effectively manage services and assets, within and in support of an open market economy.

(e) Institutional Support: Under the lead of the

Contractor's policy and legal specialist, the team will identify and provide a preliminary evaluation of the prospects for non-partisan municipal associations, universities, training institutions and other indigenous organizations to undertake the training, policy formulation and representational roles needed to disseminate and carry on the local government reform process.

2. The team will also examine the present status and future possibilities of and for (1) curricula in municipal management and related subjects in Universities and training institutions, (2) urban/rural research in universities and research institutions.

Other Donors: The entire team shall examine the activities of USAID projects, other donors and NGO's working in Moldova as they relate to local government and community development. A determination should be made as to the consensus of what major problems and possible solutions are, which solutions have been chosen and in order of what preference and for what reasons, what strategy is recommended in which institutional areas and why. As a result, the team will identify gaps as well as areas of potential collaboration and overlap between existing or planned activities.

#### **E. Methodology/Deliverables**

1. The contractor should pursue the following methodology and time line while implementing this delivery order:

- (a) The contractor shall review background materials provided by the USAID/Kiev's Municipal Development Advisor and representatives from USAID/Chisinau, USAID/Washington technical offices, ENI/DGSR/RLG and ENI/EEUD/UDH.

- (b) Prior to departure the contractor shall meet with representatives from USAID/Washington technical offices, ENI/DGSR/RLG and ENI/EEUD/UDH.

- (c) Prior to departure the contractor shall submit and gain approval on a work plan for activities under this delivery order.

- (d) ENI/DGSR/RLG will obtain country clearances for the team.

- (e) The contractor will first arrive in Kiev to conduct briefings and interviews with the staff of the USAID/Kiev Mission, coordinated by the Kiev Mission's Municipal Development Advisor.

- (f) During the first two weeks in Moldova the team will

conduct the sector assessment and analysis based on Section D of this delivery order through data collection and analysis, site visits interviews and other methods deemed appropriate. This review will include meetings with US Embassy and USAID representatives, UNDP, and other relevant assistance providers, including local and foreign donors, and representatives of government at all levels. During the course of the assessment and evaluation the team shall keep a list of persona and organizations contacted and a bibliography of materials reviewed to be provide to USAID as part of the final report.

(g) By the beginning of the third week in field the contractor will be joined in Moldova by the Kiev Mission's Municipal Development Advisor and representatives from USAID/Washington technical offices, ENI/DGSR/RLG and ENI/EEUD/UDH. The contractor should be prepared to conduct briefings on the preliminary findings in the areas defined above in Section D and respond to USAID direction for further inquiry. The team shall be prepared to include USAID technical office representatives in meetings, site visits and discussions as deemed feasible and appropriate by all parties.

(h) Immediately before departure from the field site, draft summary findings and conclusions will be verbally presented to USAID tech representatives, USAID/Kiev and USAID/Chisinau staff at an out briefing. A draft final report shall be submitted no later than two weeks following the team's return to the U.S. for USAID review.

(i) Upon return to the United states, the contractor will submit a draft of the final report to USAID/Kiev, USAID/Chisinau and USAID/Washington (ENI/DGSR/RLG and ENI/EEUD/UDH). USAID's comments will be given to the contractor within approximately two weeks following receipt of the draft final report. Within one week of receipt of those comments, the evaluation team will prepare and submit a final report that responds to USAID's comments.

2. Three (3) copies of the draft report and seven (7) bound copies of the final report shall be submitted to USAID/Kiev (2), USAID/Chisinau (1) and USAID/Washington (4) for distribution. Additionally, three (3) loose leaf copies shall be submitted to USAID/Kiev, USAID/Chisinau and USAID/Washington. The draft and final reports will be presented in hard copy and on a diskette in the format "Wordperfect 5.2 for Windows." The report should have an executive summary, not to exceed two single-spaced pages, that lists, in order of priority, the major findings, conclusions and recommendations for potential USAID assistance efforts. The body of the final report should not exceed twenty-five (25) single-spaced pages. Additional material should be submitted as Annexes, as appropriate (e.g. Scope of work, bibliography of documents

analyzed, list of agencies and persons interviewed, list of sites visited, etc).

#### **F. Contractor Personnel and Qualifications**

As indicated above, the contractor will provide three specialists to participate on the team. Their expertise and qualifications will be as follows:

1. Municipal management specialist (particularly one experienced in small and rural towns): This individual should have had extensive and broad general management responsibilities and experience as a local government administrator in the United States, particularly in small and rural towns, and also have experience as an advisor in this role within the ENI region, preferably the NIS. He/she should also have experience in dealing with training institutions and professional organizations related to public administration and urban/rural management.

2. Budget and financial specialist: This individual should have had extensive experience in the field of municipal budget, finance and taxation. He/she should have experience in dealing with the process of intergovernmental transfers and have background in the principles of devolution of local government authorities. In addition to experience in his/her field in the U.S., he/she should have some knowledge of comparative western European systems and experience as an advisor or trainer in the field within the ENI region.

3. Legal and policy specialist: This individual should have extensive experience in the U.S. and the ENI region, preferably in the NIS, in the field of policy, regulatory and legal analysis related to local government. He/she should have some experience conducting review and analysis both at the national and local levels, focusing on policy and legislative implementation. In addition, he/she should have knowledge of comparative western European and NIS systems and the role of municipal associations and indigenous organizations in policy and legislative reform.

All three specialists are designated as "key personnel" and are subject to USAID approval. The contractor will guarantee that substitutions will not be made for individuals selected as team members without the approval of the USAID/Kiev Municipal Development Advisor. If substitutions have to be made and if USAID does not concur in the substitutions, the evaluation will be cancelled or postponed at USAID's option. The contractor will also guarantee that the approved team members will be available for all aspects of the time schedule. The work will begin on or about September 7.

#### **G. Logistical Support**

All logistical support will be provided by the contractor to include travel, transportation, secretarial and office support, interpretation, report printing and communication, as appropriate.