



Public administration reform and decentralization in Moldova

main trends, challenges and recommendations

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General information

- Population - 3,2 million
- Structure: 898 municipalities (LGs), 32 rayons /districts , UTA Gagauzia
- European Charter of Local Autonomy (into force from 1998)
- Principles of local autonomy and decentralization in Constitution from 1994
- 5 LPAs reforms during last 27 years.
- In 2012 adopted Strategy on decentralization, prolonged in 2016 until 2018
- 2016 adopted Strategy on Public Administration Reform

Main issue/challenge – IMPLEMENTATION!

Main achievements/developments since 2015

- 2015 -New system of transfers from national budget to local: direct transfers/budgetary relations with each LG, objectives criteria for transfers, reduced political influence, increased interest for LG to develop own fiscal base.
- 2016- LGs have got access to Constitutional Court
- 2016 - LGs have got the competence in changing of land use destination
- 2017- new model of sharing of the Road Fund with local governments. As a consequence the local budgets have increased by 10-20%
- 2018- Status of “municipality” was awarded to +8 moldovan towns with two times increase of the share of PIT (from 20% to 35%)
- Increased competences for LGs in real estates evaluation – for real estate tax

Main achievements/developments 2019

- New Government – new perspectives. More open for dialog with CALM/LPA;
- Decentralization and LPA reform mentioned as a priority
- Started real negotiation CALM – Government - Action Plan for implementation governmental program. Have been included a set of very concrete measures for improving local financial, administrative etc. local autonomy
- Several important legislative initiatives adopted (LPA competencies in the notarial field, appointment of vice mayor and election of president of rayons etc.
- Started revision of mechanism of distribution of resourceies for roads ...

Challenges

- Decentralization and local autonomy is not seen yet as fundamental element and priority by political class and.... by majority of development partners of Moldova. For Moldova and this region – local democracy and decentralization are not less important thematic than justice, corruption and human rights issues!
- Many strategies/plans/declarations – but, lack of vision about place, role, importance and directions of LPA reform
- Administrativ-territorial reforma, LPA reforma and decentralisation: confusion and lack of complex approaches.
- Low level of implementation of national policy documents and recommendations of EU/CoE institutions.
- Reduced finance autonomy of LGs and continued process of reducing of own financial resources. Instead of decentralization we have evidence of accentuated financial CENTRALIZATION tendencies and increasing dependence of local authorities on central ones. The share of local budget revenues as the main indicator of decentralization and local autonomy is steadily decreasing. Own revenues are being replaced by conditional grants.

Challenges 2

- Excessive administrative, financial and political control upon LGs.
- Using of state judicial/controlling institutions as instruments of pressures and intimidations against mayors/local officials. Abusive controls and verifications, interference in local autonomy has increased
- Practice of not funded mandates
- Institutional dialog with central government: instable, selective, not systemic, actual mechanism not yet functional.
- Administrative-territorial reform remains a controversial and enigmatic subject, surrounded by a total lack of transparency and without long time impact evaluations . Promoted by international partners forced amalgamation finds no any consensus in Moldova and not taking into consideration local/national context and particularities. The way this thematic is approached in Moldova represents a major threat for democracy – both national and local.
- Role of development and international partners

Decentralization and local economic development

- Centralization is important barrier for local and regional development
- Most important instruments for economic development are very centralized :
 - Fiscal policies and facilities
 - Decisions about industrial parks and free economic zone.....
 - No concept about Local economical policies
 - System of taxation is not simulative for LGs to attract investors.... Few incomes remain at local level/local budgets..... Most of the incomes, goes to Central budget. For example: Corporate income tax – 100% Personal income tax – remain olnly up to 50%.

Priorities

- Decentralization and consolidation of local democracy/autonomy must be expressly declared and recognized as main and real priorities assumed by the political class, authorities, civil society, development partners and society as a whole. Priority not less important than justice, the rule of law, human rights, freedom of media, etc.
- Establishment of an institutionalized, permanent, effective and real dialogue between the Government/Parliament and LPA through representative associations/CALM in accordance with Resolution no. 328/2012 of the Congress of Local and Regional Authorities of the Council of Europe (CALRCE).
- Proper implementation of all national policy documents and recommendations of international partners
- Correlation of general and sectoral legislation and assuring of the competencies with financial resources

Priorities 2

- Consolidation of local tax base (removing all the local tax ceilings, evaluation and registering of real estates as of the real estate tax base and redistribution in sharing of key taxes such as PIT, CIT, natural resources tax)
- Revising the status and way of distributing of national public investment funds
- Increasing operational autonomy what concerns remuneration and personnel structure of the local governments
- Revision of the entire system of administrative control over the LPA in order to adjust it to the constitutional principles of local autonomy, reduce administrative supervision, exclude abuses and the use of control bodies as a pressure tool on local elected representatives/LPAs.
- Development of a complex and comprehensive concept and vision of the reform of the local administration, widely discussed and connected to the conditions/realities/needs of the Republic of Moldova.

Recommendations to European Institutions

- Include the decentralization and local democracy reforms in dialog with national government from this region as one of the main topics along with justice, corruption and human rights.
- Much more attention, funds and programs with direct access to LGs and local democracy and much less funds via central governments suffering from chronic problems and deficiencies
- Supporting decentralization of power as a key precondition for both local and national democracy in Moldova and region
- Comprehensive involvement of key development actors – local governments/LGAs and civil society in all negotiations between EU and EU member states and partner countries national governments
- Development focus on public and private investments & economic growth rather than on soft interventions, budget support and technical assistance
- Find appropriate format for permanent dialog between LGAs and EU Committee of region.

Support to association

- Consolidate and develop association presence at all events and policy debates with participation of EU institutions
- Meetings of association with high-level EU decision makers in Brussels – DG DEVCO, DG NEAR, etc.
- Support institutional building of association
- Support for association international activities and international presence
- Policy paper on new approaches in international development (view of the partner countries and drafted by them)

Thank you a lot!

Слава Україні!



*For real decentralization and local
autonomy !*