

STATE OF LOCAL DEMOCRACY IN MOLDOVA

Igor Munteanu
Liubomir Chiriac
Veaceslav Berbeca
Maria Vremiş
Ana Znaceni



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STATE OF LOCAL DEMOCRACY IN MOLDOVA

ASSESSMENT REPORT

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International IDEA
Strömsborg
SE-103 34 STOCKHOLM
SWEDEN
Tel: +46 8 698 37 00, fax: +46 8 20 24 22
Email: info@idea.int, website: www.idea.int

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Swiss Cooperation Office SDC
23, Mateevici Str., Block B
2009 CHISINAU
MOLDOVA
Email: info@eda.admin.ch, website: www.eda.admin.ch/sdc

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Abbreviations

| | |
|---------------|---|
| AA | – Association Agreement |
| ATUG | – Autonomous Territorial Unit of Gagauzia |
| CALM | – Congress of Local Authorities of Moldova |
| CEC | – Central Electoral Commission |
| CLRA | – Congress of Local and Regional Authorities (CoE) |
| CoE | – Council of Europe |
| CPA | – Central Public Administration |
| CPEDEE | – National Council for Prevention and Elimination of Discrimination and Ensuring Equality |
| CBC | – Cross Border Cooperation |
| CSOs | – Civil Society Organizations |
| EBRD | – European Bank for Reconstruction and Development |
| ECA | – European Court of Auditors |
| EIB | – European Investment Bank |
| ENPARD | – European Neighbourhood Program for Agriculture and Rural Development |
| EU | – European Union |
| GDP | – Gross Domestic Product |
| GRA | – Gagauz Regional Assembly |
| GRT | – Gagauz Radio Television |
| HIV | – Human immunodeficiency virus |
| IDEA | – Institute for Democracy and Electoral Assistance (International) |
| IDIS | – Institute for Development and Social Initiatives “Viitorul” |
| IMF | – International Monetary Fund |
| LAG | – Local Action Groups |
| LGBT | – Lesbian, gay, bisexual, and transgender |
| LPA | – Local public administration |
| MLPA | – Ministry of Local Public Administration |
| NAI | – National Authority for Integrity |
| NBS | – National Bureau of Statistics |
| NFRD | – National Fund for Regional Development |
| NRDS | – National Regional Development Strategy |
| NDS | – National Development Strategy |
| NSMA | – National Strategy on Migration and Asylum |
| NPB | – National Public Budget |
| NUTS | – Nomenclature D’unités Territoriales Statistique |
| OECD | – Organisation for Economic Co-operation and Development |
| PBB | – Performance-based budgeting |
| PCRM | – Party of Communists of Moldova |
| RBEI | – Regional Business Environment Index |
| RDA | – Regional Development Agencies |
| SADI | – Small Area Deprivation Index |
| SDI | – Social Distance Index |
| SoLD | – State of Local Democracy Assessment |
| UN | – United Nations |
| USAID | – United States Agency for International Development |
| UNDP | – United Nations Development Program |
| WB | – World Bank |

Executive Summary

Since its independence, Moldova has taken vital steps towards establishing and enforcing important democratization reforms, including the commitment to reforming public administration and establishing decentralized, autonomous local governments to address citizens' needs through democratic and collaborative methods. While basic legal and institutional frameworks have been put in place for this objective, significant gaps remain between the aspirations of the citizens and the reality on the ground. The following were identified as the key challenges that local democracy in Moldova currently faces, and where a concerted action on the side of national and local governments and citizens is needed:

- As a result of the past decentralization reforms, local public authorities have been vested with excessive obligations, for the realization of which they have no adequate technical and human capacities. This, in turn, has shaped the public perception of local governments as formal authorities that have minimal or no real power.
- Territorial fragmentation and the reduced capacity of local authorities require a policy of territorial-administrative re-calibration and reform. However, this reform needs to be conceptualized and carried out through an inclusive and deliberative process, ensuring broad local ownership of the proposed solutions and avoiding further rifts between various levels of government. Representatives of the local governments are aware of the need of reforming the territorial – administrative organization of the country, but they insist on several conditions to make this critical reform equitable and viable. The national authorities must engage the associations of locally elected representatives more constructively in the development of the reform proposals, demonstrating to them and to the local communities the benefits of the proposed reform models.
- Two-thirds of citizens thought they had no access to justice when dealing with local authorities. Injustice and discrimination experienced by individuals belonging to various disadvantaged groups was a thread across most of the interactions with citizens during this assessment, underscoring complex, multiple forms of discrimination, direct and indirect, and societal prejudice, based on disability, income, rural/urban divide, race, language, sex and gender identity.
- Most of the ordinary citizens remain largely detached from political organizations and processes. Large part of citizens considers that politicians do not represent their interests and electoral results do not translate into positive governance outcomes. Perceptions of vote buying, lack of transparent candidate nomination processes and elite interests influencing decision-making threaten to undermine democracy's legitimacy. Lack of citizen engagement with parties limits political pluralism.
- Voting as the most frequent form of participation does not translate into more meaningful and regular participation in the affairs of local governments. The assessment found low level of citizen participation in local government consultations of various types, explained by respondents as a rational response to what is usually a one-way, limited communication with no tangible results. Notably, more instances of engagement were found in forms of participation related to local community development projects and housing issues i.e. in activities where citizens feel they are most in control and anticipate concrete outcomes.
- Mayors enjoy the highest levels of trust, compared with other local authorities, as they are seen by citizens as local leaders who are more active and connected with their constituents compared to other local officials.
- Respondents in Gagauzia express significantly higher levels of trust in the regional government, local mayors and local councillors, as well as relatively higher rates of satisfaction with their current quality of life. This finding could be explained by the greater degree of social and political cohesion in Gagauzia, and with more homogeneity of political preferences of the population. In addition, the highest rate of positive loyalty to Moldova was reported in Gagauzia. This may be an indication that the efforts of local representatives, the availability of additional resources following the

special autonomy and perhaps a wish not to disturb the rebuilding of relationships following the past conflict are combining to create a slightly more positive view among citizens in Gagauzia, both of their own community and of Moldova. With the interest that exists towards Gagauzia both inside and outside Moldova and potential for the disparity of resources between Gagauzia and the adjacent southern districts of Moldova to become an issue, these findings deserve further investigation and follow-up.

- High rates of migration and aging population have a profoundly negative impact on local civic participation, voluntarism and organized activism. Only a small part of the registered civil society organizations (CSOs) are active, prevailing in the urban areas. Limited budgets for social services restrict most of the local governments from outsourcing specific tasks to the civil society organizations in the rural areas. Impact and sustainability of the regional and local CSOs relies on creative leadership and on external donor

funding, as local donations are very limited. Amid these challenges, organized civic society has taken root, with important achievements in establishing coordination and advocacy networks to help develop better accountability, transparency and effective service delivery.

- The regional and local media are underdeveloped, suffer from a lack of financial and editorial independence and struggle to play its proper role in expanding and deepening democratic citizenship. Support to independent media, including regional and local media and online outlets will be vital for promoting civic literacy and deepening the democratic political culture across Moldova.

The report aims to provide useful insights for local democracy stakeholders and inspire further conversations about how Moldova's local democracy can be deepened and strengthened. Detailed findings and recommendations put forward by the authors of this assessment are included at the end of each section (Part I; Part II - Pillars I, II and III).

Introduction

This report presents the findings of the State of Local Democracy Assessment (SoLD) in Moldova. The assessment was implemented by the Institute for Development and Social Initiatives (IDIS) “Viitorul”, Moldova, during January–June 2017, in consultation with other national stakeholders in civil society and

local government.¹ Assessing the state of democracy at the local level is essential for promoting democratic resilience at the local level as this is the level which is most accessible for direct citizen engagement and where citizens can see most clearly how government decisions influence the quality of their everyday lives.

Assessment Framework and data collection methods

As part of this assessment, the authors conducted a thorough desk study of Moldova’s legal and institutional framework for local governance and local democracy, key socio-economic indicators that help contextualize the current state of local governance, and reviewed recent developments in relation to the decentralization reforms. Findings and recommendations of this review are contained in Part I. Part II contains findings, analysis and recommendations of the assessment divided across the three thematic pillars:

- Pillar I addresses the extent to which the civil, political, economic and social rights of citizens are recognized and protected at the local level, focusing particularly on those rights that local governments should protect and promote.
- Pillar II refers to the role of representative institutions, and the quality and integrity of electoral and political processes. This section also includes a review of the state of participatory mechanisms for developing and planning local public policies and engaging stakeholders or those affected by such policies through a consultative process.
- Pillar III addresses the extent to which there is full, active and regular citizen engagement in public life at the local level (beyond the participatory mechanisms described above) and to what degree the media are effectively playing their role in sustaining democratic values at the local level.

The three pillars were matched with corresponding assessment questions, developed in line with International IDEA’s general list of questions, and contextualized to capture particularities of Moldova’s socio-economic and local governance features. Using these questions, citizen surveys (a representative sample of 1116 citizens), focus groups (60 participants) and 20 individual interviews were conducted across various localities in the north, central and southern regions of Moldova, in Chisinau and in the Autonomous Territorial Unit of Gagauzia (ATUG)².

Throughout the assessment, IDIS invited prominent civil society experts working in the fields of local governance, democracy and human rights, and experts working with local government bodies and associations to be part of the assessment’s reference group (Democracy Board) and to share their views and feedback regarding the initial research design, preliminary results and the assessment’s draft report.

The collected data, combined with other relevant information from open sources, was used to formulate the assessment’s findings and recommendations. Following the completion of the initial research phase, three round table discussions were held, in Balti, Cahul and Chisinau, to share findings, collect views and feedback from a wide cross-section of participants. This report aims to provide useful insights for local democracy stakeholders and inspire them to further contribute to deepening Moldova’s local democracy.

¹ The assessment was made possible through the financial support of the Swiss Agency for Development and Cooperation (SDC) in Moldova. This assessment is based on the generic framework for local democracy assessments developed by International Institute for Democracy and Electoral Assistance (International IDEA). IDIS benefited from the expertise from International IDEA in the process of the adaptation of the framework to the local context. All opinions in the assessment belong to the authors and cannot be attributed to SDC or International IDEA.

² A limited assessment was conducted in Transnistria, where 205 respondents were surveyed, a focus group with 10 participants was organized and 10 face-to-face interviews were undertaken. Findings of the Transnistria assessment are not included into this report.

Chapter I

Background Study: Key Features of Local Self-Government in Moldova

Local self-governance: the framework, its evolution and current challenges

Moldova is a unitary state with two levels of local government. The first level or tier consists of 898 administrative-territorial units (villages, communes, cities and municipalities), while the second level consists of 32 districts (rayons) established around a city centre and adjacent communes (villages). Two of the largest municipalities in Moldova (Chisinau and Balti) enjoy the status of second level local government, and Gagauzia is granted special status. The Constitution also provides for a special status for the left-bank settlements in Transnistria, a region currently outside of the Moldovan government's de facto control.³ The 1994 Constitution (article 109) stipulates that 'public administration is based on principles of local autonomy, decentralization of public services, their accountability and consultation with citizens on local issues of particular interest'.

In 1997, Moldova ratified the European Charter of Local Self-Government, thereby committing to respect the effective right of local governments to regulate and manage a substantial share of public affairs under their own responsibility and in the interest of the local population. Since its ratification, the Congress of Local and Regional Authorities (CLRA) of the Council of Europe (CoE) has regularly monitored the compliance of local self-governance reforms with the principles and spirit of the European Charter of Local Self-Government, and encouraged the Moldovan Government to recognize existing gaps, set new priorities and act to improve the functional aspects of local self-government.

Although it is a unitary and indivisible state, Moldova has used a wide range of instruments of

political devolution and classic levers of administrative decentralization of local competences. This was done to reduce the asperity of conflicts with the authorities of certain regions.⁴ Article 111 of the constitution invokes the possibility of granting special forms and conditions of autonomy, through special statutes adopted as organic laws, to settlements on the left bank of the Dniester, as well as some settlements in the southern part of Moldova. Between 2001 and 2005, the Moldovan Parliament amended the Constitution, enshrining the existence of the ATUG, which cannot however 'affect the unitary character of the state' (article 109: 3). In 2005, Moldovan Parliament adopted Law 173 on the special legal status of Transnistria.⁵ The Chisinau Municipality, as the capital city, has a special status, as the level II public administration authority, which enables it to enjoy additional powers and attributes. Chisinau Municipality includes 18 first level LPAs and 35 settlements in total, governed by the special law⁶.

Moldova's decentralization paradigm, developed over previous decades, has two distinct approaches: (a) a conventional transfer of competences to the level closest to the people; and (b) recognition of a special status for some historical, ethno-cultural communities, such as Gagauzia, and reserving a similar status for the region of Transnistria in case of a successful settlement. Another facet of decentralization policy is the designation of development regions, aimed at creating the necessary conditions for well-balanced economic and social development in line with the European Union (EU) standards. Among the priorities outlined by the government from the outset of the decentralization reform are: the decentralization of public services, consolidation of administrative and financial autonomy and strengthening the status of locally elected representatives and their capacity. Lo-

³ Law No.173 of 22 July 2005 on the basic provisions of the special legal status of the settlements on the left-bank of the Dniester (Transnistria)

⁴ Law No.435 of 28 December 2006 on Administrative Decentralization in the Republic of Moldova

⁵ Law No. 173 of 22 July 2005

⁶ Law no.431-XIII of 19.04.1995 on the status of Chisinau Municipality

cal self-government is conceived, within the European context, as an element of democratic principles, shared among all member states of the CoE, which, through its legal regulation and correct enactment, makes the power decentralization possible.

The first territorial reform dates back to 1995 when parliament determined the territorial extent of the autonomous region of Gagauzia (no. 344-XIII).⁷ Until 1998, Moldova's territorial organization was based on 38 districts (rayons), including 5 in the breakaway Transnistrian region. In 1998, districts (rayons) were amalgamated into 10 counties (judete), as the second level sub-national governments, incorporating over 960 communes, cities and municipalities and were based on a reformed system of competences and assignment of financial resources. However, after the change of the government in 2001, the new government led by Party of Communists of Moldova (PCRM) decided to cancel the previous administrative-territorial organization and return to the pre-1991 structure based on districts (rayons), towns and villages. In this way, the Communist party sought to restore its political control over local governments, call for early local elections and suspend the valid mandates of locally elected officials throughout Moldova. Since this intention clearly contradicted Moldova's obligations to the CoE, in particular to respect local autonomy, the CoE called on the national authorities in Moldova to refrain from actions that would abrogate the powers and valid mandates of local governments.

Nevertheless, in 2003, following the legal confrontation in the Constitutional Court, the Parliament of Moldova voted to support the restoration of a quasi-Soviet model of territorial division, enshrined in a system of 32 districts (second level) and 898 local authorities (first level), while local autonomy was significantly reduced. The 2003 changes undertaken by the ruling party faced sharp criticism from the opposition parties and the CLRA, but remains in place to date. This major change to a more fragmented system of administrative-territorial organization has altered the scope of the reform pursued before 2000, which had aimed to make sub-national units and local governments more sustainable, more effective and more representative.

The reforms linked to the decentralization process were re-launched in December 2006, when the Moldovan Parliament adopted new laws, such as the Law on Administrative Decentralization (no. 435-XVI), the

Law on Local Public Administration (no. 436-XVI) and the Law on local public finances (No. 397-XV) in line with the acceleration of political reforms outlined by the EU-Republic of Moldova Action Plan.⁸

The Government's work programme for 2011–2014 emphasized the importance of decentralization, noting that 'Moldova's approach to the EU can only take place in a state in which the highly hierarchical structures are replaced by decentralized, transparent and dynamic ones'. In 2012–2014, the government made new attempts to develop a basis for measurable criteria for the amalgamation of local and regional governments, and initiated policy consultations. However, their recommendations were opposed by local government representatives, particularly the Congress of Local Authorities of Moldova (CALM). Local government representatives claimed that the proposed reform was built on a top-down approach that did not reflect the views of local government. Implementation of these reforms in the near future is likely to be difficult due to the upcoming parliamentary elections in 2018, as well as local elections in 2019.

Half of all rural municipalities have fewer than 2000 residents and about 93 per cent have fewer than 5000 residents. This leads to a high degree of jurisdictional fragmentation across the country. As a result, there are 26.4 municipalities per 100,000 inhabitants in Moldova, even higher than in the most fragmented European countries such as the Czech Republic (24), France (21) and Austria (21). The largest region in terms of land area is the Central Region, which accounts for 34.5 per cent of the total territory of Moldova and has the largest population (30.7 per cent of the country), but also the lowest share of urban population (16.6 per cent of the territory's residents).

The current small size of many villages (communes) is seen as economically not viable, due to the narrow economic base of self-governing units and lack of economies of scale in service provision. Moreover, the large number of communes results in higher costs of administration, increased need for technical support and capacity building, and leads to increased supervision of local governments, running counter to the decentralization objectives. Although decentralization reform was adopted in 2015 and important steps were taken in its implementation,

⁷ Law no.344-XIII of 23 December 1994 on the Special Status of the ATUG.

⁸ Law 435-XVI of 28 December 2006 on Administrative Decentralization; Law no.436-XVI of 28 December 2006 on the local public administration and Law No. 397 of 16 October 2003 on Local Public Finances.

reforming the country's administrative-territorial system will be essential for the success of the decentralization agenda.

Local government functions

According to Law 435 of December 2006, decentralization is based on local autonomy, subsidiarity, equity, integrity, correspondence of resources and competencies, financial solidarity, institutional dialogue, public-private partnerships and accountability. Legislation specifically delineates three kinds of competences for local government: decentralized, delegated and shared.

Decentralized competences are those which are legally recognized as fully transferred to local governments, whereby these public authorities have full autonomy to manage and deliver local public services. Central authorities cannot interfere in their operational management or decision-making. Nevertheless, the central government authorities retain the possibility of influencing service delivery indirectly, through policymaking, mandatory quality standards, incentives and penalties, monitoring, control, law enforcement and evaluation. According to the Law on Local Public Finance, and the Law on Administrative Decentralization, the decentralized competences of level I are:

- socio-economic development;
- territorial and urban development;
- construction and maintenance of roads, streets, local bridges and traffic management;
- maintenance and operation of water supply systems, sewerage, water treatment, sanitation and domestic waste;
- social housing; social assistance to the population, including protection of families with multiple children, mothers' and children's rights, older people and soldiers; in the absence of other authorities, construction of housing for socially vulnerable groups and for other categories of inhabitants; expenditure of the municipal housing fund;
- passenger transport; urban electric transport; bus and train stations;
- pre-school and extra-curricular institutions; primary, general and secondary education; other educational institutions serving the population;
- public cultural institutions, establishments and activities; maintenance of libraries and museums;
- sports; sports facilities;
- organization of markets and other public places; protection of consumer rights; organization of retail trade;
- registration and maintenance of households; managing local property assets;
- defence against fire; and
- maintenance of parks and green spaces; soil, plant, animal and other environmental protection measures; management of land relations; allocation of land for the construction of housing and other purposes; maintenance of cemeteries.⁹

Articles 10 and 11 of the Law on Administrative Decentralization delimit the competences between levels I and II and article 11 clearly stipulates the principle that the competence recognized in law cannot be imposed or limited by any public authority, except under the law. The decentralized competences of level II are:

- socio-economic development, territorial planning and urban development;
- construction, administration and repair of district roads;
- construction of sanitary institutions and schools; social assistance; maintenance of sanitary and social facilities
- oversight and management of higher education institutions;
- coordination and development of sporting and other activities for youth;
- public transportation;
- environmental protection, managing public property, construction of interurban pipelines, land relations under the law; and
- maintenance of exhibitions, theatres, public television and other institutions that serve the population, as well as financing of cultural activities organized and carried out by level II local public administration, fire protection, other duties under the law.

Delegated competencies are services transferred to local government by the central authorities, with the latter retaining various management and control

⁹ Law 397-XV of 16 October 2003 on Local Public Finance, article 8, as amended on 1 November 2013; and Law 435-XVI of 28 December 2006 on Administrative Decentralization, article 4, as amended on 26 April 2012.

instruments to oversee the quality and use of the delivered services. However, competencies and public services can be delegated to the local governments only if funds are budgeted. Otherwise, local authorities are entitled to refuse to comply with these directives, legally challenge them or request specific instructions from central government.

Examples of delegated functions for level I are: social protection of the population, social protection of the unemployed, public hygiene, management of protected zones and sanitary areas, nature reserves, maintaining public order, training for military mobilization/conscription and conscription process and, other activities provided by the legislation in the field of national defence and civil protection. For instance, district authorities are in charge of managing social care (social assistance units) at the district level and the development and management of community social services for socially vulnerable groups, and monitoring the quality of social services, following the provisions of the Law on decentralization.

Social care is, however, a delegated function of a state competence. Therefore, district Departments of Social Care (social assistance and family protection) primarily do the work of the central government authorities, and act as strategic partners in social assistance to the first level of local government. The delegated powers are similar to those of deconcentrated services of the national government with two important differences: They cannot refer to monitoring, control or law enforcement activities, so they only refer to the provision of services to the beneficiaries, and they cannot be provided by the central government structures localized in those settlements. Consequently, local public authorities act as agents without autonomy when delivering these services.

Level II local authorities have the following delegated functions:

- social protection of the population, including the unemployed,
- public health (i.e. maternal and child health);
- public order;
- coordination and supervision of administrative-military activities, mobilization and other activities in the field of national defence;
- institutions and activities linked to secondary vocational education, boarding schools, schools for children with special needs, other institutions that serve the population of the administrative-territorial unit, methodological development activity in the field of education;

rial unit, methodological development activity in the field of education;

- protection of natural resources; and
- consumer and civil protection.

While the delimitation of competences and powers between different levels of government is described in detail in several relevant laws, these functions are often conflicting or neglected due to the shortage of funds or the excessive use of administrative leverage to diminish the extent of local powers. This raises issues in relation to the allocation and sharing or coordination of functions. First, there is an unclear assignment of functions among different administrative levels (central, rayon and local/municipal/city level authorities), due to high number of normative acts that conflict with the law on administrative decentralization. Second, the shared or fragmented responsibilities in many sub-functions lead to a lack of sufficient technical or financial resources to enable local government to fulfil these functions.

Until 2006, a 'prefect' was in place as the 'state territorial representative acting on behalf of the Government', but afterwards, the position of territorial offices led by prefects was suspended, and the competence to run decentralized services transferred to the Ministry of Local Public Administration (MLPA). When the MLPA was removed from the cabinet structure (2009), the management of decentralized state responsibilities continued to be supervised by central government ministries, creating ambiguities in the local governments' attributes of power and territorialized services of the national government. The existing framework does not contain a legal mechanism that provides the territorial-administrative units with the necessary financial resources to carry out the tasks delegated by the state. These gaps in the normative framework of the local public administration lead to a low level of awareness among local public administrative authorities and officials of their competences, as well as an inability to identify their proper competences from those that have been delegated by the state.

One typical situation illustrates the issue outlined above: the Ministry of Defence assigns local authorities with the task of conducting regular recruitment drives and transporting of conscripts, without any additional funding or resources. Defence is undoubtedly an exclusive area of central government competence and when certain activities are to be carried out locally, the central government must secure the required funding.

Another issue is the way in which the designation of agricultural land on the territory of a local public authority is compromised because of delays in the adoption of normative acts that specify the cadastral allocation mechanism of the respective lands. This, in turn, leads to local properties having undetermined status and the loss of local revenues.

The decision-making process at the local level takes place in accordance with the principle of legality. Citizens can challenge acts issued by authorities where they affect their individual interests.¹⁰ Any act issued by public authorities that leads to a violation of individual rights may be challenged in the courts. Control over the legality of acts issued by local authorities can be carried out by the territorial entities of higher-level state authorities. In addition, any natural or legal person may request that the territorial office check the legality of acts issued by the mayor and the district president, for example, the legality of acts on the employment and dismissal of personnel.

Many local authorities often complain about undue interventions by central government on issues pertaining to the management of local public services, or in budgetary management. Interventions are typically explained by the lack of administrative and professional capacity at the level of the local executive governments. Several mayors have been removed from their positions in the last years based on investigations initiated by the prosecutor offices.¹¹ Evidence suggests that such interventions could be aimed at gaining political control over local government officials.

Law No. 123/2003 on local public administration applies the term executive authority to mayors. At the same time, it does not narrow the role and statute of the councils, and there is no subordination between local councils and mayors, thereby implying a separation of powers similar to that between parliament and government. Both mayors and councillors should act in the name and interests of their local populations. Independent sources note that relations

between various levels of public authorities are excessively bureaucratic, their independence is negatively influenced by political parties and this in effect creates multiple obstacles for the implementation of their duties.¹²

Source of mandate of local government bodies

The mayors of the municipalities and villages, and councillors in the city councils (municipalities) and village councils (communes) are elected by universal, equal, direct, secret and free vote for a four-year term. The size of the local councils depends on the number of voters in the respective first level local governments. Citizens of the Republic of Moldova with voting rights, who have reached the age of 18 on the day of the elections, have the right to be elected as councillors in local councils. Only citizens with voting rights over the age of 25 can be elected as mayors.

The status of locally elected bodies is determined by the law on the status of a locally elected person (Law 768 of 2 February 2007 and Law 436 of 28 December 2006). Locally elected government officials include level I and II local councillors, members of the Gagauz Regional Assembly (GRA), mayors and deputy mayors, and district Presidents and Vice-Presidents. Local authorities consist of locally elected officials, as well as municipal servants and other technical personnel hired by the local governments (accountants, cadastral engineers, etc). Locally recruited staff is covered by the civil service legislation, which sometimes leads to the perception of them being part of the central level civil service, and creates confusions in relation to their subordination.¹³

The first and second levels of government obtain their mandates differently: mayors at level I are directly elected, while district councils elect presidents of districts (level II) indirectly. The law prohibits locally elected representatives from assuming conflicting func-

¹⁰ According to articles 1 and 2 of the Law on Administrative Litigation, 'any person who believes that one of his/her rights under the law was violated by a public authority, through an administrative act or failure to settle a claim within the prescribed legal period, may apply to the competent administrative court to seek the cancellation of that act, recognition of the alleged right and the repair of the damage caused to him/her'.

¹¹ See 'Taraclia Mayor, suspended by Court of Appeal: It is a revenge of PD that I refused to vote for Lupu in 2009, <<http://jurnal.md/en/politic/2016/4/6/taraclia-mayor-suspended-by-court-of-appeal-it-is-a-revenge-of-pd-that-i-refused-to-vote-for-lupu-in-2009>>; and 'Mayor of Moldova capital arrested, sparking political fight', <<http://www.foxbusiness.com/markets/2017/05/26/moldova-mayor-detained-over-city-parking-contract.html>>.

¹² Roles and responsibilities of mayors and local councils in Armenia, Azerbaijan, Georgia, Moldova, Ukraine, Belarus, CoE 2016, <https://rm.coe.int/168071b235>

¹³ The most important laws governing these categories are: the Law on the Status of a Locally Elected Person, (No.768-XIV of 02.02.2000), the Law on Civil Service (No.443-XIII of 04.05.95), the Labour Code (No154-XV of 28.03.2003), Decision of the Government of the Republic of Moldova on Approval of the Unified Classifier of Public Positions No. 151 of- 23.02.2001; the Decision of the Government of the Republic of Moldova No. 192 of 01.03.2004 on Approving the Regulation on Filling in Public Position Vacancies.

tions simultaneously.¹⁴ Locally elected representatives are liable under civil, administrative and criminal law.

The executive authorities (the mayor and district president) are assisted by the administrative and executive personnel and other technical staff.¹⁵ To enter into the civil service, candidates must satisfy certain general criteria (such as the requirement to know the official language, take a competitive examination, apply for a position and be interviewed). Civil servants are appointed for an undetermined term, except those recruited for temporary replacements. Dismissing a civil servant is difficult, with the unsatisfactory performance considered as the only basis on which civil servants can be dismissed, but rarely applied in practice.

The structure and personnel of the mayoralty and the apparatus of the district president are approved by the council, following the recommendations of the executive authority. These proposals are, in turn, based on staffing plans approved by the government. In practice, local authorities often challenge the limits set by the government on the grounds that they do not reflect local needs and the volume of work required locally.

Administrative and institutional capacity of local authorities

The Law on Administrative Decentralization defines administrative capacity as the ratio between a local public administration's (LPA) total administrative expenses and its own revenues. The law considers an LPA viable if its administrative expenses do not exceed 30 per cent of total local revenue. Financial data shows that only 157 LPAs (17 per cent) can cover their administrative expenses from their own revenues, while most local governments (83 per cent) use transfers from the state budget to cover administrative costs.¹⁶

¹⁴ A local elected official cannot serve as a Member of the Parliament of the Republic of Moldova, a member of the Government, in any other government office, or as a civil servant in the apparatus of the district president. Mayors cannot work as entrepreneurs, counsellors or in any other enterprises, institutions or organizations with the exception of scientific and teaching organizations; See Law 786 of 2000 and Law 123 of 2003.

¹⁵ See: Law on local public administration (No. 123/2003), Government Decision (GD) No. 688/2003 regarding the structure and staff of the mayoralties of villages (communes), cities (municipalities); GD No. 116/2003 on the organogram and the personnel of the apparatus of the district president, the departments, other subdivisions subordinated to the district council; Law No. 436/2003 on the Framework Statute of the state (commune), the city (municipality).

¹⁶ Report on the Territorial-Administrative Structure Options for the Republic of Moldova, 2015, Ionescu, A, Drezgic, S, Rusu, I, http://www.md.undp.org/content/dam/moldova/docs/Publications/JILD-Report%20on%20territorial%20administrative%20reform_24_03_2015.pdf?download

The large majority of Moldova's administrative-territorial units have a population of under 5000 inhabitants, while around 28 per cent (237) of them are communities with less than 1500 inhabitants. The 94 per cent (844) of these units are typical rural settlements with limited infrastructure or communal services (sanitation, sewerage, heating systems, waste disposal or centralized water distribution). Studies find a strong correlation between the share of administrative expenditures in the total budget and the number of population¹⁷. The administrative-territorial units with a small number of inhabitants spend more on administrative costs, leaving only a small share of the budget for the delivery of services expected by local communities. Around 68% of the municipalities in Moldova report administrative expenses larger than 20%. When expenditures for education are excluded, (a delegated function) the share of administrative expenses is higher than 50% for almost half of the local authorities.

After 2001, several communities lobbied central authorities under the ruling PCRM to obtain a LPA status, based on their individual or historic-administrative legacy as 'exceptional cases'. A significant part of these 'exceptional cases' are geographically close or even adjacent, and could eventually be merged. Local settlements, however, fear that amalgamation in effect would mean another instrument of control and centralization (top-down approach of the central government). Local governments are concerned that the amalgamation may disadvantage their communities by depriving their small communities of the very modest, poor quality, but, nevertheless, basic services delivered through their small town halls (*primaria*). For instance, many people who resist amalgamation make their arguments based on analogies with other types of 'optimization' policy conducted by the national government, which resulted in the closure of local schools without achieving better educational opportunities in the neighbouring villages. Therefore, any sort of territorial-administrative recalibration should consider a solid participatory approach, rather than purely technocratic estimates or assumptions without the local consent.

www.md.undp.org/content/dam/moldova/docs/Publications/JILD-Report%20on%20territorial%20administrative%20reform_24_03_2015.pdf?download

¹⁷ Report on the Territorial-Administrative Structure Options for the Republic of Moldova, 2015, Ionescu, A, Drezgic, S, Rusu, I, http://www.md.undp.org/content/dam/moldova/docs/Publications/JILD-Report%20on%20territorial%20administrative%20reform_24_03_2015.pdf?download

Fragmentation of the national territory is a problem identified in the National Decentralization Strategy adopted on 5 April 2012, which states, *inter alia*, that ‘*de jure* the LPAs have full autonomy, *de facto* it is limited, partly because of central government interference in the day-to-day work of the local governments and partly because of their own financial resources under the limit of needs’.

Approximately 66 per cent of the country’s population lives in rural areas. According to a study conducted by the Expert Group, the administrative costs of maintaining local governments for these types of rural settlements are estimated at around 600–800 MDL per capita (30–40 EUR), compared with 100–200 MDL (5–10 EUR) for local governments with populations larger than 5000 inhabitants.¹⁸ According to the same study, ‘apart from 55 LPAs (6 per cent), all local governments spend more on administration than on all the public utilities together. For many LPAs the amounts allotted are insignificant: 214 LPAs (24 per cent) spend less than 20 MDL (1 EUR) per capita per year on all public utilities, while 639 LPAs (71 per cent) spend less than 100 MDL (5 EUR).¹⁹ In sum, the majority of small mayoralties, particularly in rural areas, are unable to secure basic communal services for their populations. This makes rural settlements, where most of the vulnerable groups of the population live, poorly developed and unattractive in terms of infrastructure, services and more broadly, the living conditions. A vicious circle of poverty, limited labour and educational opportunities, income inequalities and conservative mind-sets present clear barriers to modernization.

Institutional capacity is defined as the effective skills and capabilities of local governments to provide sufficiently high quality local goods and services. It indicates the technical, organizational and educational level at which local authorities are able to perform the duties delegated to them by law. Today, 769 of the first level local governments (85 per cent) employ fewer than six full-time staff members/local civil servants, while 24 per cent of them have 4 staff members or less, typically a secretary, the tax collector, the cadastral engineer and an accountant.²⁰ This staff composition and institutional structure does not allow proper management and provision of services, and regulatory functions required by the law. The budgetary shortage is the main reason impeding municipalities to hire more staff, although some cen-

tral regulations also create considerable inhibitions to build the adequate institutional capacities for the local governments.

The continued challenges for cadastral valuation of property at the local level serve as an example of local authorities’ weak institutional capacity. This has resulted in almost 60 per cent of all local properties not being evaluated and thus registered according to the Cadaster code. This leads to uncertain legal status, less taxable revenue for local budgets, corruption and mismanagement, which make local governments suspect and feeds mistrust.

Studies show that a return to the district-based territorial system mostly corresponded to the central government’s agenda and served less to decentralize the local government. Since 2003, central government has increased its territorial personnel by 63 per cent, district (rayon) administrations by 33 per cent, but the first level local government by only 11 per cent. The amount spent on staff, maintenance and operational costs between 2003 and 2015 was 20 billion MDL (approx. 980 million EUR).²¹

Despite the obvious obstacles to carrying out their main functions, local governments aspire to develop and showcase skills and best practices in various fields of intervention. Every year, Best Practices Programs for Local Authorities, organized by the CoE, IDIS and CALM, collect and recognize positive practices in the work of local authorities.²² Over 650 local communities have participated in the past 11 years, competing for recognition in such areas as governance, entrepreneurship, intercommunity cooperation, energy efficiency and other services provided to the population.²³

Financial capacity

The primary factors that determine local governments’ financial capacity are ‘the extent to which a local government can generate revenue or has a stable stream of grants/subsidies from upper levels of government, and the extent to which a local government can control its expenditures.’²⁴ Effective financial

¹⁸ Ibid. p.34

¹⁹ Ibid. p.56

²⁰ Ibid. p.11

²¹ ‘Lessons Learned for the Future Administrative-Territorial Reform in Moldova. How Much Money Did the Government Blow by Switching to Rayons in 2003?’, IDIS Viitorul Trend Hunter, April 2017.

²² The Best Practices programme is implemented by IDIS Viitorul, with the support of the Council of Europe and active participation of CALM.

²³ The IDIS-CoE joint program ‘Best Practices Programme for Local Authorities in Moldova’, <<http://viitorul.org/ro/content/aplic%C4%83-la-bunele-practici>>.

²⁴ Kaganova, Olga. 2011. *Guidebook on capital investment planning for lo-*

Table 1. Financial and administrative capacity of ATU by regions and areas, %, 2016

| | | Urban | | | Rural | | |
|--|---------------|---------|---------|---------|---------|---------|----------|
| | | Average | Minimum | Maximum | Average | Minimum | Maximum |
| Share of own revenues in total revenues | North | 21,58 | 7,84 | 32,33 | 15,91 | 3,52 | 68,10 |
| | Center | 15,12 | 7,36 | 27,46 | 8,22 | 1,24 | 38,02 |
| | South | 21,51 | 13,79 | 31,69 | 12,79 | 2,00 | 45,76 |
| | ATUG | 23,38 | 22,73 | 24,56 | 15,77 | 1,84 | 32,66 |
| | Mun. Chisinau | 17,59 | 9,64 | 32,30 | 12,50 | 6,24 | 22,83 |
| Administrative expenditure related to own revenues | North | 77,99 | 30,44 | 320,12 | 171,96 | 42,35 | 612,70 |
| | Center | 98,71 | 25,17 | 385,76 | 270,33 | 68,18 | 1,991,73 |
| | South | 65,75 | 15,41 | 153,06 | 192,77 | 42,11 | 597,13 |
| | ATUG | 37,24 | 19,02 | 54,77 | 129,45 | 60,82 | 383,86 |
| | mun. Chisinau | 43,25 | 19,26 | 70,96 | 125,10 | 39,42 | 474,67 |

Source: Ministry of Economy, SADI database

capacity and financial autonomy, as a condition for the functioning of local self-governance, as underscored in the Article 9 of the European Charter of Local Self-Government, is fragile and incomplete in Moldova. The vast majority of local communities are extremely poor, compared with the same indicator in neighbouring countries. The average volume of local budget revenue per capita does not exceed 1004 MDL (approx.49 EUR), the average share of local revenues in local budgets is just 10 per cent, and in a large number of local governments overheads (administrative expenses) exceed five times their own revenue.²⁵

According to the Law 397 of 2003 on local public finance, local government revenues consist of: their own budget revenues, local taxes and fees, property tax and other fiscal and non-fiscal revenues; shared taxes and fees; special means/special funds; transfers from the state budget; rayon budgets; grants/borrowing; and revenues from property sales and privatization.

Across 898 first level municipalities, current expenditure accounts for almost 88 per cent of total spending, with wages claiming almost 38 per cent of their total budgets and investments accounting

to only 17 per cent²⁶. The dominant expenditure item in the local government budget is education, which represents around 60 per cent of local expenditure. Social assistance, culture and sports, and housing are other important expenditure items. The same pattern is replicated by the Level II local governments, whose delegated functions and high administrative costs account for 82% of the budget expenditures²⁷. High administrative costs for districts conceal the existence of a double subordination of their personnel to various ministries. For instance, the average number of employees of the district councils is 20, of the finance departments - 13, and the educational departments - 11. In total, the number of employees for 32 districts and Gagauzia account to 2530, with an average of 77 personnel units per local authority of the level II, in strong contrast with 5097 employees of the existing 898 municipalities²⁸.

The Ministry of Finance provides equalization grants to bridge the difference between estimated expenditure based on normative indices (number of pupils, the elderly) and the tax base (financial capacity to collect and generate local revenues). In 2016, the total general transfers for equalization purposes

cal governments. Urban development series knowledge papers; no. 13. Washington, DC: World Bank. <http://documents.worldbank.org/curated/en/654101468149684064/Guidebook-on-capital-investment-planning-for-local-governments>

²⁵ Local governments match sustainable financial capacity when they can generate at least 40% of total revenues from local taxes. Please see Methodology for assessing the administrative capacity of local public administration authorities, UNDP Joint Integrated Assessment Report, November 2010, IDIS, IDU <http://www.serviciilocale.md/download.php?file=cHViBGljL3B1YmtpY2F0aW9ucy8xNzI0OV9lbl8zLnBkZg%3D%3D>

²⁶ p.12. Report on the Territorial-Administrative Structure Options for the Republic of Moldova, 2015, Ionescu, A, Drezgic, S, Rusu, I, http://www.md.undp.org/content/dam/moldova/docs/Publications/JLLDP-Report%20on%20territorial%20administrative%20reform_24_03_2015.pdf?download

²⁷ The total budget of the 32 raions and Gagauzia was 3.569 million MDL out of which 2.572 million MDL was education and 348,5 million MDL – social assistance. Data of the Ministry of Finance (2013)

²⁸ UNDP Report on territorial-administrative structure options, Idem. p.17

Table 2. Regional GDP, 2014

| Development regions | TOTAL | Chisinau | North | Center | South | ATUG |
|--|-------------|------------|------------|------------|-----------|-----------|
| RGDP, current prices, thousand MDL | 112,049,578 | 62,869,976 | 20,519,025 | 17,973,693 | 9,704,175 | 3,064,634 |
| RGDP per inhabitant, current prices, thousand MDL | 31,51 | 77,90 | 20,66 | 16,96 | 18,14 | 18,94 |

Source: NBS, Territorial statistics, 2015

shared with municipalities (level I and II of local government) amounted to 1,288,552.3 thousand MDL, or 3,62 per cent of the total expenses in the state budget²⁹. In 2017, it increased to 3,66 per cent of the total expenses of the state budget³⁰. Overall, total transfers to the local budget account for 66,7 per cent of the total revenues of the municipalities. Usually, the normative indices determining the transfers are extremely detailed, but the rules for estimating the equalization shares are often contested by local governments, who claim that transfers are highly politicized.

These claims emerge when state equalization grants are not distributed directly, but through the second level districts (rayon administration), which set the amount of grants to the first level not in accordance with the legal equalization formula, but based on specific negotiation formats. Thus, the aim of the equalization grants is often not to build up sustainable local capabilities, but to provide a safety net to local communities irrespective of their tax revenue raising efforts and local service provision, which is sometimes understood as leverage to control local government. Due to the low level of revenue collection, equalization grants can amount to 80 per cent of local budgets, creating dependent relations. In addition, some specific-purpose grants from central government to finance local infrastructure projects or other tasks can be specifically authorized by central government. Slow economic development and weak revenue collection mean that mandatory services exceed the size of the budget, which results in even the most prosperous cities receiving equalization grants from the state budget.

These patterns preserve the hierarchical links between the Ministry of Finance and other ministries,

with oversight control of various centralized funds (Ministry of Environment, Ministry of Transportation), which can become mechanisms for political clientelism. This allows central government bodies to interfere in and decide the spending priorities of local governments. For instance, central government might decide to exempt private companies from taxes that are collected by the local authorities, without providing compensation remedies. Complaints are also made about the collection of personal income tax at the place of employment, rather than the place of residence.

The law on local public finance was amended in 2013 and the new system, based on a new formula for calculating general transfers, has been implemented throughout the country since 2015³¹. These amendments set a new type of financial relation between the central public administration and local administrations of first and second levels, aiming to secure a higher degree of independence of local authorities. However, as noted by the World Bank (WB), the system 'does not favor development of the small communities'³². It notes, inter alia, that the allocation of funds from the state budget 'happens via administrative interactions and not through the formal budget process, generating difficulties in achieving parliamentary control, lack of relevant data on budget implementation, uncertainty about funding and lack of accountability for the use of funds'.

After analysing the budgets for 2005–2013, the International Monetary Fund (IMF) concluded that the fewer inhabitants a community has, the less capable it is of collecting its own revenues and covering the costs

²⁹ State budget law for 2016, Monitorul Oficial, no.230-231 dated 26 July 2016, annex 3, page 16.

³⁰ State budget law for 2017, Monitorul Oficial, no.472-477 dated 27 December 2016, Annex 3, page 18.

³¹ The Law 302 of 13.12.2013 and 267 of 01.11.2013 on amending the Law 397-XV of 16.10.2003 regarding Local Public Finances.

³² World Bank. 2013. Moldova - Public expenditure review: capital expenditures - making public investment work for competitiveness and inclusive growth in Moldova. Public Expenditure Review (PER). Washington DC; World Bank. [http:// documents.worldbank.org/curated/en/2013/06/18433023/moldova-public-expenditure-review-capital-expenditures-making-public-investment-work-competitiveness-inclusive-growth-moldova](http://documents.worldbank.org/curated/en/2013/06/18433023/moldova-public-expenditure-review-capital-expenditures-making-public-investment-work-competitiveness-inclusive-growth-moldova)

of services delivered to or expected by the population. Rural ATUs in particular, which have small and ageing populations, have a very high rate of vertical fiscal imbalance, complemented by an excessive dependence on transfers from the central budget.³³ Effective fiscal autonomy will be feasible only if or when administrative-territorial amalgamation consolidates small communities into bigger, more viable units. However, the sustainability of the local government must also consider active efforts to increase the local revenue base (own tax and non-tax incomes). Today, a quarter of total local government revenue comes from tax sharing of personal income tax and corporate income tax, as well as road taxes which depend to a large extent on the capacity of tax collection and the good standing of local economies. Tax shares differ widely based on the type of local government: second level local governments receive, generally, the total revenue of the personal and corporate income tax, while the municipalities of Chisinau and Balti receive only 50 per cent of corporate tax revenues (the other 50 per cent is allocated to the state budget).

Local Governments have not total discretion over the rates of their local taxes. By law, local tax ceilings are set by the national parliament. The smallest part of local revenues derives from the non-tax revenues (charges for the use of local property, fees for delivered services, fines, confiscations, etc.). Also, the local governments authorities cannot levy non-tax charges and fees, unless they are provided for in the tax legislation.

The lack of financial discipline of the local governments originates from a gap between the delegated competences by law and available resources. Most of the municipalities claim to have insufficient financial means, as local economies are too small and fragmented to generate enough revenue to meet citizens' needs and enhance the quality of delivered services. People who return to their villages after having worked abroad for years decide to move to towns or cities, as the village lack the conveniences to which they have become used to. The limited size of the population in the current ATU and the high level of fragmentation undermine the exercise of local autonomy and strengthen the image of these local governments as formal authorities that have no power. The WB concluded that 'administrative-territorial fragmentation of the country results in poor efficiency of expenditures

at sub-national level' and that only a radical reshape of the territorial-administrative structure in Moldova could yield savings that could be used to improve the quality of the services provided³⁴.

Data of the Ministry of Finance shows that the volume of local public expenditures decreased by 24.2 per cent in 2015 compared to 2014, revealing a significant decline of the share of local revenues.³⁵ Local government incomes dropped compared to the ratio of expenditures in the National Public Budget (NPB). With an average share of 26.5 per cent of the NPB in 2001–2015, the 2007–2015 trend confirms that overall, more municipal services are financed today via equalization grants from the central budgets than a decade ago. Being highly dependent on equalization transfers, local governments have a rather limited degree of financial autonomy while their non-discretionary expenditures prevail. This trend could be referred to as a 'financial re-centralization', at odds with the logic of sustainable local development and decentralization goals.

Since 2014, performance-based budgeting (PBB) has been a key policy reform of the national budgeting process, covering almost all public sector fields (health, education, welfare).³⁶ After a one-year pilot in the district governments (second level), the PBB received a positive evaluation³⁷ and, accordingly, has been extended to the rest of the municipalities (first level), with the stated goals of making local governments more effective and transparent, boosting accountable governance and strengthening communication and outreach on spending. Implementation of PBB at all levels of public administration is now seen as a mid- to long-term strategic priority for Moldova. Stakeholders highlight specifically the achievements resulting from the implementation of PBB in two pilot towns (Ungheni and Comrat). Launched with support from the Ministry of Finance of Slovakia, United Nations Development Program (UNDP), Slovakia and UNDP Moldova, the new policy has had multiple

³³ Cerhan Cevic (2014) refers to this phenomenon as 'vertical fiscal imbalance' (VFI), defined as a big mismatch between the own-source revenues and expenditure liabilities in terms of services and own duties as stipulated by law. See <<http://www.imf.org/external/pubs/cat/longres.aspx?sk=42549.0>>.

³⁴ Diagne, Mame Fatou et al., 'Moldova - Public expenditure review: reforming local public finance for more efficient, equitable, and fiscally sustainable subnational spending.' Public Expenditure Review (PER). Washington, DC; World Bank Group. <http://documents.worldbank.org/curated/en/620951468275056092/Moldova-Public-expenditure-review-reforming-local-public-finance-for-more-efficient-equitable-and-fiscally-sustainable-subnational-spending>

³⁵ Secrieru, A, 2017 Report on the assessment of the local public finance of the 50 LPAs, "Improving financial control of local public authorities in the Republic of Moldova, IDIS, <http://www.viitorul.org/files/library/Raport%20evaluarea%20finantelor%20publice_Angela_Secrieru_0.pdf>

³⁶ National Strategy for developing the management of public finances (2013–2020), Governmental Decision 573 of 6 August 2013.

³⁷ Final Evaluation Report regarding the progress of the Annual Action Plan of the Ministry of Finance for 2014 (Reporting Period - 01.01.2014-31.12.2014), mf.gov.md/ro/download/file/fid/8486

effects on the regulatory framework and laws governing the public finance³⁸. In addition to the new methodology for calculating the budget allocations based on results, PBB attempts to integrate democratic governance principles in the context of broader administrative and fiscal decentralization reform, and to stimulate partnerships and close cooperation among key stakeholders.

Financial capacity in the Autonomous Territorial Unit of Gagauzia

The budget of the ATUG accounts for about 4 per cent of the national public budget of the Republic of Moldova. However, 60 per cent of the ATUG budget is made up of state budget allocations, while its own

revenues account for only 7–8 per cent. Budget expenditure per capita is lower than that of other ATUs with the exception of the year 2015 when this indicator reached the national average. Current expenditure accounts for 91 per cent of spending and capital investment the remaining 9 per cent. ATUG attracts more capital investment per capita than other ATUs which allows the regional authorities to assign more funds for socially oriented programmes. For instance, education receives one of the largest shares of expenditure at 61.1 per cent, culture and sport 9.1 per cent and social security 6.3 per cent, while the costs associated with the maintenance of utilities and road infrastructure and protection of the environment account for only about 8 per cent. Data for 2013–15 shows a decreasing share of its own income during the period, while the share of transfers from the state budget increased, which follows the general trend on equalization highlighted above.

Table 3. Dynamics of local public expenditures, million MDL

| Indicators | 2011 | 2012 | 2013 | 2014 | 2015 |
|--|------|------|------|-------|-------|
| Budgets of administrative-territorial units (BUAT), total per country, million MDL, including Gagauzia | 8150 | 8920 | 9537 | 11347 | 11518 |
| Gagauzia budget | 337 | 383 | 404 | 459 | 511 |
| The share of Gagauzia budget in total expenditures of BUAT, % | 4,14 | 4,29 | 4,24 | 4,04 | 4,44 |
| The share of the Gagauzia population in the total population of the Republic of Moldova | 4,5 | 4,5 | 4,5 | 4,6 | 4,6 |

Source: developed based on the information from the Ministry of Finance, 2016

Official data shows that the regional Gross Domestic Product (GDP) of ATUG in 2015 was far higher than other regions in terms of its contribution to the national GDP, business development and value per capita. Development is still quite unequal in Moldova, where 57 per cent of the country's GDP is created in Chisinau and 17 per cent in Balti, while the entire Gagauz region contributes only 3 per cent. Nonetheless, ATUG has recently become an attractive destina-

tion for donors' efforts. Part of their success is related to a better communication strategy by the regional authorities, development strategies that show clear indications of intent, as well as an ease of doing business on topics of relevance to the donor community and the stakeholders in the region. The data shows that in 2016 alone ATUG attracted 68 projects funded by major foreign partners, compared to just 6 in Taraclia and 30 in Cahul.³⁹

³⁸ Local Finance Benchmarking Toolkit: piloting and Lessons Learned Republic of Moldova, Council of Europe. Strasbourg, 2017, Source: <https://rm.coe.int/lfb-moldova/168075da06>

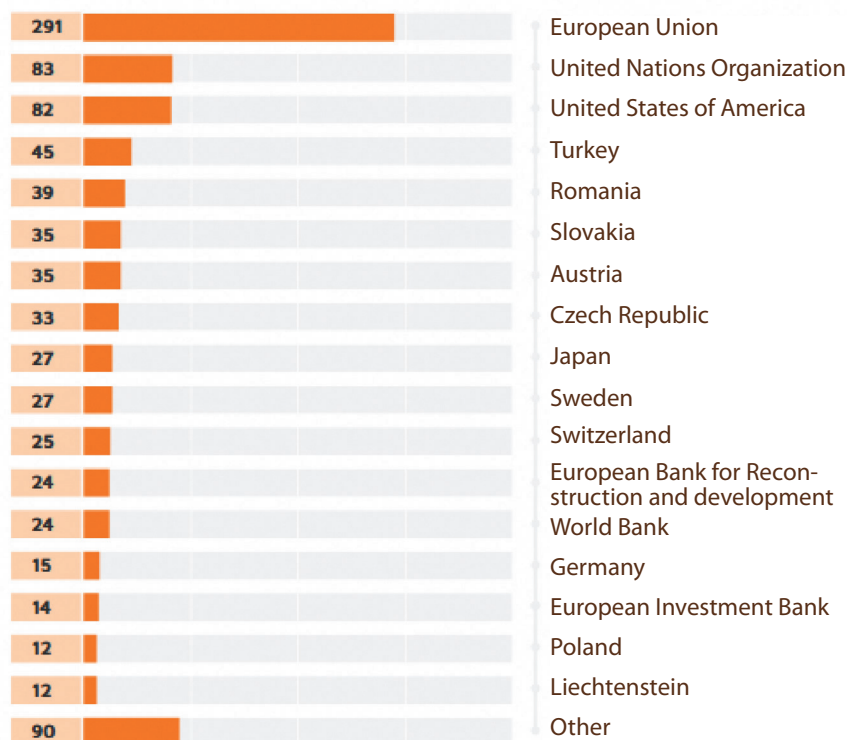
³⁹ A visual map of foreign support provided to Moldova can be found on the website of the Government of Moldova, <<http://amp.gov.md/TEMPLATE/ampTemplate/gisModule/dist/index.html>>.

Donor support to Moldova's development reforms

The Moldova National Development Strategy NDS 2020, Moldova-EU Association Agreement (AA) and the Government Programme are the key-guiding documents for Moldova's strategic development priorities. As short-term and medium-term objectives,

the Government Action Plan 2016-2018 is set to improve welfare, safety and quality of life of citizens and to achieve better governance and EU integration. The Government is committed to achieving the Sustainable Development Goals by translating its 17 goals into the national quantifiable targets and employing the 2030 Agenda as the main guiding framework in implementing its development plans and monitoring achievements.

Figure 1. Number of projects funded by main donors in Moldova, 2010-2015,

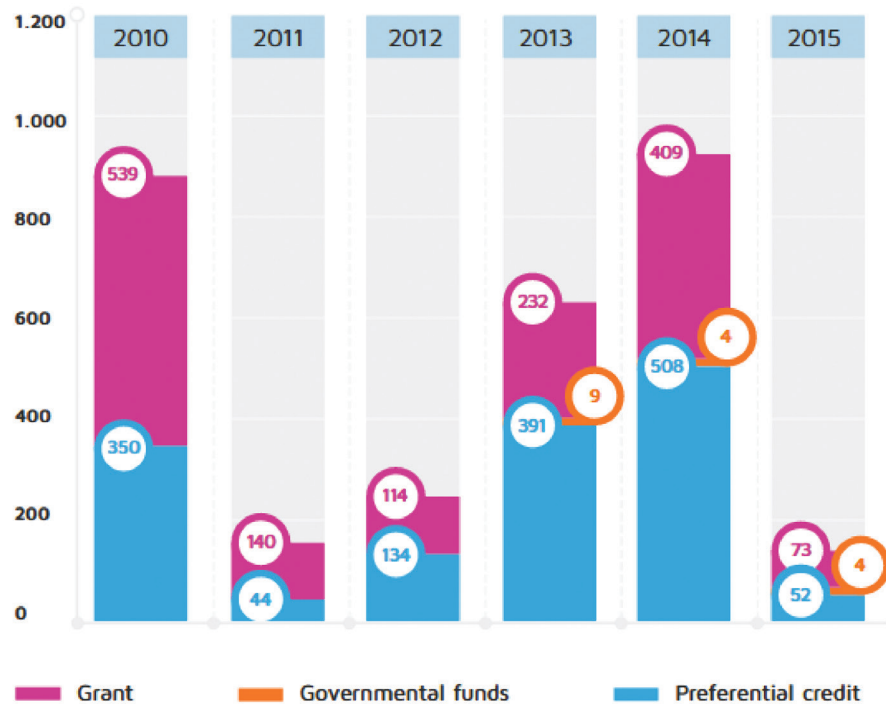


Source: Aid Management Platform, 2016

For 2010-2015, according to the Aid Management Platform, the following are the largest aid-disbursing organizations: EU, European Investment Bank (EIB) and European Bank for Reconstruction and Development (EBRD), which cumulatively funded projects with a value of 1,73 billion EUR. Contributions from all other donors combined reached 1,37 billion EUR.⁴⁰ The European Union is by far the main foreign donor, having multiple areas of intervention, i.e. conflict prevention, rural development, human development, employment, infrastructure, water and energy supply, trade and regional integration, good governance. The EIB is focussed more on supporting small and medium sized businesses, while EBRD focuses while EBRD supports the creation of an environment

favorable to the private entrepreneurship, based on EU standards respected across various sectors, that promotes regional development and integration to bring producers closer to their markets, and development of efficient and sustainable public utilities. The United Nations (UN) is by far one of the main multilateral donor organizations. On its turn, the United States Agency for International Development (USAID) acts in Moldova as the largest bilateral contributor, financing a total of 313,6 million EUR for the period of 2010-2015, equal to the total of the World Bank funds (335,3 million). Next to USAID, Romania is the second largest bilateral donor, playing an important role in assisting development assistance to Moldova. Turkey and Romania implemented an almost identical number of projects (45 and 39), with the difference that Turkey has focussed its financing mostly on Gagauzia (water supply systems, roads).

⁴⁰ Donor assistance to the Republic of Moldova, Special Report 2016, Development aid, https://events.developmentaid.org/uploads/2016/moldova/event_report_moldova.pdf

Figure 2. Types of donor financing 2010-2015, million Euro

Source: Aid Management Platform, 2016

Other important bilateral partners for Moldova are Sweden, Germany, Poland, and Switzerland. Switzerland significantly increased its support in the period of 2014-2017, amounting to 52.8 million EUR and focusing on developing infrastructure and management of the health and water and sewerage systems and improving Moldova's responses to migration and development challenges.⁴¹ During 2010-2015, the annual value of projects funded by donors in Moldova varied in size and destination. If in 2010, when the first non-Communist coalition government was confirmed in office, the cumulative pledge of the foreign donors totaled 889 million EUR, it dropped in 2011 to 184 million EUR, recovered slightly in 2013 to 632 million EUR and reached 921 million EUR in 2014, decreasing in 2015 to only 129 million EUR⁴².

The largest share of EU assistance is dedicated to the following fields: agriculture, good governance, civil society, water and waste management, and transport. Based on the latest years boost of external assistance, the strategic framework and institutional setup for international aid coordination has been established and managed by the governmental

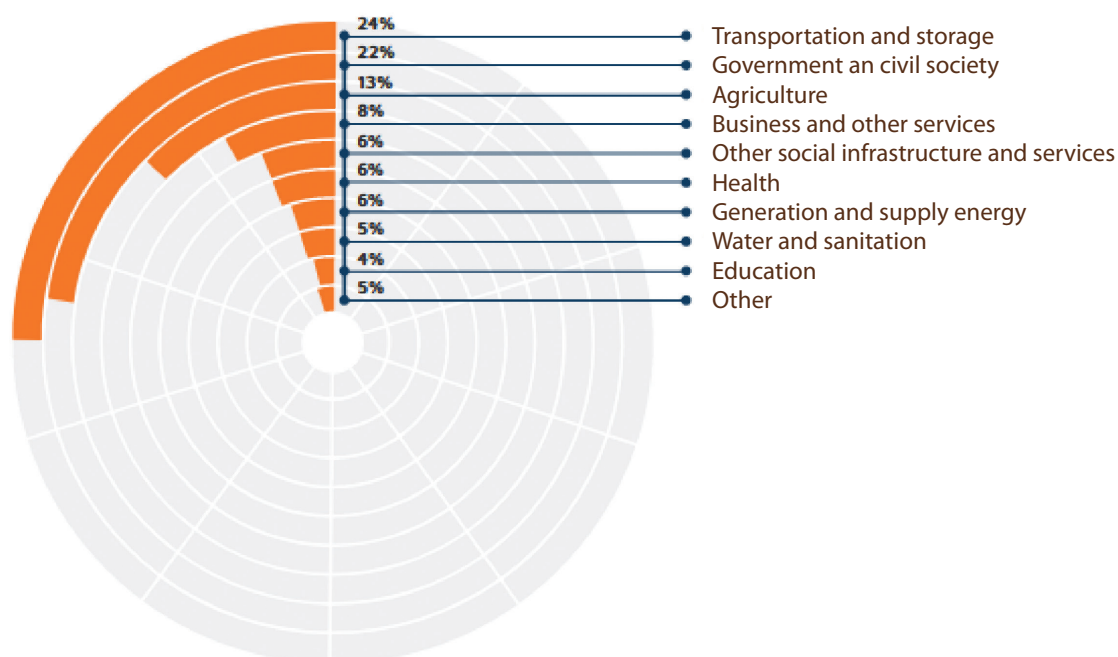
authorities. A breakdown of the donor's priorities reveal the following preferences for the development fields: Government and civil society – 233 projects, Education – 119 projects, Health – 94 projects, Other social infrastructure and services – 118 projects, Multi sectoral – 86 projects. The review of key focus areas and priorities suggests that international donors see Moldova as requiring more support in undertaking reforms of the public sector, boosting democratic participation of citizens, consolidation of the civil society and upgrading both public services and infrastructure. They all see opportunities in developing the economy, revitalizing its critical infrastructure and building capacities for the management of public institutions, at the central and local levels.

The EU bilateral aid to Moldova is directed towards several key-reforms areas: justice, education, economic development and energy sectors, as well as budgetary support. Moldova is recipient of the EU bilateral assistance based on the country Action Program, funded every year under the European Neighborhood instrument for the period of 2014-2020.⁴³

⁴¹ The Confederation of Switzerland, Aid Management Platform <http://amp.gov.md/portal/node/26?language=en>.

⁴² Annual Report 2014 on Foreign Assistance to the Republic of Moldova, State Chancellery of the Republic of Moldova; (Cooperare pentru dezvoltare. Raport anual 2014 cu privire la Asistență Externă acordată Republicii Moldova), August 2015, Chisinau, p. 8, http://amp.gov.md/portal/sites/default/files/inline/raport_aod_2014_-_ro_3.pdf, p.9-10

⁴³ The EU financial support targets three major areas: (1) public administration reform (PAR) – aimed at upgrading the central and local public administration, (2) agriculture and rural development – supporting Moldova's strategic priority to boost economic, social and territorial cohesion by developing its largely rural settlements, (3) police reform & border management – border police reform, rule of law and protection of human rights.

Figure 3. Priority sectors funded by donors in Moldova during 2010-2015

Source: Aid Management Platform, 2016

For the period of 2014-2017, European Union planned an indicative bilateral financial support to Moldova estimated at 335-410 mln euro, while the entire projected sum for 2014-2020 targeted a total estimated at 610-746 mln euro.⁴⁴ Based on this financial projection, Moldova was seen as the largest recipient of EU aid per capita. However, European Court of Auditors (ECA) found that 'the EU has faced significant challenges in implementing its assistance for Moldova, resulting from a combination of political and macroeconomic instability, weak governance and public administration flaws'⁴⁵. The audit report revealed that the majority of 22 conditions formulated by the European Commission for budget support were not met or only partially met, largely due to the lack of political will, substantial delays between the start of the programmes and the start of the specific technical assistance, or due to weaknesses in the design and implementation of the sector programmes'.

Migration, Employment and Community deprivation

MIGRATION AND REMITTANCES

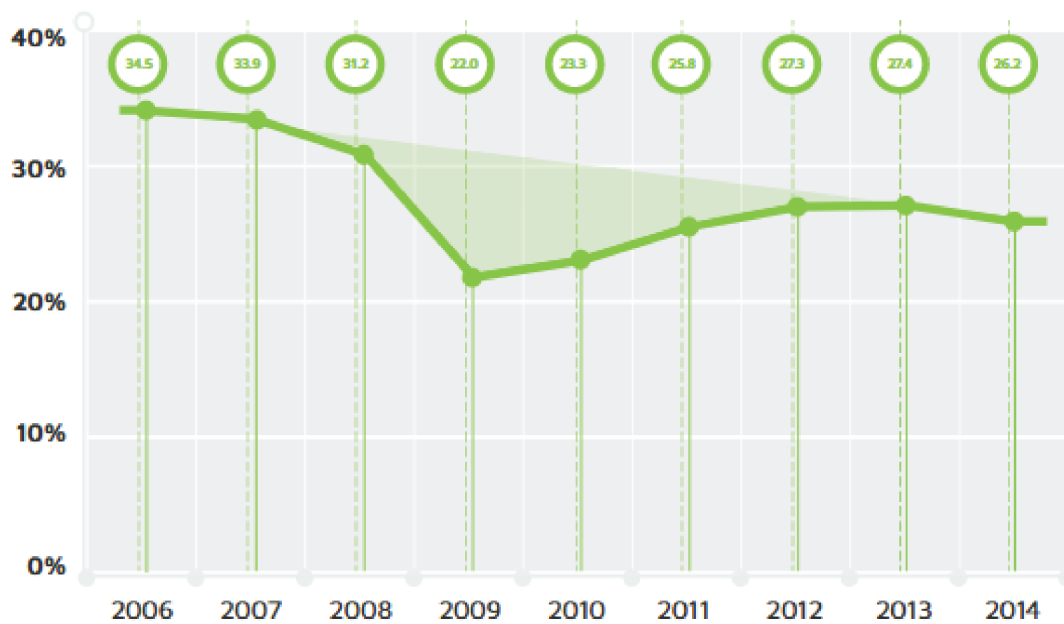
In 2015-2016, Moldovan economy has experienced an abrupt decline (of -0,5 per cent downturn in gross domestic product), with slight recovery by the end of 2016. Economic decline was due to several toxic factors of different caliber and origins, but largely originating in the 2015 major bank fraud, weaker external flow of remittances and mediocre farming crop production, all of these factors took place in heightened political circumstances.⁴⁶

Low salaries, declining standards of welfare and community deprivation at large has forced hundreds of thousands of Moldovans to emigrate or look for job opportunities abroad, with a considerable impact on all sectors of the society. The share of people working or looking for jobs abroad has increased from 4.3 per cent in 2000 to 10 per cent

⁴⁴ Shared Vision, Common Actions: A Stronger Europe. P.32, Link: https://ec.europa.eu/delegations/moldova/1539/node/1539_id

⁴⁵ https://www.eca.europa.eu/Lists/ECADocuments/SR16_13/SR_MOLDOVA_EN.pdf

⁴⁶ Poverty Reduction and Shared Prosperity in Moldova: Progress and Prospects; Moldova Poverty Assessment, 2016, World Bank, Report No. 105722-MD, link: <http://documents.worldbank.org/curated/en/168451467995808859/pdf/105722-WP-P151472-PUBLIC-Moldova-Poverty-Assessment-2016.pdf>

Figure 4. Remittances received in Moldova, as % of GDP, 2010-2014

Source: World Bank, 2015

in 2014, leading to a declining active population with the biggest decrease of the employment rate in the rural areas. At the same time, remittances that migrants send back home are an important resource for households to escape poverty.⁴⁷ Household disposable income is significantly influenced by these remittances. The Moldovan Household Budget Survey data shows that during the 2009–2014 periods about 23 per cent of households received remittances and these remittances accounted for half of the disposable income of recipient households. In 2014, remittances represented 26 per cent of GDP, placing Moldova, after Tajikistan and the Kyrgyz Republic, as one of the most remittance-dependent country in the region.⁴⁸ In this regard, significant variation exists between urban and rural households in Moldova. In rural areas, in 2014, the share of remittances in the total household disposable income (in receiving households) was more than 61 per cent (at 59.8 per cent in 2009), while in the urban areas this share stood at 50.2 per cent (at 49.4 per cent in 2009).⁴⁹

Out of the total, 84 per cent of the poor live in rural areas, their poverty being associated with the nature of income sources⁵⁰. The people dependent on agricultural income and remittances are more prone to be vulnerable to poverty, according to the WB Poverty Assessment Report in 2016.⁵¹ Large disproportions in the labour force, industry and services keep those regions with high concentration of the rural and poor communities on stand-by, dependent on farming and agro-processing industries, which are directly influenced by climate change and seasonal patterns of employment.

The need for a coordinated and integrated approach to manage migration is acknowledged by the Moldovan Government as a national priority. Thus, through the National Development Strategy (NDS) 2012–2020⁵², there is a special policy outlook with a focus on harnessing remittances and external migration, complemented by the National Strategy on Migration and Asylum (NSMA) 2011–2020.⁵³ There is a growing interest among municipalities in Moldova to engage and communicate directly with their compatriots abroad in expectation that they will return

⁵⁰ World Bank, Moldova Poverty Assessment 2016, p.35

⁵¹ Ibid.

⁵² National Development Strategy 2012-2020 http://particip.gov.md/public/files/strategia/Moldova_2020_proiect.pdf

⁵³ National Strategy on Migration and Asylum 2011-2020 https://www.ilo.org/dyn/natlex/docs/ELECTRONIC/96973/114865/F431749726/HG_Strategia%20nationala%20in%20domeniul%20migr%20si%20azilul.pdf

⁴⁷ Extended Migration Profile of Moldova, 2009–2014, IOM, https://publications.iom.int/system/files/pdf/emp_moldova_2009_2014.pdf

⁴⁸ Extended Migration Profile of Moldova, 2009–2014, IOM, https://publications.iom.int/system/files/pdf/emp_moldova_2009_2014.pdf

⁴⁹ Ibid. p.6.

home, and consider entrepreneurship, with support from some of the international donors. In several instances, the municipalities attempt to regain attention of their diaspora groups working abroad in re-building their local economies by contributing with direct donations to community development projects.⁵⁴ Several development projects and initiatives have been recently launched with support of the UN and other donor organizations, including Switzerland.

EMPLOYMENT

In 2016, the employment levels stood at 40.22 per cent, compared with 42.71 per cent ten years ago.⁵⁵ Employment is much higher in Chisinau (46.9 per cent) due to the larger concentration of private enterprises. Employment is lowest in the South region, at only 33.2 per cent. There are differences in terms of employment between men and women. The employment rate for men is 42.3 per cent, compared to 38.4 per cent for women.⁵⁶ In 2016, the unemployment rate was at 4.2 per cent and had its highest rate in Chisinau. The unemployment rate is higher for men (6.2 per cent) compared to women (3.6 per cent). The data for Chisinau shows larger numbers of men officially registered as unemployed (7 per cent) compared to 5.1 per cent of women. The situation in the regions shows the same trend: 4.5 per cent/3.8 per cent (North), 5.4 per cent/2.6 per cent (Central) and 4.4 per cent/2.3 per cent (South).

COMMUNITY DEPRIVATION INDEX

The degree of local development is assessed on the basis of the Small Area Deprivation Index (SADI), an index that assesses eight sectoral areas and provides a general overview of the level of development in a region, rayon or community.⁵⁷

⁵⁴ <http://www.md.undp.org/content/moldova/ro/home/presscenter/press-releases/2017/03/15/migran-i-originari-din-23-comunit-i-au-contribuit-cu-pesti-2-milioane-de-lei-la-dezvoltarea-local-.html>

⁵⁵ Indicators on the relationship of the population to the labour market are taken from the Labour Force Survey 2016 http://statbank.statistica.md/pxweb/pxweb/en/30%20Statistica%20sociala/30%20Statistica%20sociala__03%20FM__03%20MUN__MUN020/MUN020100.px/table/tableViewLayout1/?rxid=b2ff27d7-0b96-43c9-934b-42e1a2a9a774. These are obtained on the basis of selective statistical research on households, according to statistical areas that are not significantly different from the development regions.

⁵⁶ Ibid

⁵⁷ The Small Area Deprivation Index (SADI) is an official government statistical tool used to identify the communities with the highest degree of community deprivation and poverty. Development is analysed in terms of scores on 48 indicators on economic activity, agriculture, education, health, demography, social protection, budget revenue, environmental

According to SADI, the least developed areas of the Republic of Moldova are Rezina, Ocnita, Soldanesti, Nisporeni and Telenesti. One factor that causes the high level of deprivation in Rezina is the limited access to health services, together with reduced financial and administrative capacity of the mayoralities. High mobility of the population (working abroad) and limited entrepreneurial activities hinder the successful participation of local communities in support of the local development.

The most prosperous communities are located in the neighbourhood of larger municipalities, such as the capital city Chisinau, Balti, Anenii Noi and Comrat, which have the highest SADI scores. Their well-being is ensured through better local infrastructure, dynamic entrepreneurship, more accessible education and health services and a better demographic situation. The disadvantaged districts in terms of budget revenues and administrative capacity are the rural mayoralities in the Dubasari, Calarasi, Rezina, Leova districts, while the best financial capacity is to be found in certain communities in Balti, ATUG, Taraclia and Drochia. The least economically developed regions are Nisporeni, Soldanesti, Ungheni, Rezina and Cantemir. These have a deprivation index of between 158 and 331. Majority of the 10 per cent of most deprived local government areas in Moldova are to be found in Nisporeni (11 mayoralities) and Ungheni (10 mayoralities). All of them demonstrate weak levels of economic activity and embryonic entrepreneurship at the local level, a small number of business entities, a low number of employees in enterprises and a high level of unemployment.

REGIONAL BUSINESS ENVIRONMENT INDEX

In 2015–2016 IDIS calculated a Regional Business Environment Index (RBEI) based on 81 independent indicators to assess various aspects of business conditions.⁵⁸ The 81 indicators are further classified into 8 larger logical units or 'pillars': economic activity, public administration and regulation, technology and infrastructure, education and human resources. The highest scores for the economic environment

conditions, road infrastructure, water and sewerage, energy and communications, calculated for 843 rural communities, where rank 1 shows the highest deprivation (the poorest community lacking certain services) and the rank 843 the lowest deprivation (the most prosperous, most developed community). See <http://www.mec.gov.md/ro/content/indicatori-social-economici-pe-localitati>.

⁵⁸ The Regional Business Environment Index (RBEI) is available at the following open source portal, <http://competitiveness.viitorul.org/>; the methodology for the calculation of RBEI is provided at <http://competitiveness.viitorul.org/methodology>.

or business climate were awarded to Chisinau (4.73) and Balti (4.53), followed at a distance by Orhei (3.50). Economic output went again to Chisinau (5.68) and Balti (5.04), followed this time by Rezina (4.49) and Drochia (4.26). However, the friendliest scores to business on regulation were found in small cities in the North region (Falesti, 4.11; Floresti, 4.08; Drochia, 3.76) and in the South region (Basarabasca, 3.00; Cimislia, 3.73). Human resources scored best in the small cities of the Central region, such as Ialoveni (4.46), Ungheni (4.20), Straseni (3.89), Chisinau (3.88) and Criuleni (3.87), but also Cahul (3.93). The RBEI also presents an interesting map of sub-pillars, such as the impact of the informal economy on doing business at the regional level—with Stefan Voda, Criuleni and Cantemir awarded the best scores; level of corruption among private business (Donduseni, Stefan Voda and Cimislia) and the share of employees in the total population (Chisinau, Balti, Basarabasca and ATUG).⁵⁹

Challenges and opportunities of regionalization in Moldova

Following the adoption of the Law on Regional Development in 2006⁶⁰, which set the conceptual pillars for the national regional development policy, Moldova established six development regions: North, Center, South, Gagauzia, Chisinau and Transnistria. The law defined the regions as 'territorial-functional units, responsible for the planning framework, evaluation and implementation of regional development strategies'. Development regions are large enough to provide an increased level of efficiency in promoting development but small enough so as not to inhibit efforts of regional and local actors.

According to the National Regional Development Strategy (NRDS), Moldovan parliament has the obligation to allocate to the regional development programmes and projects an estimated funding of at least 1 per cent of the state budget revenues, supplemented by other funds established with the support of development partners. Although the existence of this obligation is commendable, funding is far from being sufficient according to the officials of the Ministry of Regional Development. From 2010 till 2012, 79 projects amounting to 831,170 million MDL

(52,2 million EUR) were implemented by the National Fund for Regional Development (NFRD) in the following sectors: water supply and sanitation, roads, solid waste management, energy efficiency, tourism and private sector support.

In 2012, Moldovan Government adopted the NDS (2012–2018) "Moldova 2020", which required the creation of four Councils for Regional Development (North, Center, South and ATUG), with participation of various actors from the public and private sectors, and to be supported by the Regional Development Agencies (RDA). These territorial arms of the Government coordinate the work and prioritize the actions of all these actors, with the aim of identifying and supporting functional partnerships with public and private institutions. The Strategy set the scope of the regional development as to reduce local, inter- and intra-regional disparities, create incentives for social and economic cohesion, competitiveness and good governance. It has outlined the core elements for the regional development: establishing a dialogue between national governments and municipalities/districts, transferring some new powers (education, social care), and identifying obstacles, such as slow and tedious pace of administrative and financial decentralization: fragility of local financial autonomy due to chronic deficit of budget resources in a fragmented territorial-administrative organization.

In 2012 the government decided to assign 622 million MDL to the NFRD.⁶¹ In the period 2013–2015, however, only 556 million MDL was allocated for projects, of which at the end only 537.35 million MDL was spent. In 2015 less money was allocated compared to the previous years, which called a halt to the original impetus on regional development. The decrease in allocations has been attributed to macro-economic instability as well as a shortage of external funding (Berbeca 2016). Moreover, only 89 per cent of allocated resources were used in 2015, exposing weak coordination among local partners and the inadequacies of current decision-making.⁶² To date, in spite of the stated ambitions and the aid received from Moldova's foreign development partners, the FNDR has received less money each year than provided for in the law—in 2016 only 0.8 per cent of the national budget in 2016 and the 0.6 per cent in 2017.

In June 2014, the EU and Moldova signed the Association Agreement, by which EU and Moldova

⁵⁹ See <<http://competitiveness.viitorul.org/maps/1-1>>.

⁶⁰ Law No. 438 of 28.12.2006 on Regional Development.

⁶¹ Action Plan on implementation of National Strategy for Regional Development, 2013–2015.

⁶² Viaceslav Berbeca, IDIS Policy Brief, *Politica de dezvoltare regional: realizari si perspective*, October 2016; No: 10. www.viitorul.org

committed to cooperate with the aim to develop democratic standards and institutions. In line with the agreement, the Government Program (2015-2018) proposes to address regional imbalances, by using the development regions' social-economic potential and strengthening their competitiveness. A New NRDS (2016-2020) was adopted in October 2016, aimed at adapting the country's sectoral regional policy to the policies and obligations of the Association Agreement. Furthermore, on the request of government, the SIGMA Programme, a joint initiative of the Organisation for Economic Co-operation and Development (OECD) and the EU, performed a broad evaluation of the existing public administration system, based on the standards and criteria of efficiency and good governance indicators of the OECD⁶³. A comprehensive public sector reform, based on the reform of the central government and its ministries and agencies, has been launched as a priority in 2016, following strategic policy documents of the Government – Program of Governance (2016-2018), EU-Moldova AA⁶⁴, Sustainable Development Goals⁶⁵, NDS "Moldova 2020."⁶⁶ The NDS authors have taken on numerous European rules and standards from the *acquis communautaire*, encouraging inter-regional cooperation, and aligning them with the priorities of the Association Agreement signed by Moldova and European Union. In 2016, the Moldovan Government set new policy priorities to adjust the country's territorial organization to the Nomenclature D'unités Territoriales Statistique (NUTS) classification.⁶⁷

As part of the EU's on-going support to Moldova's regional development, and following the ratification by Moldova's parliament of the country's participation in the European Neighbourhood Program for Agriculture and Rural Development (ENPARD) programme, the EU allocated €64 million EUR towards

these aims for 2015–2017.⁶⁸ The EU intended to use ENPARD for engaging with municipal governments and CSOs involved in the Agencies for Regional Development, thus responding to the overarching need of capacity building and infrastructure development. Due to the growing political instability in 2015-2016, ENPARD funds remained unavailable, slowing down or making it impossible to reach its intended objectives. Lack of coordination between the two ministries in charge (Ministry of Regional Development and Constructions and Ministry of Agriculture) has in effect created barriers for municipalities and CSOs to apply for these development funds. It will be of critical importance to both Moldova and the EU to find new ways of increasing the policy impact and influence of the existing European funding opportunities on Moldova's local and regional actors.

Such instruments as Local Action Groups (LAGs) – grassroots initiative groups within the EU which can access and utilize the EU's funds for local development, and help generate more inclusiveness, participation and pro-active development strategies, may prove instrumental in fostering the necessary cooperation and coordination in Moldova's current reality. This could become a suitable mechanism to avoid standstill situations where national governments do not demonstrate sufficient will and readiness to implement assistance initiatives, while citizens request more support and offer meaningful ideas for local development. Ensuring synergies of funding mechanisms and effective coordination at the national and regional levels are crucial for effective implementation of the regional development policy. Ministry of Regional Development and Constructions together with the national coordinator of foreign assistance (State Chancellery) and soon with the Cross Border Cooperation (CBC) office (the statute of the CBC office is currently under the approval phase in the government), is active in promoting the cross-border and transnational programmes for Local Public Authorities (LPAs), as a complementary tool for regional projects. However, the co-financing requests (usually 10%) remain a challenge for LPAs considering the low capacity of local budgets.

⁶³ Baseline Measurement Report, Moldova, SIGMA <http://www.sigmaweb.org/publications/Baseline-Measurement-Moldova-2015.pdf>

⁶⁴ Law no.112 of 02.07.2014 for ratification of the Association Agreement between the Republic of Moldova, on one side, and the European Union and the European Atomic Energy Community and their Member States, on the other side

⁶⁵ Sustainable Development Goals, <http://www.md.undp.org/content/moldova/ro/home/post-2015/sdg-overview.html>

⁶⁶ Law no.166 of 11.07.2012 on the approval of the National Development Strategy "Moldova 2020".

⁶⁷ The Action Programme of the Government of Republic of Moldova for 2016–2018, p.26, http://www.gov.md/sites/default/files/document/attachments/government_of_republic_of_moldova_-_action_programme_of_the_government_of_republic_of_moldova_for_2016-2018.pdf, <http://www.gov.md/sites/default/files/document/attachments/guvernul_republicii_moldova_programul_de_activitate_al_guvernului_republicii_moldova_2016-2018.pdf>.

⁶⁸ See European External Action Service, 'Delegation of the European Union to the Republic of Moldova', <http://eeas.europa.eu/delegations/moldova/index_en.htm>.

Relations between central and local authorities

As noted above, central government has traditionally attempted to pass additional duties to local authorities without allocating adequate financial resources, while retaining control over the assessment of how these duties are performed. These practices contradict the spirit of the European Charter of Local Self-Governance and have negatively affected relationships with the largest representative association of local authorities—the Congress of Local Authorities of Moldova (CALM).⁶⁹ The Law 436 of 28 December 2006, article 4(4), on local public administration sets out clear barriers to the exercise of excessive control over local self-government by the central authorities, stating that ‘every administrative control over local government shall aim only to ensure respect for legal and constitutional principles, while opportunities for control may be applied only to delegated competencies, according to the law.’⁷⁰ The law places a clear obligation on the central authorities to consult existing representative local government associations on all problems pertaining to their competencies and interests.⁷¹

The CALM – a major association of local authorities in the country established in 2000 has achieved significant gains in improving the legal framework for self-governance over the past years. However, the relations between the central government and CALM can be characterized with only a limited degree of confidence.

In 2016 the Moldovan Government renewed its commitment towards decentralization by signing the Roadmap for decentralization with CALM.⁷² In addition, CALM welcomed the decision of the Ministry of Finance to assign the competence of collecting the road tax to municipal governments as a local tax, overcoming objections of the Ministry of Transportation. Furthermore, CALM praised the decision to provide a right for local authorities to directly address the Constitutional Court in relation to alleged violations of the principles of local self-governance and the rights of local communities. With the entry into

force of a new law on the National Integrity Authority (NAI), CALM was granted the right to nominate a representative to the NAI’s Council.⁷³

However, there is an abundance of regulations, laws and major reform initiatives of the central government adopted without appropriate talks with local governments, or those who are affected by them. For instance, CALM remains critical of the announced plans by the central government in 2015-2016 to launch a radical reform of the territorial-administrative organization. The Association sees the manner in which the central government has developed this reform project as a top-down approach to the territorial reengineering, to be imposed without appropriate discussions with all municipal governments, thus undermining the recently signed Roadmap on Decentralization and its most important principle of cooperation – developing policy approaches by coordination and consent. Particularly concerning for CALM was that the administrative-territorial structure proposed by the Government was built on a scholastic perspective (per capita incomes, budgetary revenues of the local governments), neglecting other vitally relevant aspects for the functioning of local governments, such as democratic consent, consultation and participation, representation and responsiveness of the elected administrations.⁷⁴

Key Findings

- The above overview of the recent decade of decentralized reforms reveals that one of the major problems is that competences of both, the first and second level local (sub-national) governments have been stipulated by law in a purely formalistic manner, without providing necessary financial resources. Local public authorities have been vested with excessive obligations, for the realization of which they have no adequate assets, financial or human resources.
- Territorial fragmentation and the reduced capacity of local authorities require a policy of territorial-administrative re-calibration and reform by the government. However, this reform needs to be conceptualized based on broader perspectives rather than on a single, financial criterion.

⁶⁹ Final report on the situation in the field of local public administration in the Republic of Moldova in 2012-2016, CALM, <www.calm.md>.

⁷⁰ Art.4 (4) of the Law on local public administration, 2006, No.436, adopted on 28.12.2006.

⁷¹ This is a later amendment to the law on local public administration in compliance with the European Charter of Self-Governance of the Council of Europe, (art.6. para 5), Law No.187 of 15.07.2010 (Official Monitor 141-144/10.08.2010).

⁷² July-September 2017, Final Monitoring Report, Moldova: Local Public Finance Reform, CALM UNDP

⁷³ Law 132 of 17 June 2016 on the National Integrity Agency.

⁷⁴ CALM opinions on territorial-administrative reform. Source: <http://calm.md/libview.php?l=ro&idc=59&id=3656&t=/SERVICIUL-PRESA/Emisiuni-Audio/CALM-MIZEAZA-PE-O-REFORMA-VERITABILA-EVOLUTIVA-A-ADMINISTRAIEI-PUBLICIE/>.

- Financial autonomy—a precondition for the functioning of local self-governance—is fragile and incomplete. The vast majority of territorial entities are poor and unsustainable in terms of financial autonomy, and degraded infrastructure only exacerbates their problems. Effective fiscal autonomy will only be achievable with an appropriate administrative-territorial amalgamation, through which communities with small populations are consolidated.
- Performance based budgeting launched as a pilot project in 2014 became a mid and long-term strategic priority for the national government, and was extended from two districts to the rest of municipalities across Moldova. The evidence suggests that the PBB has had positive effects on practices governing local finances as it integrates democratic governance principles and boosts closer cooperation among key-stakeholders of the local governments.
- Substantive decentralization reform and service delivery are impeded by the limited local tax base, prevailing centralist approaches and excessive fragmentation of the country's territory.
- The vast majority of local governments in Moldova receive additional resources via equalization grants, which are currently used as the main financing vehicle. These transfers are often made based on non-transparent, political decisions, which in turn leads to political inequalities, clientelism and loyalty-based governance, and prevents local democratic consolidation and healthy political competition.
- Lack of a separate municipal service system (from the national civil service) negatively affects the creation of a well-functioning and merit-based recruitment system for the local governments, with negative effects on the motivation of the local public servants, low wages, high turnover of staff, and reduced local capacity.
- Rural-urban divides, and limited progress with addressing mounting local and regional disparities, have created a series of structural obstacles to decentralization.
- The economic regionalization policy pursued by the national government is in line with the EU's policies and could provide positive incentives for rural and sub-national development. However, some of the EU-funds and programs are still not meeting urgent local demand due to unfinished fiscal and administrative-territorial reform.

Recommendations

1. Competences recognized to the local levels of government (exclusive, shared and delegated) should be rebalanced. Decentralized competences should be clearly delineated from de-concentrated functions. This could be attained by re-establishing the governmental representatives (prefects) having clearly set areas of responsibilities and dedicated budgetary resources.
2. A comprehensive administrative and territorial consolidation of the 1st and 2nd level of local governments should be conducted, to create economies of scale, enhance revenue collection and improve the composition of spending, which is currently heavily dependent on central government transfers and skewed towards current expenditure. A territorial administrative recalibration should be completed through a credible process of substantive and meaningful dialogue, consultations and policymaking, involving all relevant stakeholders.
3. Decentralization reforms entail a systemic transformation of governance, involving change in power structures and control over resources, thus having a potential to escalate political conflicts and social tensions. Therefore the impact assessment of the decentralization decisions needs to be conducted in a strategic manner, involving key-stakeholders, creating the critical mass of positive public attitudes towards proposed models, necessary to navigate along the dangerous intersections of the political process.

4. Experiences of recalibration reforms from neighbouring countries should be considered, including positive and negative examples of amalgamation.
5. National government should build sound local ownership for the decentralization priorities and long-term agenda among municipal governments, instead of pursuing top-bottom decisions.
6. Consistent efforts to create hubs of excellence and innovation for the local governments in assets management, municipal services, human resources, digital media, public communication shall be seen strategically important to increase institutional capabilities of the local governments.
7. Local governments should be trained in developing their strategies and projects and in ways how they can access external funds.
8. Peer-to-peer exchanges, including among community groups and local democracy activists, and media representatives, should be developed to enable a better informed public discussion and results-based deliberation on scenarios for administrative-territorial reform.
9. Only through an open and comprehensive process, in which the current challenges for financial and administrative capacities are explained and scenarios for the future developed, can reforms gain broad public consensus. A good reference in this regard is the Economic Growth and Poverty Reduction Strategy process of 2004–2006, which provided a solid and participatory process throughout the country that allowed strategic stakeholders to develop consensual positions on the key challenges for the country's sectoral reforms, avoiding rifts.
10. Instruments such as tax and infrastructure development incentives should be considered for developing genuine and voluntary connections between smaller neighbouring communities that might be considered for amalgamation.
11. Local governments must be assisted to build up effective municipal services delivered to their local communities through innovative forms of Public-Private Partnership. These should create the appropriate conditions for community-led modernization of roads, sanitation and sewerage services and waste disposal, and mobilize local business initiatives through transparent forms of partnership.
12. A new generation of public policies should foster rural development, boost local entrepreneurship linked to the development of emerging urban conglomerates, support the retraining of the adult population, and invest more in primary and secondary education, based on information technologies. Of particular interest is the creation of regional and urban innovation hubs that could connect city halls and municipal education centres to business entities that aspire to access nearby markets and service industries in various regions of Moldova.
13. Performance-based budgeting, budgetary accountability and transparency should be fostered in local government budgets and procurement processes by training local government officials on key accountability and transparency tools in local administration. Local governments should enable environments for dialogue and public engagement to define and develop locally responsive objectives and goals.
14. Further decentralization policy efforts need to improve revenue mobilization at the sub-national level by restructuring revenue administration and assignment. The Moldovan Government should consider increasing its efforts to enforce existing fiscal rules on local government, while also revising its equalization policy for the financing of local governments. It should also develop a rules-based fiscal framework to strengthen fiscal oversight of sub-national governments.

Chapter II

Assessment of the State of Local Democracy in Moldova: Findings and Recommendations

Pillar 1

The meaning of democracy, citizenship, equal rights and justice

The meaning of democracy

In order to better gauge the public's views about complex concepts of democratic citizenship and enjoyment of rights, the citizen survey and focus groups examined the popular understanding of democracy and democratic governance. Asked to choose which of the characteristics (pre-defined, multiple choice) they considered as most appropriate to characterize democratic governance, respondents chose the following: 'human rights' (49.5 per cent), 'equality before the law' (49 per cent), 'the right of citizens to participate in decision-making' (30 per cent), 'liberty' (28 per cent) and 'socio-economic rights or material well-being' (24 per cent).⁷⁵

Significantly fewer respondents associated democracy with concepts such as the 'free market' (11 per cent) and 'political pluralism and political parties' (6 per cent). The two most popular definitions of democracy, 'human rights' and 'equality before the law', were found to be equally important for respondents of both sexes, and for respondents from various age and education groups. Equality before the law was the top association made by respondents in the Chisinau Municipality (60 per cent), compared to 35 per cent in ATUG.

Finding a precise term to define 'democracy' was not an easy task for many participants in focus groups, who instead mentioned 'freedom of speech', 'employment opportunities', 'medical services', the 'right to do whatever you want' and 'recruitment of

the best experts by the government'. To many participants, Moldova is far from having a democratic model of governance, it operates as 'a captured state', 'creating only the appearance of the democratic rule'.

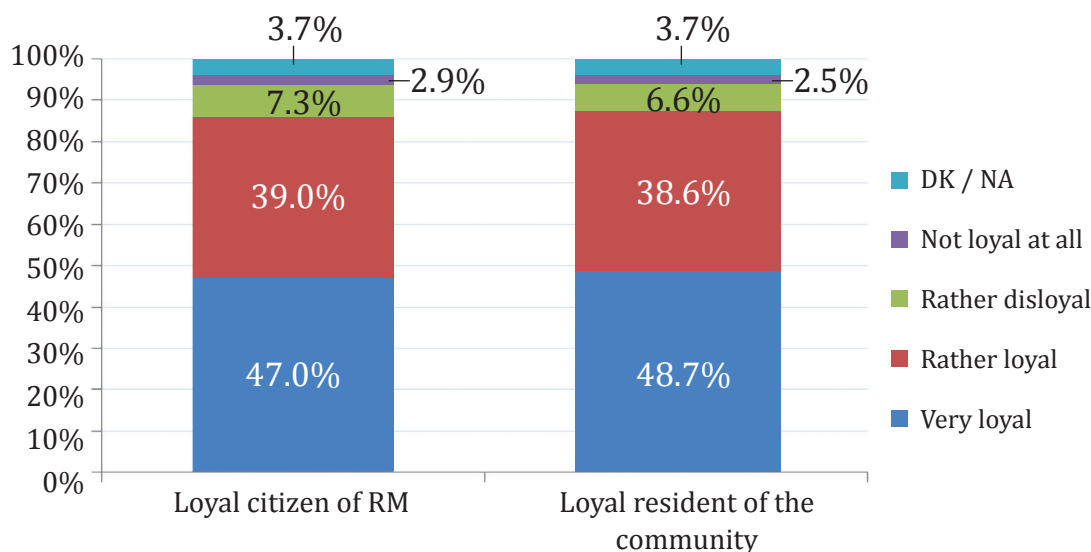
Overall, focus group participants felt that achieving a strong democracy will be a long and protracted process and, as the country moves towards this 'ideal and virtuous society', the policy focus needs to be on the welfare of ordinary citizens, economic growth, securing safety nets and boosting incomes for middle class and vulnerable individuals. Participants noted that 'without individual prosperity, prioritized by all levels of government, promotion of a democratic culture will not take root, often leading to elections that produce political leaders who themselves do not embrace democratic principles'.

Furthermore, respondents pointed out that democracy is tangible when individuals can defend themselves in a court of justice irrespective of their race, nationality, social status or political views. Justice should be 'a service provided to citizens by judicial bodies'. Few participants specifically pointed to heavy influence of oligarchs and the money in compromising the justice system for ordinary citizens.

Loyalty to Moldova and own localities

The survey also inquired into citizens' loyalty to Moldova and their own localities. Loyalty was used as a proxy for measuring respondents' sense of belonging to their communities and to the country, thereby

⁷⁵ Percentages indicate the number of respondents who chose these statements as their first choice.

Figure 5. How loyal are you to the community you live in? and to the Republic of Moldova?

Source: IDIS/CBS Axq, March 2017

revealing their sense of the unity and the political authority of the state (Brubaker 1996: 178). Overall, 47 per cent of respondents see themselves as 'very loyal' and 39 per cent 'rather loyal' to Moldova (total 86 per cent) and 86.6 per cent think similarly about their localities. This suggests a general congruence between an individual's sense of 'belongingness' to their nation and their communities (Figure 5).

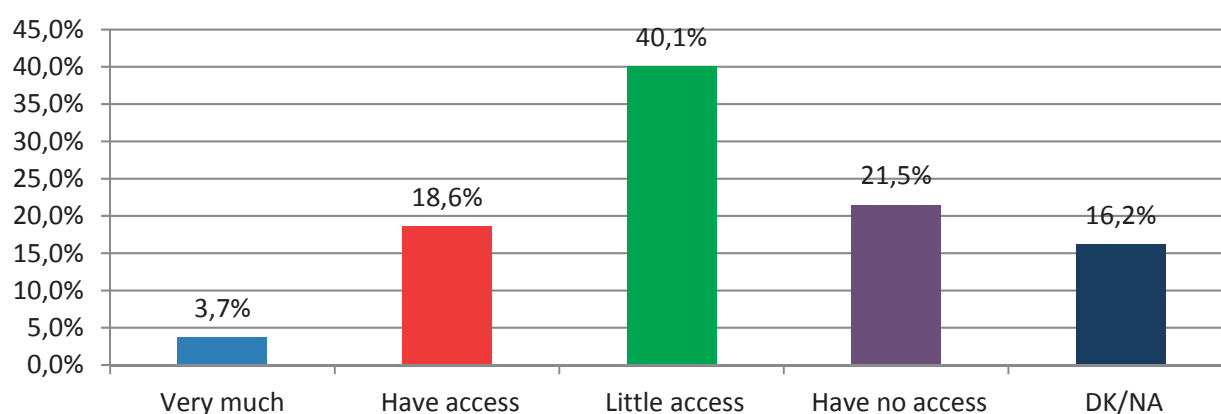
Compared to the older groups, a smaller percentage of young people expressed loyalty to their country and their settlements. Since youth is usually the most mobile group of the population, this may be associated with their propensity to emigrate and with fewer resources being invested into the homeland. It could also be explained by a predisposition towards individualist vs. collectivist culture among 'millennials', compared to older citizens. Ethnic Moldovans also express a lower rate of loyalty to the state compared to respondents belonging to national minorities. One hypothesis to explain this could be that ethnic Moldovans, who have invested more than any other ethnic group in establishing the statehood of the Republic of Moldova, are more sensitive to the web of unfulfilled expectations, and hold greater demands on the state they helped establish, while non-titular groups might find the results more acceptable. These findings should be treated with care since loyalty to the state can encompass a myriad of subjective variables, requiring deeper research.

Respondents were proud of their homeland, the beautiful landscape, historical places, monasteries and talented people, saying 'they could hardly find a similar place elsewhere'. However, many found the increasing trends for emigration to be discouraging and devastating for the well-being and growth of communities. One key sentiment was that respondents considered the elderly populations, who mostly stay behind in localities to be less motivated to engage and do more for their communities: 'they want nothing, no new roads, no schools, no kindergartens'.

The highest rate of loyalty to the state of Moldova was reported in ATUG (92.9 per cent), where respondents also expressed very high rate of loyalty to their localities (93.5 per cent). These results could be viewed as a sign of the high degree of satisfaction among the local community in Gagauzia with their self-governing autonomous status, viewing it as a reward for past collective action mobilized through nationalist movements. While some local leaders may see the accomplishments of the Gagauz autonomy and identity as inconsistent with their higher expectations, these results do however suggest a high degree of social/political cohesion in the autonomous region, and point to the public sentiment that the existence of ATUG has been established through the state of Moldova.

This assumption can be validated based on the responses collected in the neighbouring districts, where 78.8 per cent of respondents 'feel loyal to the

Figure 6. To what extent do ordinary citizens have access to justice in case of a problem in the administration of the locality?



Source: IDIS/CBS Axa, March 2017

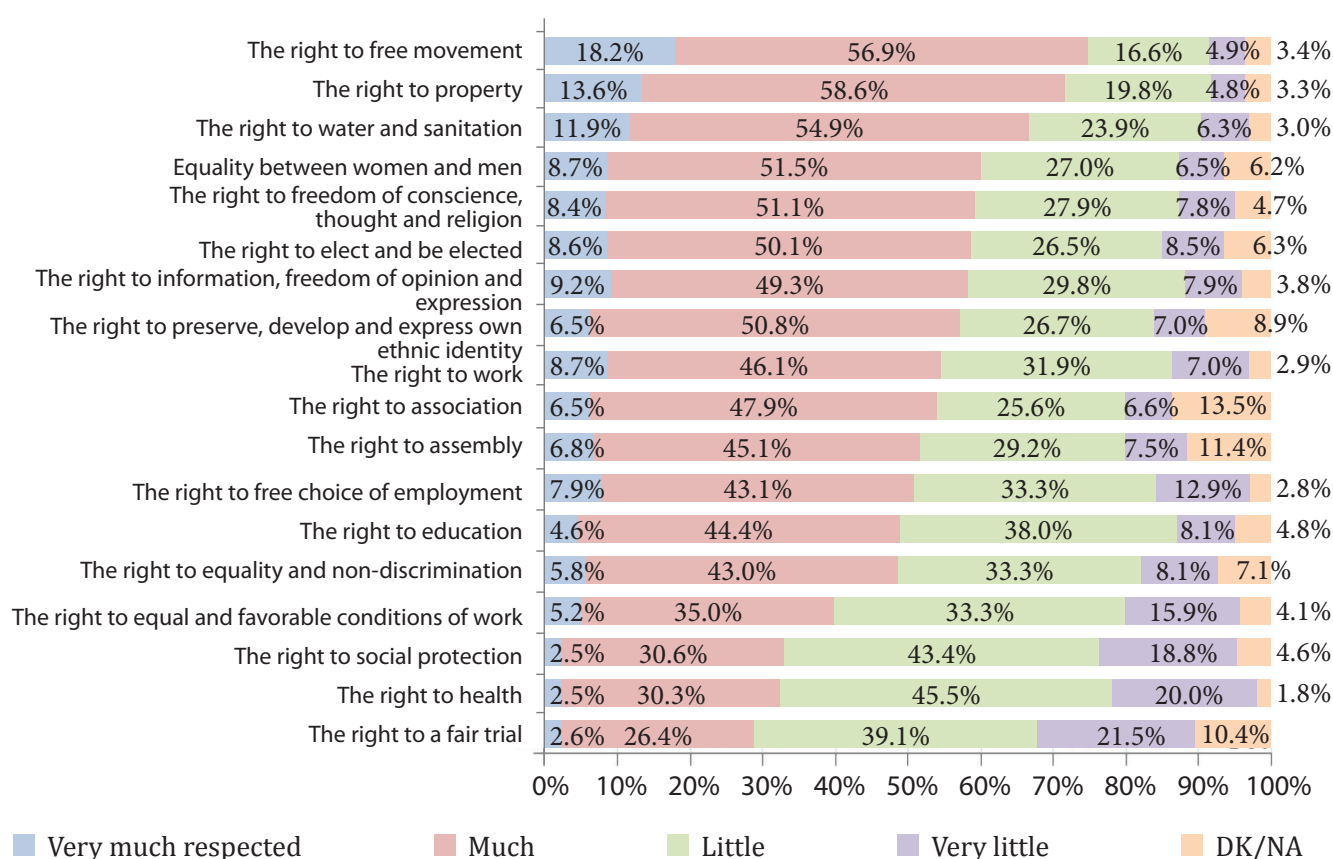
state of Moldova', and 88.6 per cent report loyalty to their settlements. This contrast could be analysed by exploring the notion of a higher degree of political mobilization in the ATUG, which demands enhanced coordination, lack of diverse political and social cleavages, and a political agenda of the leadership that aims to clearly distinguish Gagauzia from other districts. The existing special status may be associated to a stronger sense of political prestige among the local population, giving additional strength to the project of political mobilization. Although it experiences the same problems as the other regions of Moldova, such as poverty and migration, ATUG has succeeded in obtaining requisite powers to keep most of the collected taxes at their own regional discretion, while also raising more capital investment from the central level than other district governments, based on their special status. It has also succeeded in attracting much more visibility and external funding, which pay off through a variety of external projects actively implemented in this region. This contrasts with their immediate neighbours, Cahul and Stefan Voda districts, which operate within the conventional self-government. In 2016 the average income per capita in the South region was only 1732.4 MDL, much lower than the national average and in other regions. According to the National Bureau of Statistics (NBS), it was only 66 per cent of the disposable income in the capital (Chisinau) and 87 per cent of the national average. The southern districts of Moldova have a higher percentage of those in poverty and people on low incomes.

Nevertheless, ethnic and political mobilization should be seen as contingent on a wider range of individual calculations and collective actions in

Gagauzia, which stands at the confluence of several conflicts and interferences from third parties such as Russia and Turkey. Rational voters will favour those elites that can bring them the best returns from their existing options, and elections will therefore be highly disputed internally among Gagauz elites, but the autonomy will stand firm in difficult negotiations with central government.

Enjoyment of human rights: civil, political and socio-economic rights

When asked about the extent to which citizens had access to justice in case if they encountered problems with the local administration, some 61.6 per cent of citizens across Moldova felt that they had little or no access to justice, with 22.3 per cent responding negatively, and the rest did not know or had no answer (Figure 6). Respondents from the Chisinau municipality and the North region expressed more negative views on the exercise of their right to justice, 76.5 per cent and 69 per cent, respectively. These sentiments of lack of access to justice expressed across Moldova aligned with similar rates of dissatisfaction with the right to a fair trial, with 60.6 per cent of respondents with negative answers (little/very little access). Similar to access to justice, here as well, 77.2 per cent of respondents in the Chisinau municipality had negative answers (little/very little), the North region with 62.2 per cent dissatisfied, Centre (53.8 per cent dissatisfied), while in the South, respondents were equally split between those satisfied and dissatisfied. Highest

Figure 7. The level of respect for fundamental human rights and freedoms in Moldova

Source: IDIS/CBS Axa, March 2017

rates of satisfaction with access to justice and the right to a fair trial were both in ATUG, with 46.4 per cent of respondents with positive answers on access to justice (and 25.9 per cent dissatisfied) and with 53.9 per cent satisfied with the right to a fair trial (33.5 per cent dissatisfied). Access to justice and right to a fair trial was mostly a concern for economically active individuals, individuals with higher education, younger groups (18–29 years old) and ethnic Moldovans. This might suggest that more educated or socially active people have a clearer awareness of when their rights are being infringed and display more legal awareness and literacy compared with people with lower levels of education.

This result is aligned with other perception studies on access to justice and fair trials. In 2016, the study on perceptions of human rights in Moldova found that 68 per cent of respondents believed that the right to a fair trial existed only to a small extent or not at all, while most of the respondents thought that justice was selective and was affected by corruption.⁷⁶ These findings also correspond with obser-

vations in the recent civic literacy study in Ukraine, Moldova and Belarus, in which a higher income and education among respondents correlated with higher levels of civic literacy.⁷⁷

Some 33 per cent of respondents claimed that there are cases of nepotism and corruption in local public administration. As noted above, respondents with higher levels of education are more informed about cases of nepotism and corruption, indicating that individuals in this group may have more information that casts doubt on the integrity and conduct of local authorities. There are also differences based on the level of urbanization, with more respondents from urban locales expressing concerns about nepotism than rural residents (38 per cent and 28 per cent respectively). This is in line with the assumption that more connected and better-informed citizens are more aware of such cases. The highest score on the

Advocate, 2016, http://tbinternet.ohchr.org/Treaties/CRC/Shared%20Documents/MDA/INT_CRC_IFS_MDA_26438_E.pdf

⁷⁷ Civic Literacy in Ukraine, Moldova, Belarus, 2017: An account of a representative public opinion survey, <<http://www.ua.undp.org/content/ukraine/en/home/presscenter/articles/2017/03/16/3-reasons-to-care-about-civic-literacy-.html>>.

⁷⁶ Perceptions of Human Rights in the Republic of Moldova, The People's

perception of nepotism was in Chisinau (51 per cent) as opposed to other regions (25 per cent in the North, 29 per cent in the Central, 27 per cent in the South, 36 per cent in Gagauzia). Data collected through in-depth interviews revealed that citizens were dissatisfied with 'nepotism' and 'corruption', and that such practices particularly alienate people with no personal links to the public authorities.

On perceptions of other fundamental rights, the survey data shows that citizens are dissatisfied with the right to health services (75.5 per cent), social protection (62.2 per cent) and education (46.1 per cent). The right to free association and the right to work were seen as little or not respected by 45–50 per cent of respondents. The results largely confirm that citizens are mostly dissatisfied with their material standing and their quality of life (Figure 7).

The right to water and sanitation services is seen as generally respected (very much/much) according to 66.8 per cent of respondents, reflecting the significant investment in this service in recent years. This rate was not significantly different for rural and urban settlements and showed only a relatively lower rate in the North region (58.9 per cent) compared to an average of 66.8 per cent. However, when measuring 'satisfaction' with communal services (discussed below), important differences in satisfaction with service delivery were noted, with urban and larger rural communities displaying higher rates of satisfaction than small rural areas. The major issue in all types of settlement (urban and rural) was the quality of the roads (62 per cent dissatisfied), with a particularly low level of satisfaction with this service in ATUG compared to other services.

Respondents' health care and social protection were least appreciated in Chisinau and the North region, the latter probably due to higher rates of deprivation as well as a lack of access to quality health care. In Gagauzia, satisfaction with access to health care was almost equally divided between those who approved (48 per cent) and those who did not (45 per cent).

With regard to 'equality and non-discrimination', the survey found somewhat similar trends as on the access to justice. Here, respondents with a higher education and ethnic minorities both had a more negative assessment of this right, with a higher share of dissatisfied respondents in the Central region (77.3 per cent) and Chisinau (65.5 per cent). Responses varied little by age or gender. In Gagauzia, 71 per cent of respondents were satisfied with the respect for equality and non-discrimination, where again, this could be explained by the higher degree of ho-

Poverty, the rural/urban divide and age as compounding factors for discrimination:

- *The children of the poor are discriminated against in schools. Poor people are very much ignored here, the rich do not even notice the poor, they are left in the background. (Focus Group, Chisinau, March 2017)*
- *In rural areas people are on the brink of poverty because they lack a job and basic opportunities. People who live in cities, those who have a business, who have succeeded to grab more, they are living better and are more advantaged. (Focus Group, Cahul, March 2017)*
- *Younger generations are privileged, at the national and local level, in jobs. We [the elderly] are no longer 'good'; we no longer have a right to work. (Focus Group, Balti, March 2017)*

Discrimination based on national, ethnic or linguistic identity:

- *There is still a problem, it is spoken and written everywhere ... why are the Gagauz discriminated against? There was a boy serving in the army in Chisinau and they beat him. Why do they beat the Gagauz? Of course, they had a deal there, he hanged himself, died, and they had nothing to say. They offered some money to close the file and cover the expenses, but I don't need them to pay me! God forbid that to happen to my son! I don't know what I'd do in such a case. (Focus Group, Comrat, March 2017)*
- *With all due respect to Russian-speaking people, we hold nothing against you, but often, as a Moldovan, I feel discriminated against, because they set a condition for hiring me: if you don't speak Russian, you can't work here'. (Focus Group, March 2017, Chisinau)*
- *If one sees a gypsy, one immediately says: he's a thief... When we see them, we keep away from them, we keep our hands in our pockets. One simply knows they are Gypsies and all fear them. There are such Gypsies who love to put their hands into other people's pockets, but there are also honest ones; I even have such Gypsy friends, I can leave him something, he will not touch it, on the contrary, he can give me his last bit, but he will not take from me. (Focus Group, Chisinau, March 2017).*

mogeneity in civic and political communities. Some of the respondents in the focus groups resented the adoption of the law on equality and non-discrimination but seemed to be influenced by misconceptions about the aims of the law.

Most often, respondents referred to the discrimination experienced by women looking for employment, followed by persons with disabilities, the elderly and Roma. Voices collected through focus groups articulate the multiple forms of discrimination based on poverty, race, ethnicity, language, age and the rural/urban divide.

Focus group participants affiliated with civil society organizations showed a higher level of tolerance towards others, especially for minority groups and other vulnerable persons. When participants were asked their opinion on who in Moldova was most discriminated against, a majority of these respondents said people with mental and physical disabilities, poor people, people living with HIV (Human immunodeficiency virus), the elderly and the LGBT (Lesbian, gay, bisexual, and transgender) community. This confirms the findings of the Social Distance Index (SDI), conducted in 2015, which found that participation in various non-profit activities increased tolerance and concern for others, including for the most vulnerable.⁷⁸ According to the scores provided by the SDI (Malcoci and Barbăroșie 2015: 24), half of all respondents were not open to accepting people belonging to some of the most vulnerable groups as friends, neighbours or members of their family, compared to only 0.4 per cent who said that they would accept them. Such results can be explained through the theory of prejudices and status (Fiske 1998). People are often biased against others outside of their own social group, demonstrating prejudice (emotional bias), stereotyping (cognitive bias) and discrimination (behavioural bias). Prejudices of the past and certain status-related issues, some of them rooted in conservative-parochial attitudes, facilitate this social separation.

Pervasive, stereotypical labels and negative attitudes to Roma individuals are confirmed by multiple reports and studies. A 2014 survey showed that about 40.5 per cent of respondents would not accept a Roma worker as a colleague.⁷⁹ Such discrimination persists according to the views collected in the focus groups. In addition, participants noted that language spoken by applicants is a reason for barring their access to administrative jobs.

Income polarization was acutely felt by respondents as a factor in shaping discriminatory attitudes. Individuals on low incomes and pensioners with

a pension of 800 MDL per month (39.60 EUR) were thought to be one of the most discriminated groups, leading to their extreme vulnerability, with many having 'a choice between leaving the country or dying'. Other popular sentiments suggested that 'the poor are ignored, they go unnoticed, and their needs do not matter', and 'rich folks will be met in schools with doors wide open, while the poor will be ignored'.

The equality of women and men was considered to be of a higher priority among respondents in the North region compared with the South or the Central regions. More women than men saw serious problems related to gender inequality, (37 per cent of women compared to 29.4 per cent of men), suggesting that the inequalities engrained in societal norms feed the practice of discriminatory wages and obstacles to women's career development. This was particularly evident among women on parental leave or pregnant women attending the focus groups.

Legal and institutional measures to combat discrimination

In the recent years, Moldova has made important strides in establishing a legal and institutional framework for combating discrimination. In May 2012 parliament adopted Law 121 on Combating All Forms of Discrimination and Ensuring Equal Treatment for All Persons.⁸⁰ The legislation prohibits discrimination in political, social, economic, cultural and other spheres and provides for a wide range of grounds on which discrimination is prohibited, among others, race, color, ethnicity, nationality, language, religion, gender, political opinion, etc. The law applies the EU Community Acquis on non-discrimination, in particular the Council Directive 2000/43 on equal treatment of persons irrespective of racial or ethnic origin⁸¹ and Council Directive 2000/78 on equal treatment in employment and occupation⁸² and was one of the important conditions attached to the Action Plan on Visa Liberalization within the EU-Republic of Moldova visa dialogue.

As a result, Moldova established the National Council for the Prevention and Elimination of Discrimination and Ensuring Equality (CPEDEE) as a tool

⁷⁸ Study on Equality Perceptions and Attitudes in the Republic of Moldova, Council on Prevention and Elimination of Discrimination and Ensuring Equality, 20015 http://md.one.un.org/content/dam/unct/moldova/docs/pub/ENG-Studiu%20Perceptii%202015_FINAL_2016_Imprimat.pdf

⁷⁹ IPP, CPEDAE, CNCD, Fenomenul discriminării în Republica Moldova: percepția cetățeanului. Sondaj sociologic, <http://www.ipp.md/public/files/Evenimente/Sondaj_nediscriminare_pentru_prezentare.pdf>

⁸⁰ The law has been in force since 1 January 2013.

⁸¹ Council Directive of 29 June 2000 implementing the principle of equal treatment between persons irrespective of racial or ethnic origin, <http://ec.europa.eu/justice/discrimination/law/index_en.htm>

⁸² Council Directive of 27 November 2000 establishing a general framework for equal treatment in employment and occupation, <http://ec.europa.eu/justice/discrimination/law/index_en.htm>

for implementing the non-discrimination legislation and international obligations. The law grants the CPEDEE important functions of examination of complaints alleging discrimination, reviewing laws and draft legislation from an equality perspective and promoting awareness on equality law and policies. The law fails to give it powers to impose sanctions for acts of discrimination and does not empower the Council to file cases before the Constitutional Court for constitutional review of legislative provisions considered to be discriminatory.

To date, 76% of decisions issued by CPEDEE relate to discrimination in social, economic and cultural rights, with most frequent basis of discrimination being disability, age, sex, and language.⁸³ The CPEDEE also finds persisting trend of stereotyping and discriminatory attitudes among the population towards Roma people. Between October 2013 and March 2017, the CPEDEE found 18 cases of discrimination on grounds of race, ethnicity or nationality origin, faith or political belief. These reports align with the survey and focus group findings, where participants spoke about discrimination in social and economic rights and enjoyment of these rights based on age, sex, disability and particularly to Roma people.

Electoral and political rights

The right to elect and be elected was reported as respected by 59 per cent of the survey respondents, while 35 per cent expressed negative views. Participants noted that election results are often influenced by wealthy candidates able to buy political loyalties. Responses on satisfaction with the protection of electoral rights revolved around electoral practices such as vote buying, where elderly voters are seen as easy targets for such practices.

Most satisfied with electoral rights were respondents with a lower level of education and the elderly. Ethnic minorities appear to be considerably more satisfied with the level of respect for their electoral rights (60 per cent satisfaction), in contrast with ethnic Moldovans (40 per cent). Respondents in Chisinau expressed more negative views about their electoral rights, influenced by recent attempts to recall their acting mayor. The highest rate of positive response on this right was in Gagauzia, at 79.2 per cent in con-

trast with an average of 58.7 per cent. This is possibly the result of a combination of factors, such as the presence of an additional layer of directly elected officials that includes the governor, members of the local parliament and local councils, as well as a higher degree of political cohesion in Gagauzia. (For more information on elections and the functioning of elected officials, local government bodies and political parties, see the relevant sections in Pillar II below.)

There is a growing sentiment that politicians generate conflicts unnecessarily, instead of investing more efforts to create enabling environments for representative bodies and citizens to act in cooperation. Some participants in focus groups outside Gagauzia felt that political conflicts were unnecessary, and led to isolation of the ethnically populated regions. Issues related to how national governments handle regional aspirations were raised in focus groups, where some participants blamed national governments for increasing the statutory divide between municipalities outside and within the ATUG, thereby leading to large differences in paid taxes, and municipal services. Importantly, a high level local municipal official from Cahul, one of the large cities in the South remarked during the consultations on the preliminary findings of this assessment that 'he feels discriminated in terms of taxation, compared to the taxes collected in ATUG by municipalities'. Such sentiments suggest that few outside the autonomous region may accept claims on federal agreement supported by the region's political elites, as such agreement is increasingly understood as involving additional costs paid by the rest of population of Moldova.

Public satisfaction with local authorities

Mayors are trusted by citizens more than any other public authority. Trust in mayors is at 49 per cent and 51.6 per cent were either satisfied or very satisfied with mayors' work and accomplishments. These rates are higher than those for parliament (18.5 per cent), the government (16.7 per cent) and the president (37.8 per cent). There was a striking jump in trust in the president after his election in November 2016, although this does not preclude its future erosion⁸⁴.

⁸³ Alternative Report of the CPEDEE to the UN CESCR, August 2017, <<http://egalitate.md/wp-content/uploads/2016/04/Moldova-Equality-Council-submission-to-CESCR-62-2017-eng-1.pdf>>

⁸⁴ In March 2016, Constitutional court declared the previous amendment to the Constitution (2000), as unconstitutional and revoked an indirect election of the president. The 2000 amendment marked Moldova's turn into a parliamentary system from a semi-presidential one, canceling direct election of the president.

High levels of trust towards mayors were explained by the focus group participants as a result of them being responsible for almost everything that concerns local communities, and seen by citizens as almost an 'indispensable authority', while other administrators or politicians are viewed as too distant from local issues or not known sufficiently. Mayors ranked particularly high among respondents with lower level of education, residents of rural and small urban settlements and those with a lower socio-economic status.

Trust and satisfaction ratings in the mayor were the lowest in Chisinau, largely due to allegations of corruption and political disputes in the capital city, and were the highest in Gagauzia (76.1 per cent trust and 68.4 per cent satisfaction). Local councillors had a 34.8 per cent average satisfaction rating but this was significantly lower for Chisinau (6.1 per cent) and high in Gagauzia (71.4 per cent). Chisinau's rates for councillors was in line with generally lower rates for councillors in large urban localities. Citizens were most unsure about the role of district councillors, indicating that district councils remain as largely detached parts of the local government, with little public interaction (23.2 per cent responded with 'don't know' option).

Citizens' perceptions of local public services

Satisfaction with services delivered by local governments demonstrated a high degree of variation among services, influenced by objective differences in service provision across different regions and rural/urban divides, as well as perceptions shaped by factors such as literacy and economic or income status.

The survey results show that citizens were pleased with the supply of drinking water (67 per cent, average) and natural gas (65 per cent, average), but with important differences between urban and rural areas. In relation to the drinking water, 79 per cent of respondents were satisfied in urban areas and 57 per cent in rural areas, while the North region showed the highest of the dissatisfied respondents (42 per cent of not much satisfied/not at all satisfied responses). In relation to the gas supply, 81.4 per cent in rural areas were satisfied while in rural areas 50.7 per cent were satisfied, and the North region again showed the highest rate of dissatisfaction (44.8 per cent not

much satisfied/not at all satisfied). There was less satisfaction with cultural and entertainment activities (47 per cent) and dissatisfaction with other services, such as refuse collection and disposal and sanitation, and maintenance of access roads.

The services that were identified as most deficient were refuse collection and disposal (46.6 per cent), sewerage (63.7 per cent) and the maintenance of community access roads (74 per cent). This list follows the list of main issues that respondents identified as the most problematic ones currently facing their communities (repair of roads and bridges, sewerage, street lighting and refuse disposal). Disaggregated results show that the highest rates of dissatisfaction in the North (53.7 per cent) and Central regions (50.7 per cent) were with refuse collection and disposal. In Chisinau, highest rates of dissatisfaction were with community access roads (81.1 per cent), similar to the South (74.7 per cent) and Gagauzia (75.2 per cent).

The main issues currently facing communities as identified by respondents were the quality of local roads (approx. 62 per cent), with a higher share of respondents from Gagauzia (68 per cent) making it the most important problem. Providing sewage services ranked second with those from the centre and ATUG (about 40 per cent of respondents). Sanitation and street lighting were mentioned as a top priority by approximately 25 per cent, with significant differences depending on levels of development in the region. For example, in Gagauzia, sanitation is perceived as a more serious problem, while respondents from the north mentioned street lighting. Focus group discussions and individual interviews identified the positive impact of several infrastructure projects at the regional level. For instance, a project on sanitation implemented in Sangerei city, where co-funding was provided by local residents, was seen as having a considerable impact, through its immediate consequences on the quality of life, and positive perceptions of local governance outputs, but also on the participation of the local urban community in resolving community problems. Participants noted that the reorganization of the city market in Causeni and the successful urban planning and street cleaning in Floresti make these places 'more pleasant than Chisinau now'.

The issue of the availability of parks and green spaces and the drinking water supply were mentioned as most problematic by 20 per cent of respondents. In Chisinau, the availability of parks and green spaces was considered an important issue by 44 per cent of respondents.

As a corollary to the higher trust in mayors, citizens consider them to be the primary agents responsible for local services. According to 80 per cent of respondents, the mayor of a locality is primarily responsible for all services provided (except for the repair and/or refurbishment of the local health centers and gas supply).

The lack of financial resources is mentioned by 53 per cent of citizens as the biggest problem facing local authorities in resolving communities' problems. Others attributed the ineffectiveness of local governments to reasons such as authorities placing personal interests above community interests (11 per cent), poor training for mayors (6 per cent) and the lack of reasonable infrastructure.

Key findings

- The citizens were divided in their assessments of the state of local governance, claiming that there are signs of progress, but overall local government has failed to keep the pace with the demands of the population.
- The perceptions of the protection and enforcement of fundamental rights and non-discrimination revealed by the assessment suggest that rights that do not require large scale organization and provision of services (the right to association, freedom of conscience, thought and religion) are faring relatively well. However, rights that require significant investment in infrastructure, human resources and the provision of services, such as health care, social protection, roads and other infrastructure, are of significant concern.
- Concerns over and demands to improve access to and the quality of justice dominated interactions with citizens during this assessment. The survey results showed that two-thirds of citizens did not trust the justice system when dealing with local government. Injustice experienced by individuals belonging to various disadvantaged groups was a thread across all focus groups, underscoring complex, multiple forms of discrimination and prejudice, based on disability, low income, rural/urban divide, race, language and sex and gender identity.
- Perceptions of corruption and impunity are sources of frustration and directly impact on public trust and support for local and national governments.
- Respondents in Gagauzia expressed significantly higher levels of trust in the President of Moldova, the government, local mayors and local councillors, as well as relatively higher rates of satisfaction with their current quality of life. This finding could be explained by the greater degree of community cohesion in Gagauzia and the homogenous political preferences of the population. While such claims should be tested by more rigorous analysis, the existing body of research points to a possibly positive link between fewer societal cleavages and a higher level of satisfaction with governance outcomes. However, on other closely related questions, such as satisfaction with socio-economic development in their communities and transparency in government decision-making, the responses from Gagauzia were not significantly different from Moldova, highlighting the multidimensional nature of such measures. In other words, positive attitudes towards local authorities should not always suggest similarly high rates of satisfaction with micro-level policy outcomes. In addition, the public in Gagauzia is insulated from Moldovan political society due to the region's political autonomy and generally approves of the current President of Moldova, which is a possible reason for its appreciation of the status quo.
- Citizens appear to be more satisfied with local government's delivery of essential services, such as the drinking water supply, with higher satisfaction rates in urban and large rural areas, but much less positive rates in rural settlements. Other positive views were expressed on the natural gas supply, education in local schools and vocational education. Public lighting, refuse disposal and sanitation and cultural integration and entertainment activities were satisfactory for close to half of respondents. Ratings for these services were generally more positive in urban areas and in Gagauzia, with a few exceptions such as the maintenance of community roads. This indicates a stronger capacity for service delivery in local units with greater financial capacity.
- Mayors generally rank highly among respondents with lower levels of education, residents of rural and small urban settlements and those with lower socio-economic status. Such ratings are explained by a mayor's position and visibility in smaller communities as the highest-ranking and most active official in a locality, while other politicians are

either largely viewed as too distant from local issues or not known sufficiently.

- Financial limitations and lack of adequate staff capacity were understood as the most significant problems facing local governments, and causing unsatisfactory service delivery. Wage limits are

imposed on municipal staff by national legislation on the civil service, which includes municipal officials as part of the state system of public administration. Low to mediocre wage levels and a lack of qualified staff significantly worsen the capacity for service delivery in local government.

Recommendations

15. Local governments should develop local policies for increasing inclusion, combating discrimination and promoting participation by the most vulnerable groups. Local governments should implement trainings for LPA staff and all elected officials to promote their understanding and application of human-rights based approaches to the local development planning. In the mid to long term perspective, this will improve public awareness of discriminatory practices and the available remedies, and could help improve community cohesion and foster common bonds, as defining elements of the public's loyalty towards their communities and an indispensable element of local democracy.
16. Moldova needs to develop strategies and programmes that focus attention on rural development and address the increasing trend for deprivation in rural communities. As one step in this direction, transport hubs should be created to connect towns and rural areas to transport corridors, industrial areas and nearby markets.
17. Local governments need to innovate and seek new forms of interaction with their citizens. This will require a complete rethink of how national and local authorities communicate vis-à-vis the general public. Instead of brief, perfunctory interactions during local council meetings, citizens should be offered more in-depth opportunities for engagement, where they are given full briefings on the problems faced by local decision-makers and provided with all the possible options for policy solutions.
18. This will increase citizens' awareness of current issues in local government and help them offer better-informed feedback. This method of citizen deliberation, and collaborative local democracy has gained momentum in recent years in various countries where local government, political parties and citizens are faced with similar critical decisions on how to balance budgets and expenditures for services. Some local deliberation exercises use random samples of the population to develop a list of invitees.
19. Apart from special deliberation events with citizens, LPAs in urban and larger localities with Internet access (stationary or mobile) could develop more cost-effective and faster ways to engage in obtaining local feedback. These could be real-time online public opinion surveys that allow citizens to vote distantly on local community decisions.
20. Local governments should have the right to develop their own remuneration and incentive structures, in order to enhance payroll, social benefits and other organizational, financial and administrative leverage and create merit-based remuneration systems.
21. New energy and momentum, created by reinvigorated public engagement activities by LPAs, could be channelled to address the most pressing needs of communities: domestic waste disposal, maintenance of community access roads and sewerage services. Service-specific surveys by local government working with local community representatives should be a priority.

Pillar 2

Representative and accountable institutions and processes

Issues considered under Pillar II relate to the role of political parties in Moldova's local democracy, and the interaction of locally elected and executive bodies with their constituents at the local level.

Local elections and political parties

Moldova's legal framework for local elections generally complies with international standards and provides an adequate basis for conducting democratic elections.

Mayors and members of local councils at level I and members of district councils at level II are elected directly. Elections for local mayors are held through a majoritarian, two-round system with a requirement for an absolute majority of the votes cast in the first round. For members of local and district councils, the party-list Proportional Representation system is used, with separate lists for local councils and district councils. Presidents of district councils (level II) are elected by the members of the district councils (level II).

Both independent and party candidates can compete in mayoral and council elections, but the former face candidate registration requirements that are deemed disproportionate by local electoral experts (Promolex 2015: 21). In the 2015 elections, political parties won 830 mayoral mandates out of a total of 898, (92 % of all mandates). Independent candidates often join political parties after their election, which breeds suspicion of corruption or coercion among the public.

National and international observers continue to raise concerns regarding the practice of using administrative resources for campaign purposes, including local government offices, local government transport and the engagement of government officials in a party or candidate's campaign. Another endemic problem is the provision of gifts to voters for vote-buying purposes. National and international observers of the 2015 local elections noted that while the campaign was lively and generally free, it was 'reflected through politically influenced media, which informed the public on the campaign, but generally did not pro-

vide balanced coverage'.⁸⁵ The observers noted an increased concentration of media ownership in the hands of a few powerful individuals or groups. The 2015 elections were also marred by allegations of registering temporary residents close to election day, with a number of them at the same address, which has subsequently shaken public trust in the electoral lists and the electoral process.

Voter turnout is usually lower in local elections than for parliamentary elections. The highest rate of voting in local elections was recorded in 1995 (60.02 per cent) and the lowest in 2015 (48.95 per cent). In the recent local elections, a decline was noted in 2015 compared to the 55 per cent turnout in 2011.⁸⁶

To register a political party, the law requires 'that the party has to have no less than 4000 members. At the time of the parties' establishment, at least half of its members must be residents in at least half of the second level administrative-territorial units of Moldova, with no less than 120 residents in each of these administrative-territorial units'.⁸⁷ This territorial representation requirement is a restrictive condition for new parties that conflicts with the Venice Commission/Organization for Security and Cooperation in Europe Guidelines on Regulation of Political Parties and has been raised by Gagauz politicians as a discriminatory rule affecting the ability of regional groups to form political parties.⁸⁸

While comprehensive statistics on the ethnic composition of local councils are not available, local

⁸⁵ OSCE/ODIHR Final Report, Limited Observation Mission, Moldova Local Elections 2015, <<http://www.osce.org/odihr/elections/moldova/178226?download=true>>

⁸⁶ See <<http://lex.justice.md/index.php?action=view&view=doc&lang=1&id=342733>>

⁸⁷ Law on Political Parties of the Republic of Moldova no. 294 from 21 December 2007 (Official Monitor 42-44/119, 29.02.2008) as amended on 07.05.10, MO87-90/04.06.10 art.250 LP64-XVIII of 12.11.09, MO171-172/27.11.09 art.533

⁸⁸ The Venice Commission and OSCE Guidelines on Political Party Regulations, 2010 state that 'Provisions regarding the limitation of political parties which represent a geographic area should generally be removed from relevant legislation. Requirements barring contestation for parties with only regional support potentially discriminate against parties that enjoy a strong public following but whose support is limited to a particular area of the country. Such provisions may also have discriminatory adverse effects on small parties and parties representing national minorities'. See <[http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD\(2010\)024-e](http://www.venice.coe.int/webforms/documents/default.aspx?pdffile=CDL-AD(2010)024-e)>.

councils in places with high concentrations of such groups generally reflect their presence.

A narrow majority (55 per cent) of survey respondents noted that the most recent local elections were free and fair, while 33.4 per cent were of the opposite opinion. Urban, well-educated respondents and younger citizens dominated the latter group. In Chisinau, 53 per cent of respondents thought elections were not free and fair, while the highest rate of confidence in elections was shown in Gagauzia (75.3 per cent). The most common reasons cited by respondents who believed that local elections were not free and fair were: the belief that election results had been falsified (49 per cent), that voters were manipulated and vote buying occurred (26 per cent), the perception that many voters are not well-informed (23 per cent), a lack of confidence in the bodies administering the elections (19 per cent) and that the Central Electoral Commission (CEC) members were viewed as politicized (17 per cent).

Stories of vote buying were common during the focus groups, and were highlighted as one of the significant reasons for a lack of public confidence in the integrity of elections: 'Whoever you ask in the village, no one voted for him, but he has been elected; As other villagers said, they gave them 5 kg of sugar, 5 kg of macaroni, and that is why he has got the votes' (Focus Group, April 2017).

Local referendums

Local referendums are local democracy tools through which local socio-economic issues can be consulted on and resolved with public input. According to current legislation, a local referendum represents the consultation of citizens on matters of special interest to a village (commune), sector, city (municipality) or district, or an administrative-territorial unit with special status. According to data provided by the CEC, 20 local referendums were organized in the period 1995–2016. All dealt with questions related to mayoral recalls. Among these, ballots were cast in 19 of the referendums⁸⁹, while one local referendum was suspended due to breaches of the organizational procedures. The fact that only one issue—recall of mayors—was addressed through referendums indicates that this democratic instrument is not used effectively at the local level.

⁸⁹ This information was provided by the Central Election Commission of Moldova to IDIS Viitorul based on the latter's inquiry (April–May 2017).

Trends in political participation and perceptions towards parties and politics

The vast majority of survey respondents (90 per cent) have never belonged to a political party. The highest number of party members was among those with high levels of education (18 per cent). Only 5 per cent of respondents with lower levels of education had ever belonged to a party. The respondents in Gagauzia showed the lowest rate of party membership, with just 4 per cent reporting membership currently or in the past. The highest rate was in Chisinau and the Central region (13 per cent in each). Interestingly, the highest rate of belonging to political parties was shown in small rural settlements, probably explained by the rules on local electoral registration for parties.

Of the respondents in this assessment, 81 per cent said that 'politicians do not listen to citizens' opinions', with slightly more men than women agreeing with this statement. Those with a higher education, urban populations and the respondents from Chisinau and the Central region agreed with this statement in higher numbers. This trend is aligned with other expressions of dissatisfaction with the situation regarding the principle of free and fair elections among respondents with a higher education or from urban areas.

The survey results show that only 26 per cent of respondents are interested in politics, compared to 74 per cent who are ambivalent or not interested. Perhaps the most significant finding is that respondents of 60 years of age and over showed the highest level of interest in politics compared to other groups, largely in line with general trends of plummeting interest in politics among younger generations in European countries.

'Lack of trust' (70 per cent) and 'politics is a dirty game' (69 per cent) were the most frequent answers given as factors that could discourage people from entering politics. In Gagauzia 71 per cent of respondents disagreed with the statement that 'politics is a dirty game', while in Chisinau 72 per cent and in the Central region 77 per cent agreed with the statement. The more positive response from Gagauzia might be explained by the generally higher levels of political and social mobilization in the autonomous region, and a generally positive predisposition to local politicians compared to national, Moldovan politicians.

The opinions voiced during focus groups and interviews were largely in line with the general scepticism with politics and politicians, which saw no real purpose for or achievements of parties. A few very vocal participants went to extremes, questioning the need for so many parties and voicing somewhat sympathetic opinions about one-party systems:

‘Who needs so many political parties? We have such a small country, but so many parties that they don’t even ‘fit’ in Moldova. Seriously, who needs them? In the past, there were not so many parties, it was one party and everything was done, proved, settled’ (Focus group participant, Comrat 2017).

Funding of political parties and election campaigns

The funding and donation practices of political parties during election campaign and non-campaign periods are a major issue for the democratic process at the local level. A party with solid financial resources has a disproportionately higher chance of making its electoral platform known and developing its territorial organization.

Sources of political party and campaign finance include: (a) party membership fees; (b) donations, including those collected at leisure, cultural, sporting or other mass events organized by the party, provided that they are recorded in the prescribed manner; (c) subsidies from the state budget, according to provisions in the present law and the annual budget law; and (d) other legally obtained income (editorial activity, activity directly related to the administration of property, other income-generating activities for the needs of the party).

Provisions establishing public funding for political parties came into force on 1 January 2016. In reality, party leaders are often their own financiers, which effectively allows them to control party platforms and the tactics in the campaign and significantly limits internal party competition and intra-party pluralism.

Along with illegal donations and other improper campaign funding practices, vote buying alters the voting process and taints the integrity of elections. The Organization for Security and Cooperation in Europe/Office for Democratic Institutions and Human Rights have systematically drawn attention to the need to ensure more effective campaign finance reporting by parties, with state oversight, and the need to address cases of vote buying (OSCE/ODIHR 2015).

Selection of candidates

They gather and discuss a nomination in the following way: ‘You will be the head of district, you will be the mayor in this village’. In such a manner people are nominated for different positions, but we are told: ‘you have elected them’. (Focus Group, April 2017)

The need to develop a more inclusive and transparent process of candidate identification and nomination is often discussed among the public and by civil society groups. There seems to be an increased demand for candidates who reflect the ethnic, linguistic, religious or gender structure of the country. No party has held internal party primaries in a systematic way.

The proportion of women candidates in the 2015 local elections was well below that of male candidates. Women accounted for 22 per cent of the candidates contesting mayoral offices. Among the most successful parties in the 2015 local elections, the Liberal Democratic Party of Moldova and Our Party recorded the most female candidates, 27 per cent and 25 per cent respectively. Of the 4421 mayoral candidates, 22 per cent were women; and of the 63,549 candidates for councillor, 35 per cent were women. Women were elected as mayors in 21 per cent of the contests, and women make up 36 per cent of the total number of councillors. This share of women candidates and elected representatives, and of mayors in particular, is far from ensuring the equality between women and men that is provided for in the law on equal opportunities.⁹⁰

In a more recent development, in 2016 the Moldovan Parliament amended the election code,⁹¹ requiring parties to include a minimum of 40 per cent of candidates of each sex in lists for parliamentary and local elections. Unfortunately, the rule does not include any requirement on the placement order of candidates on lists, which serves to weaken this quota rule as women candidates are placed towards the end of lists.

Local political coalitions

The work of local public authorities is strongly influenced by the parliamentary majority. Governmental parties decide on the allocation of financial means

⁹⁰ Law no. 5-XVI of 9 February 2006 on ensuring equal opportunities for women and men, <<http://www.legislationline.org/documents/action/popup/id/9071>>

⁹¹ Law 71, 2016 Law on Equal Opportunities, <<http://lex.justice.md/md/365019>>

for development projects based on the political affiliation of local public authorities rather than on local public policy needs. Due to a lack of clear rules of procedure that would regulate the allocation of financial resources for capital investment, funds are distributed through partisan criteria.⁹²

Between 2011 and 2014, the majority coalition allocated fewer financial resources for capital investment to Gagauzia, which is led by the opposition parties, and instead supported localities led by party alliances that reflected the composition of the national governing coalition. Previous studies have shown similar results: the 2001–2009 PCRM administration used the same tactics to allocate resources for regional and local capital investment.

In line with the transactional nature of local politics, membership of a local coalition provides an opportunity to control the management of local services and the possibility of using administrative resources for electoral purposes. Parties in district councils aspire to influence the election of district presidents and deputy presidents, thereby boosting their political image and helping to consolidate their influence at the local level. Parties can consolidate their positions among district-level leaders through support received or promised for various public investment projects (infrastructure, capital investment). Following the 2015 elections, parties engaged in particularly worrying practices of consolidating their local and district level leadership positions by exerting pressure and coercing local politicians to vote for government party candidates as district presidents.⁹³

Relations between local deliberative and executive organs

Mayors are accountable to local councils, and, in turn, local executive bodies report to the mayor. The executive branch is set up to implement the decisions of the council. The law provides a framework of checks and balances between the council and the executive. The mayor presents annual reports to the council and answers the councillors' questions. The mayor can contest a decision taken by the local

council. A council can vote to organize a referendum to dismiss the mayor, requiring a qualified majority to do so. The members of the council can express their opinions and propose alternative policies.

The council monitors the activities of the executive. This situation exists usually when the mayor and the ruling majority of the council represent different political parties or when the mayor is an independent politician without party affiliation, as in Drochia, Cahul and Soroca. While basic checks and balances do exist, their effectiveness is contingent on the political constellations between the legislative and executive branches.

Legal and normative framework related to information provision and transparency in local governments

Moldova has developed a basic normative framework to ensure transparency in the process of decision-making and policy drafting, but its practical implementation at the local level is problematic.

The current framework encompasses norms related to access to public information, enshrined in the constitution (articles 34 and 39), such as the Law on Access to Information, the Law on Transparency in the Decision-Making Process and related government decisions and the Law on Local Public Administration. The law on Access to Information⁹⁴ requires that citizens be provided with current, accurate and timely information on issues concerning matters of public interest, guarantees free access to information, requires the publication of all adopted acts, archiving, the maintenance of updated information and meetings to be open to the public.

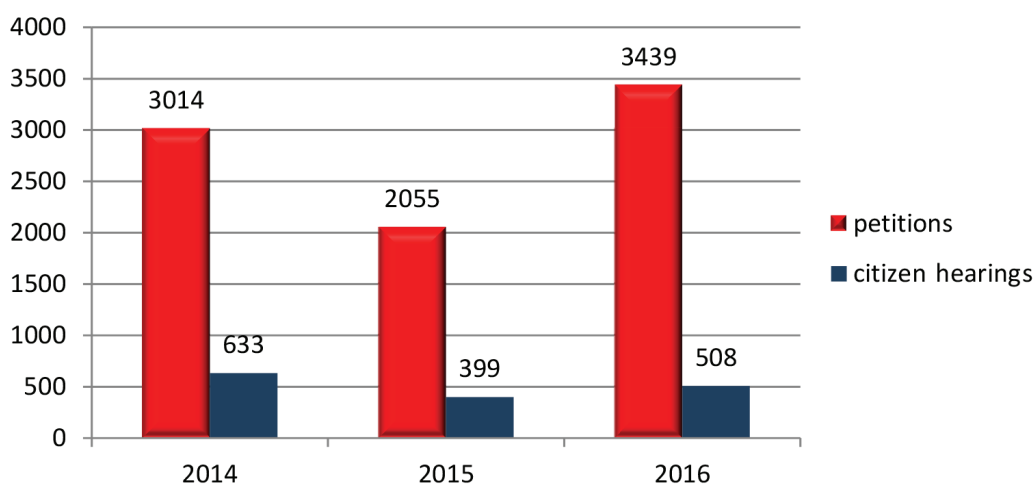
The law on Transparency in Decision-Making Processes and related government decisions⁹⁵ establishes procedures for ensuring transparency in the processes of the development and adoption of decisions by central and local authorities, whereby these authorities are obliged to inform the public about the start of the development and drafting process, organize public consultations with all counterparts about the draft decision, examine proposed recommendations, develop and disseminate a summary of recommendations received and inform the public about decisions taken.

⁹² Rustam Romaniuc, Clientelism politic în alocarea investițiilor capitale autorităților publice locale în Republica Moldova, Document de analiză și prognoză economică, nr. 6/2012

⁹³ Structura alianțelor în consiliile raionale: între deziderate și fapte, IDIS Viitorul Policy Brief, 2015, <<http://www.viitorul.org/doc.php?l=ro&id-c=295&id=4822&t=/STUDII-IDIS/Politica/Structura-aliantele-in-consiliile-raionale-intre-deziderate-i-fapte>>

⁹⁴ Law no. 982 of 11 May 2000 on Access to Information

⁹⁵ Law on transparency in the decision-making process, # 239-XVI of 13.11.2008 and the Government Decision no. 967 of 09.08.2016 on the mechanism of public consultation with civil society in decision-making.

Figure 8. Number of petitions and request for hearings, State Chancellery, Moldova, 2014-2016

Source: Informative note on the examination of petitions addressed to the Government, Data of the State Chancellery for 2016

The Law on Local Public Administration provides rules that regulate public participation in the decision-making process, applicable to LPAs. Article 17, sets out the procedures and mechanisms for ensuring transparent local council meetings and providing access to local budget information and the decision-making process.

The same law sets out the rights of residents to initiate a decision and propose recommendations to public authorities regarding draft decisions. In addition, local public authorities are required to develop and inform the public about internal rules pertaining to the provision of information, citizen consultation and participation in the process, and on nominating and training a public consultations process coordinator, informing the public about all adopted decisions and developing and disseminating transparency reports concerning the decision-making process. Non-application of the rules of transparency constitutes a disciplinary offence according to the Labour Code and the Law on the Public Function and Status of Civil Servants⁹⁶ Lastly, the government decision on official websites establishes minimum mandatory requirements for public administrative authorities' official webpages.⁹⁷

⁹⁶ Law No. 158 on The Public Function and Status of Civil Servants

⁹⁷ According to Government Decision No. 188 of 3 April 2012 concerning the public administration authorities' official Internet webpage, LPA websites are to contain the following information: organizational structure, objectives and responsibilities, official contacts, number of staff, financial disclosure statements, approved acts, information about transparency in decision making, citizen-reception hours, information concerning petition submission procedure, information on citizen participation in decision-making, meetings adopted decisions, information on current and past projects, budget planning and execution, information on services

Local authorities are required to publicize information about the commencement of the decision-making process 15 days prior to the date of consideration of the decision and invite views from citizens, due within 15 days after the start of decision drafting. The announcement about the commencement of the decision-making process can be placed on the public authority's official website, sent by e-mail to interested parties, displayed at its headquarters in a publicly accessible space and broadcast on central or local media. The local public administration law establishes that decisions and normative provisions enter into force on the date of their publication.

Legal norms set out the conditions under which a person may petition local public authorities, central authorities or judicial bodies to ensure protection of their legitimate rights and interests. The law on petitions establishes that the petition is any request, complaint, proposal or referral addressed to competent bodies, in which an administrative act or the failure to meet a request, stated in an application, is challenged.

There are no unified statistics on the total number of petitions addressed by the citizens to all the state authorities. The government information note on citizens' petitions (2016) shows an increase in the number of petitions addressed to the central government compared to 2015 and 2014. Most of the petitions in 2016 were originating from the capital city, municipality of Chisinau (48.5 per cent), and to a lesser extent from the municipality of Balti (3.5 per cent). Of the total number of 3439

provided to citizens and legal persons.

petitions received by the central authorities, 125 or 3.6 per cent have been taken by the corresponding central authorities for further monitoring and resolution, 2579 petitions were passed for additional evaluation to the profile ministries and 627 have been re-addressed to the local public authorities, which were in charge of the issues raised in petitions.⁹⁸

Many of the petitions from citizens fall within the competences of the LPA authorities and are handed over to them by the government. Addressing petitions directly to central executive bodies suggests a lack of confidence by residents in the local public authorities.

Citizen information channels at the local level

Local public authorities usually display information about Council meetings at the public authority's premises in a publicly accessible place. While largely in line with the law, physical display is hardly an effective method of reaching local audiences and eliciting interest from them. On the other hand, websites are mostly unavailable to a large part of level I LPAs and, where available, do not display sufficient and up-to-date information.

Table 4. Availability of websites at LPAs

| Authority | LPAs with websites | Total no. of authorities |
|----------------------------|--------------------|--------------------------|
| LPA authorities of level I | 158 | 898 mayoralties |
| LPA level II | 31 | 32 districts and ATUG |

Source: Veaceslav Berbeca, IDIS Viitorul, 2017

In principle, the use of websites for such purposes is most conducive to providing a full range of documentation to citizens in relation to local decision-making processes. Unlike limited display options such as the physical display of documents or publication in the press, website formats can help display more detail regarding the projects under discussion and re-

lated materials. In practice, however, limited Internet penetration (49 per cent across the country), urban/rural divides in internet use, and generally low levels of Internet and technology literacy may also serve as limiting factors.⁹⁹

While these are likely constraints, the primary challenge lies with the lack of websites, and of updated information on them where they do exist. Only 18 per cent of level I LPAs have websites. There are districts in which no level I public authority has a public website, such as Ocnita district. Chisinau naturally has the best status in this regard, where all mayoralties have websites and where the information provided on them is in at least basic compliance with national law on transparency in the decision-making process.

Of the 158 LPAs where websites do exist, information on critical areas related to LPA functioning is not always available. With some exceptions, the mayoralties in the districts (level II) do provide information and, albeit to varying degrees, generally meet the required standards. Donduseni district is the only level II public authority without a website.

In a recent study on transparency and the quality of information provided on LPA level I websites in 50 selected localities, 20 localities (44.4 per cent) did not publicly inform citizens about draft decisions prior to meetings; five localities respected all the relevant requirements (11.1 per cent); and 10 (22.2 per cent) informed citizens about public consultations and budget planning for 2016. The publication of budgets and expenditure, public procurement announcements and their results, and information pertaining to local property management were particularly problematic¹⁰⁰. At an aggregate level, Cimislia, Chisinau and Cahul cities obtained relatively high scores, with some others displaying positive practices on individual scores. For example, Balti was the only district to publish its transparency report for 2015.

As part of the current SoLD assessment, survey respondents were asked questions related to their: (a) knowledge of the decision-making processes of district and local councils and mayoralties; (b) knowledge of their local government's website and their trust in its information; (c) knowledge of their rights to participate in local decision-making; and (d) access

⁹⁸ Notă informativă privind examinarea petițiilor adresate Guvernului și audiența cetățenilor în cadrul Cancelariei de Stat pentru anul 2016, <http://www.gov.md/sites/default/files/informatia_petitii_2016.pdf>

⁹⁹ Global Internet Maps, Moldova, <http://www.internetsociety.org/map/global-internet-report/?gclid=EAIAIQobChMIqMH2rY2x1QIVUBDT-Ch2vWQy0EAAYASAAEgIT3fD_BwE#global-internet-penetration>

¹⁰⁰ Transparency of 50 largest cities and 29 regions in Moldova, IDIS Viitorul, <<http://localtransparency.viitorul.org>>

to public information on their local government's activities.

Citizens' knowledge of local decision-making

84.9 per cent of respondents noted that they were rather uninformed or completely uninformed on the work of their district council; 79.7 per cent were uninformed about their village/town council's decision-making; and 75.5 per cent were uninformed of their village or town mayor's decision-making. In terms of regional differences, Chisinau (80.8 per cent) and ATUG (83.9 per cent) had the highest number of respondents who reported being uninformed on their local council's decision-making process, while 78.5 per cent of voters responded negatively in Chisinau about the decision-making of their mayor's office.

Citizens' knowledge of local government's website

14.9 per cent of respondents confirmed knowledge of such websites, while 36.7 per cent noted that no such websites existed; and 48.4 per cent did not know of them. The highest number of respondents who knew of a local government's website was in Chisinau, where 27 per cent of respondents confirmed the presence of such sites, and economically active respondents and students displayed the best knowledge of them. Respondents of 60 years and over across the entire survey and those in the North region had the lowest level of knowledge of such websites.

Citizens' knowledge about the right to participation

Generally, respondents had sufficient knowledge of their right to participate in local council meetings, their right of access to information and their local government's obligation to ensure adequate conditions for citizen participation. Large majorities (69.3 per cent to 79.9 per cent) provided accurate answers when questioned about these areas.

Citizens' access to information on local government's activities

Respondents indicated that LPAs currently inform citizens of their activities through public advertisements (19.9 per cent), local television (27.7 per cent) and the dissemination of information from one person to another (39.2 per cent). However, most

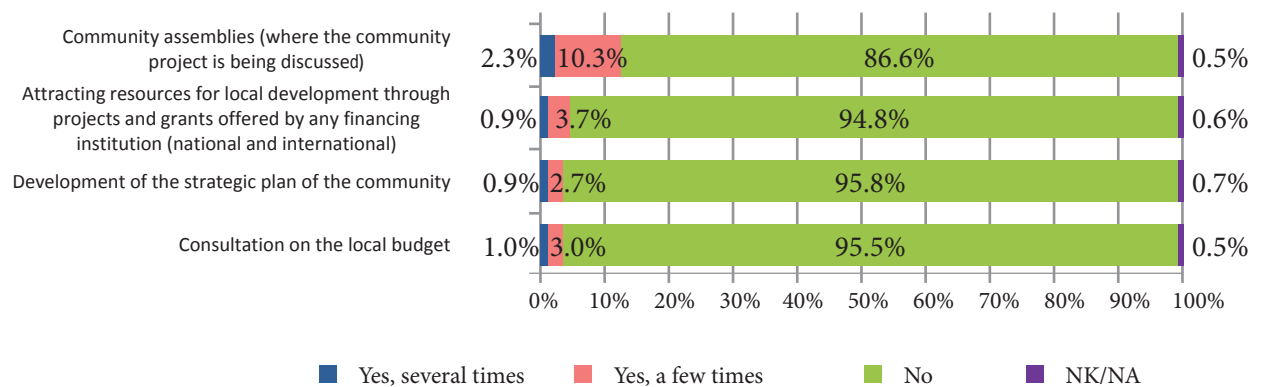
responses across all categories of respondents suggested that 'public consultations with the participation of the entire population' was the preferred form of information dissemination (41.2 per cent), and that a person-to-person transfer of information (26 per cent) and use of local government websites (25.5 per cent) were the second and third choices. Interestingly, public consultations were preferred by students, respondents who worked abroad and residents of rural settlements, while Chisinau and other urban residents preferred receiving information through local television (51 per cent) and from local government websites (40.7 per cent).

Interaction with local public institutions

Of the survey respondents, 93.9 per cent said that they had no contact with their district council and 89.9 per cent had had no contact with their local councils in the past 12 months. Contacts with local mayors were higher across all groups, averaging 22.7 per cent, with persons with disabilities, women on maternity leave and retired individuals the highest. Respondents in large urban settlements had the least contact with local authorities, at 9.9 per cent and 4.6 per cent for local mayors and local councillors, respectively. In small rural communities, citizens had more contact with authorities, at 35.1 per cent and 20.2 per cent with mayors and councillors, respectively. This again confirms that on a simple count of frequency of contact between citizens and local authorities, the small size of local units has a positive impact.

Respondents from Gagauzia showed the highest level of citizen contact with their mayors (45.9 per cent) and local councillors (17 per cent), while respondents from the Central region had the highest contact rate with local mayors (33.1 per cent). Other surveys show a sustained decline in confidence in public authorities, currently at its lowest levels compared to the past 16 years (UNDP Human Development Report 2016: 93).

Disillusionment and failure to meet minimal standards for a decent life have led to protests and different forms of social alienation. Lack of participation in public activities is a kind of 'civic-evasion', a sort of 'civic free-riding' or 'rational-ignorance' by educated citizens. This describes a stance by individuals that investing their time and effort in civic engagement

Figure 9. Have you ever participated in any actions listed below in your community?

Source: IDIS/CBS Axa, March 2017

beyond basic forms of participation (voting) seems irrational as they do not expect much to change. There is a negative correlation between the level of education and the degree of trust in politicians.

However, citizens do engage with local government more when tangible, concrete issues, such as land enhancement, education or specific community based projects (greening, water pipeline modernization, landscaping), are at stake. Citizens attempt to rationally assess the usefulness of their participation, and decide to participate when more citizens agree to attend, or when the issues to be discussed are of vital interest to the whole of community life, instead of attending regular council meetings or technical committee hearings. This seems to suggest that lack of participation may reflect a trivialization of the work of local governments, which often confuse and conflate politicization with consultation.

On more nuanced questions, such as the professionalism of district and local councillors and mayors, significant differences in the transparency of the decision-making of these local authorities and their reporting to citizens were reported. In line with the higher rates of satisfaction with mayors mentioned above, the professionalism of mayors was rated highest compared to other authorities, with 47.4 per cent of respondents rating it 'good' or 'very good'.

However, positive ratings declined for mayors on issues such as transparency in decision-making, engaging citizens in decision-making and reporting to citizens on their activities. Respondents of Ukrainian ethnicity had the most negative responses on transparency in the decision-making process at the mayor's offices and local councils and the most negative answers on providing information to citizens on their

activities. This could be explained by the language barrier and the relative lack of public information from local authorities in districts with a high concentration of Ukrainians. In Ocnita, which has the highest proportion of ethnic Ukrainians at 25 per cent, the local authorities do not have websites.

Across the board, about one-third of respondents answered 'don't know' to questions regarding the transparency of the work of district councillors. This was much higher than the 'don't know' answers for local councils and local mayors. This could be explained by the relative lack of interaction and greater distance between citizens and district councils (level II authorities).

Above all, the public expects employees of a local public authority to be patient and respectful to the people (67 per cent). Other important qualities are a sense of responsibility (61 per cent), diligence (52 per cent) and obedience to superiors (39 per cent). Surprisingly, respondents focused less on features such as intelligence and honesty (these values did not exceed 4 per cent).

Although respondents consider it important to be informed about all local government decisions, they admit to not being very involved in local administration. Only 1 per cent of respondents said they participate regularly in public discussions on issues of local community interest; 84 per cent noted that they never do. Approximately 4 per cent of respondents participate in such a discussion once every 4–12 months. Similar or even lower levels of participation were detected in discussions specifically organized by the mayor or the city council on budgets and strategic plans. Only 4 per cent of respondents said they had attended public consultations in their locality in the

past 4–12 months, and another 4 per cent attend at least every three years. An even smaller group of respondents (2.4 per cent) participate in consultations every month. Here young people aged 18 to 29 and men predominate.

Residents in small rural and small urban settings show much higher rates of participation compared to those living in either large rural or large urban localities. Approximately 84 per cent of respondents said they do not take part at all in consultations run by local authorities. These responses point to an extremely low level of citizen participation and require a rethink of how local authorities can increase their credibility.

Few innovative forms of partnerships between volunteers and local governments, upon joint initiatives were noted. For example, Bahrinesti - a village in Floresti district, known as the 'Village with 12 mayors' hosts an exemplary practice, whereby every villager can serve as a volunteer - mayor for a month. The volunteer mayor goes door-to-door and discusses problems facing the residents. This initiative is aimed at informing, consulting and involving citizens in the decision-making process and allows the residents to address and solve their issues quickly and without bureaucratic barriers. Issues discussed and addressed usually include sanitation, drinking water supply, and others. Bahrinesti is also called "the village with projects" as the village hosts a high number of projects implemented by the municipality through grants obtained from various international donors, as well as the contributions from the community.

Unlike other more conventional forms of public information and engagement, this initiative is unique in its potential in improving communication between citizens and local governments, and enhancing the local services, as well as for establishing effective and sustainable synergies between local active citizens and local governments, through the culture of volunteerism and community service.

Local public procurement and privatization processes

The data of the Court of Accounts reveals that improper organization of public procurement and lack of accountability persist in property management at the local level. The Court has registered many cases in which level I and II authorities have not ensured transparency in the process of organizing public pro-

curement.¹⁰¹ Of the 45 authorities surveyed in the study, 38 per cent (17) informed the public about the planned procurement processes, and only one town hall (Calarasi) published contracts on its website. In Chisinau, transactions related to the allocation of plots of land are often subject to misconduct. In addition, the signing of concession contracts for public works have led to criminal cases and the arrest of municipal officials. In June 2017 the deputy mayors and mayor, secretary and heads of several municipal departments at Chisinau City Hall were arrested by the National Anticorruption Agency for serious offences.¹⁰² Previously, Chisinau City Hall had not taken the necessary steps to respond to the Court's report on its audit results.¹⁰³ According to the audit report, the LPA of Chisinau municipality continued to privatize and assign assets for rent/lease with no transparency or competition. The lack of transparency in the management of public property is evidenced by the fact that the authorities had not publicized the lists of areas or plots of land subject to privatization or those to be leased.¹⁰⁴ The same situation can be found in many other mayoralities throughout the country.

Key findings

- Most of the ordinary citizens are rarely attracted by political parties or party-based networks, and many believe that politicians do not represent their interests. Voting, as the most frequent form of participation, does not translate into more meaningful and substantive political participation. The scepticism towards political parties may be a consequence of poor political accountability, lack of transparency and the amateurism and inefficiency of political parties.
- A narrow majority of respondents said that the most recent local elections had been free and fair (54 per cent), while about one-third of citizens responded negatively, giving reasons such as falsified results, lack of well-informed voting by citizens and manipulation/vote buying.

¹⁰¹ Report on the conformity assessment of budgeting and the public property management within the local public authorities in Calarasi district for 2014. Approved by the Court of Accounts, 16 of June 19, 2015.

¹⁰² See <<http://www.timpul.md/articol/dorin-chirtoaca-a-fost-plasat-in-arrest-la-domiciliu-pentru--30-de-zile-109992.html>>

¹⁰³ Audit report on the compliance of public property management in public entities in Chisinau for the years 2014-2015, Court of Accounts (2016)

¹⁰⁴ CNA, Expert-Grup, Evaluarea impactului corupției asupra bunei guvernări a municipiului Chișinău, 2016

- Public disillusionment with politicians, in particular due to vote buying and the misuse of administrative resources, threatens to undermine public confidence in elected bodies, state institutions and decision-making processes.
- Apart from dissatisfaction with socio-economic outcomes, citizens highlighted and disapproved of how essential processes of democracy, such as participation, democratic representation, authorization and accountability, function. In addition, the survey and other data found a significant degree of ignorance and underestimation on the part of citizens of the importance of these processes for bringing about the changes they desire.
- Uninformed and disengaged citizens cannot be expected to provide active input into a policy process and its outputs. Only 4.4 per cent of respondents said they had attended public consultations in the previous 4–12-month period, while another 4.2 per cent had attended in the past 3 years.
- The highest rate of participation was in community meetings to discuss local projects (10.3 per cent of respondents). Only 1 per cent said they have been consulted on budgeting, and 0.9 per cent knew of the existence of a local strategic plan. Again, the highest number of responses was related to visits to local mayors (22.7 per cent of respondents), in contrast with local councils (9.6 per cent).
- The top three reasons citizens gave for their disengagement were: 'I do not have time to get involved'; 'I am not sufficiently informed'; and 'nobody considers my opinions'. These responses seem to indicate the presence of a disengaged public, fitting the concept of 'rational ignorance' whereby citizens see no rational reason to invest time and effort in civic engagement as they do not expect significant change. The lack of proactive dissemination of information and the lack of transparency in decision-making found by this assessment across a majority of local public administrations support this claim.

Recommendations

22. Political parties need to address the fundamental challenges that exist in their outreach and relations with the broader public. Practicing income and expenditure transparency, internal party democracy and gender equality, and emphasizing responsiveness, accountability and avoidance of populist rhetoric could help to increase their appeal among wider audiences, including among younger voters and women.
23. It is paramount that parties, electoral authorities and civil society watchdogs enforce and monitor existing standards on combating illicit funding for parties, use of administrative resources for elections and vote buying. Citizens can only re-engage with parties if integrity in the political process is improved.
24. Political parties need to adopt transparent and merit-based candidate nomination processes to improve their reputation and standing in the public eye. Women and candidates belonging to various marginalized groups should be given fair and equitable opportunities, in line with the current law, to access leadership positions.
25. All the key officials in local government should be trained and provided with the resources necessary to practice 'development communication'. Current practices of minimum communication should be replaced with process-based communication that explains the issues to the public, improves information flows between local governments and the public, and strategically elicits feedback through interactions with local constituents. Local authorities should be provided with assistance to draft and pilot the internal and external communication and transparency protocols that are currently required by law but practiced by only a few LPAs.

26. LPAs should be helped to build and maintain their websites and, where possible, should employ a communications/outreach officer to increase engagement with citizens. In the context of the diminished budgets of local authorities, these activities should be co-financed by local government, large national civil society organizations and the donor community. Moldovan national think-tanks and CSOs with strong media outreach should play a more proactive role in assisting particularly disadvantaged local governments with in-kind support such as public outreach expertise and training, as well as the organization of networking opportunities for com-

munications officers from across various districts.

27. Integrity in the management of municipal services, transparent procurements and accountable budgetary process need to be seen as fundamental policy lines on decentralization. Accordingly, local public authorities should take the necessary steps to ensure transparency in the management of public property and public procurement. All public procurement calls, the results of tenders and progress reports should be published and proactively offered as useful local information to the public.

Pillar 3

Citizen Initiatives and Participation and the Role of Local Media in Promoting Local Democracy

This section examines the extent to which there is full, active and regular citizen participation and engagement that takes place independently, outside the realm of established local institutions and processes. The expressions of citizen participation and engagement discussed in this chapter are: voluntarism, civil society activities, complementary service delivery, petitions and public campaigns, and deliberative forums and Internet platforms. Given the weight and impact that organized CSOs have had in Moldova on expanding and influencing democratic reforms, the chapter presents main regulatory framework pertaining to the functioning of CSOs. Examples are provided of CSO advocacy to influence government reform and recommendations outlined to increase the sustainability of such activities.

Volunteering and civic engagement

A very large number of respondents to our representative survey did not belong to any civic group, movement or any other association. Only about 3 per cent of respondents stated that they were associated with a church or a religious organization, and few were members of a political party or political move-

ment (2.8 per cent), trade union (2.5 per cent), political party or political movement (2.2 per cent), educational or cultural association (2.2 per cent) or youth group (2 per cent).

A large part of the respondents (41 per cent) were also unaware of any civic organizations in their area of residence: 35 per cent of respondents said there were none while 24 per cent had knowledge of at least one such organization. On the question of which form of civic engagement on community affairs they preferred, respondents were given a wide range of response options. Responses were dominated by negative views, highlighting the very low participation rate in community affairs. However, compared to other categories, relatively positive answers were obtained for options such as participation in 'public consultations on topics of interest to your community' (4 per cent positive response), and 'public hearings attended by residents of your community' (5 per cent positive response).

According to data from the NBS, the highest rates of participation in voluntary activities are found in the 'community work' category, which involves almost every fourth person (24.2 per cent), including 20.3 per cent of men and 27.6 per cent of all women aged 15 and over.¹⁰⁵ In urban areas the rate was

¹⁰⁵ See <<http://www.statistica.md/newsview.php?l=ro&idc=168&id=4917>>

23.1 per cent and in the rural areas 25.2 per cent. In addition, support for other families with domestic care and agricultural work is worth of attention, with a participation rate of 11.3 per cent, higher among men (14.8 per cent) and in rural areas (15.0 per cent), and the help provided to other households with household work (8.9 per cent), with higher values among women (13.3 per cent) and in rural areas (10.3 per cent).

While this official data is helpful for framing a general picture of non-paid work, the state's classification of categories in voluntary engagement is not sensitive enough to allow easy extrapolation of a more detailed picture of voluntary activities. It is also evident that a significant proportion of formally voluntary engagements, particularly in the context of domestic care, agricultural work and other roles in rural contexts, has a transactional character even if it is not remunerated in monetary terms.

On the other hand, forms of civic engagement and influence on governance have been more significant and dynamic when organized and structured through the work of NGOs/CSOs.

Regulatory framework and overview of civil society organizations

Law 837 of 17 ay 1996 on Public Associations recognizes three types of legal forms for civil society organizations: public associations, foundations and private institutions.¹⁰⁶

A public association is a non-commercial organization, independent of the public authorities, voluntarily constituted by at least three natural and/or legal persons (public associations) and associated by joint interests.

A foundation does not require a minimum number of founders and is a non-political organization, formed by the founding act by one or more natural and/or legal persons and possessing a certain endowment, which is intended to help achieve the aims that the foundation has set out in its statute.

A private institution is a non-governmental, non-political institution that pursues public interests, and is based on the 'free manifestation of the founder's will in order to achieve the goals determined by the statute'. An overwhelming majority of CSOs are public associations and the analysis below therefore predominantly concerns public associations.

While there are no limitations on the scope of activity or functions of CSOs, registration procedures at the local level are simpler and more rapid. The law requires the authorities to process a registration request at the local level within 15 days of receipt, while organizations registering as national CSOs have a 30-day waiting period that may be extended for another 30-day period. The latter are subject to thorough verification carried out by the Ministry of Justice while local CSOs register with local authorities. A refusal to register a public association may be appealed in the administrative courts. A survey of CSOs conducted in 2014 showed that only 35 per cent of CSOs considered the registration processes to be satisfactory (Chiriac and Tugui 2014).

According to the State Register of Non-commercial Organizations there were 11,640 CSOs registered as of January 2017. Of these, 65 per cent are located in Chisinau. A significant donor dependency causes many small CSOs to be inactive for periods of time until funds can be secured for project implementation. The areas of activity for CSOs are: education/training (50 per cent); social services (40.8 per cent); community development (36.9 per cent); civic and advocacy (public policy) (26.2 per cent); health (19.2 per cent); youth (19.2 per cent); culture (16.9 per cent); good governance (14.6 per cent); the environment (13.8 per cent); economic, entrepreneurship, employers' associations (13.1 per cent); European integration and foreign policy (6.2 per cent); agriculture (6.2 per cent); human rights (6.2 per cent); other areas (8.5 per cent) (Chiriac and Tugui 2014).¹⁰⁷

Policy advocacy by civil society organizations

To develop policy platforms and join forces for concerted action, CSOs have formed several key platforms: the National Council of CSOs of Moldova, the National Council for Participation, the National Platform for Eastern Partnership and the EU-Moldova As-

¹⁰⁶ A note on terminology: this report uses 'civil society organizations' (CSOs) as a broad term that subsumes what are often referred to as NGOs. The OECD Development Assistance Committee defines CSOs as including: 'all non-market and non-state organizations outside of the family in which people organize themselves to pursue shared interests in the public domain. Examples include community-based organizations and village associations, environmental groups, women's rights groups, farmers' associations, faith-based organizations, labour unions, co-operatives, professional associations, chambers of commerce, independent research institutes and the not-for-profit media'. See <<http://www.cn.undp.org/content/dam/china/docs/Publications/UNDP-CH03%20Annexes.pdf>>

¹⁰⁷ These classifications are based on the categories in Chiriac and Tugui (2014).

sociation Agreement Civil Society Platform. In addition, there are many other networks of CSOs involved in sectoral policy development, such as child protection, the protection of individuals with disabilities, HIV/AIDS-related programmes, the National Youth Council of Moldova, the Forum of Women's Organizations of Moldova and the Forum of Environmental CSOs.

At a more general level, to further their objectives, CSOs often organize debates and conferences, public awareness-raising and the dissemination of information about important issues of public interest, conducting research and developing alternative draft laws. While these are critically important interventions to help improve public administration, promote implementation of various sectoral policies and improve public awareness, CSOs acknowledge that opportunities for direct policy input and impact are more difficult to achieve and sustain due to the lack of cooperation from the state authorities. A particularly underutilized method of interaction with the state authorities is attending parliamentary standing committees (IDIS 2014). The type and variety of relationships established between CSOs and central and local authorities in the past two decades indicate a relatively high rate of participation by CSOs in decision making in LPAs compared to the central level, as well as a higher rate of project initiation with LPAs (Table 5).

The same survey indicates that CSOs anticipate more positive outcomes when interacting with local authorities compared to the central government. Advocacy capacity is the best indicator of CSO's participation in the policy process and their co-participation in society's development. CSOs have gradually increased their advocacy capacity, becoming involved in the decision-making phase (IDIS 2014).

Financial sustainability of civil society organizations

The citizen survey conducted as part of this SoLD assessment showed that about 22 per cent of respondents believe that the CSOs should be financed by central government, 17.5 per cent noted that significant funding should be provided by international donors, 12.3 per cent support businesses funding CSOs and only 10.2 per cent of respondents think that funding should be provided by those citizens who are interested in their advocacy

objectives. Among the respondents, 40 per cent did not give any answer, highlighting a major lack of interest in CSO sustainability.

The financial viability of CSOs, as measured by the USAID CSO Sustainability Index, shows an improved score from 5.2 in 2009 to 4.7 in 2015, and the overall CSO Sustainability Index showed improvements until 2015. In this regard, Moldova stands close to the southern European average score and is among the leaders in Eurasia (USAID 2016).

According to data from the Contact Center, about 83 per cent of the funds spent by Moldovan civil society in 2016 was covered by foreign grants¹⁰⁸. Among the main grant making organizations contributing to the development of CSOs in Moldova are 18 development partners.¹⁰⁹ Some improvement in obtaining national funds has also been noted.

CSOs can apply for commercial loans, but banks ask for guarantees and this model of financing is not sustainable for most CSOs in Moldova. Local businesses are less interested in financing civic initiatives and the financial capacity of local authorities to contract CSOs is not significant. Private donations are a possible source of financing, but 76 per cent of entities and individuals who made donations in 2015 gave money to churches and monasteries, and only 7 per cent gave money to CSOs (Neicovcen et al. 2016).

On the positive side, public associations and foundations with public utility status are exempt from income tax. The tax legislation has been amended to allow taxpayers to allocate 2 per cent of their tax liability to CSOs of their choice and civil society groups have started to receive funding from government agencies for delivery of local social and health services. It seems however that the tax innovation largely benefited Church (parishes and active church-based associations), and to a much less extent civic-oriented associations and grassroots groups.

Since the Church is also part of the civil society, it could be argued that this legislation could in the future produce a positive impact on the financial sustainability of the rest of the civil society. However, for this objective to materialize, more initiatives will be needed to raise the public's awareness on civil soci-

¹⁰⁸ An important role in the development of Moldovan civil society was the creation of the National Center for Assistance and Information for NGOs in Moldova (CONTACT) in 1995. The CONTACT Center was a project co-funded by the Soros Foundation-Moldova and the Tacis Democracy Programme (Neicovcen et al. 2016).

¹⁰⁹ Austria, Czech Republic, Denmark, the EU, Estonia, EBRD, IMF, Hungary, Germany, Japan, Liechtenstein, Poland, Romania, Sweden, UN, Switzerland, the USA, and the World Bank. See: State Chancellery, Profiles of Development Partners (online) 2014, <<http://www.ncu.moldova.md/index.php?l=en#idc=542&>>

ety activities, increase the public's engagement in these activities and improve the visibility and image of CSOs.

A more recent trend to emerge among CSOs is for the organization of economic activities that bring additional revenue to help organizations operate in their field of activity.

Recent achievements

Several recent reform initiatives demonstrate the capacity for impact and the influence that Moldova's civil society can exert through concerted action. In February 2015 the Centre for Independent Journalism, with USAID support, launched an advocacy campaign for the approval of draft Law 240 on amendments to the Audio-visual Code. After conducting a press conference, publishing articles and organizing a petition signed by representatives of CSOs, parliament adopted the Law with the requested amendments. In November 2015, according to those amendments, all the private broadcasting operators were in compliance with ownership disclosure requirements, which marked a significant achievement in promoting transparency in media ownership.

As a result of strong advocacy actions under the lead of the Gender Equality Platform, in 2016 parliament adopted the legislative package that introduced 14 days of paid paternity leave, to be compensated through the national social fund; a 40 per cent gender quota on political parties' candidate lists for local and national elections, as well as for members of the Cabinet of Ministers and the Audio-Visual Coordination Council; and a prohibition of sexist language and advertising.

In December 2016 civil society organizations signed a joint petition, protesting against draft legislation on the 'liberalization of capital', which sought to exonerate natural and legal entities of any liability arising from failing to file property declarations before 15 April 2017. The draft legislation included an interdiction on punishing civil servants for failing to declare assets. Following the petition, the drafts were withdrawn.

Through the sustained efforts of civil society, tax legislation was adopted allowing Moldovan taxpayers to donate 2 per cent of their tax bill annually to a CSO of their choice.

Table 5. Types of relations between CSOs and LPA /CPA

| | LPA, level I | LPA, level II | CPA |
|---|--------------------|---------------------|-------|
| Initiating joint projects | 64,6% | 60,8% | 46,2% |
| You are consulted on certain issues | 59,2% | 57,7% | 56,9% |
| Participate in decision-making | 42,3% | 40,0% | 37,7% |
| You are consulted in developing strategies and policies | 49,2% | 40,8% | 53,8% |
| Participate in discussions on public budgets | 27,7% | 23,8% | 25,4% |
| You are contracted for certain services, activities | 43,8% | 43,8% | 31,5% |
| You have financial support to implement some programs | 34,6% | 27,7% | 23,8% |

Source: Study on Civil Society Organizations: Evolution, Sustainability and Participation in Political Dialogue. IDIS Viitorul, Chisinau, 2014

Local CSOs continue to offer a variety of services, especially in elderly and homeless care services, counselling and support for people living with HIV or AIDS and victims of domestic violence.¹¹⁰ Local service providers made significant progress in 2015. For example, the 'Casmed' Association in Balti has expanded its coverage of social services for the elderly in two other localities, to a total of 30 localities. The association was also contracted by the National Health Insurance Company to provide health services to all Balti inhabitants, around 648 visits and medical checks in 2015. In 2015 the National Health Insurance Company contracted 13 CSOs to provide various medical services.

Local CSOs are increasingly focusing on social entrepreneurship to enhance their financial sustainability. The most popular fields of activity for social enterprises are the catering and social services provided to the elderly. In 2015 the 'Eco-Razeni' association organized the first National Conference on Social Entrepreneurship. The event was attended by about 100 people from Moldova, Romania and Hungary

¹¹⁰ Sustainability Index of Civil Society Organizations, 2015, Republic of Moldova (Chisinau, June 2016)

who discussed different models of social enterprise in Europe.

Data show that CSOs and other grassroots organizations and public associations play an essential role in advocating for the consolidation of decentralized governments, displaying a true commitment to engage in open discussions and hearing on all components of the decentralization reforms (budgets, management of public properties, safety, delivered communal services) and, jointly with their local government representatives, do really care about the well-being of their community members.

Civil society in Gagauzia

Civil society in Gagauzia is part of the broader civil society in Moldova, and faces largely the same challenges and constraints. In the period 1997–2015, 460 CSOs were registered by the Gagauz justice authorities. Compared to the rest of Moldova, the existence of a few strong CSOs working primarily within the region could explain the higher level of recognition of these organizations among citizens. Focus group participants in Comrat noted their familiarity with some of the most active local CSOs, such as the Women's Association of Gagauzia, the Pro-Europa Centre and Pilgrim-Demo, and offered positive feedback:

The local CSOs organize interesting debates on a regular basis, and this helps us be better informed. Many candidates for election to the People's Assembly are known by sight but nobody knows how they work or what they stand for. Such debates disclose all of the above. The most active CSOs organize various events, pointing out the most acute needs of citizens and communities, informing citizens about the activities of deputies and mayors, and participating in local meetings. (Focus group, Comrat, March 2017)

National and local media: an indispensable element of local democracy

The national media fall into three categories: the print media, audio-visual media and electronic media. The local media is primarily of a printed nature. Local print periodicals also publish online versions, but standalone online local media publications are largely absent. At the regional level, 26 newspapers

are published by regional and local councils and 28 privately owned newspapers operate across the country, eight of which are in Gagauzia.

At the regional level, the privately owned press has developed dynamically. Publications such as *North Observatory*, *Free Word*, *Angle*, *Provincial Accent*, *East-Courier* and the *Western Gazette* have emerged as relatively small but locally influential competitors to the dominant national press. The Ungheni-based *The Corner from Ungheni*, originally conceived as a district newspaper, is currently distributed in three districts, Ungheni, Calarasi and Nisporeni, and has a circulation of over 10,000 copies. The *Free Word* newspaper from Leova is distributed in the districts of Leova, Hincesti, Cahul, Cantemir and Cimislia, and has a circulation of over 8000.

National media outlets are under the strong influence of powerful political and economic groups, and a majority of television channels are owned either by individuals and companies close to party leaders or by politicians themselves. Large media institutions associated with oligarchs and political leaders continue to put pressure on smaller media outlets (US Department of State 2016).

As media outlets grow bigger and more influential, the political pressure on them increases: 'Difficulties encountered by local newspapers are often caused by the pressure on editorial policy exercised by political parties to promote their visions and ideas; by state structures aiming to enhance their image and credibility; and by commercial-financial groups seeking coverage and media profile' (Journalist, South region, Focus Group, April 2017).

While the press continues to chase what it considers newsworthy coverage of events, and to function in a financially and politically challenging environment, its role as a multiplier of democratic citizenship and civic education can suffer. Participants to the focus groups confirmed that often CSOs usually have to pay fees if they would like to receive coverage in the local printed media, which are rather prohibitive. This led to CSOs willing to set up their own small local media outlets or use of digital media, such as web-sites, news portals or electronic bulletins. However, at the local level, where media outlets are few and weak, they are considered valuable partners by local authorities. This is natural as the local print media is one of the most accessible sources of information for citizens, particularly in rural settlements. This type of interaction should be welcomed and encouraged, provided that standards of objective

journalism are respected and these outlets do not simply disseminate the opinions of local political leaders.

Local and regional television

Local and regional television is underdeveloped and has struggled to remain competitive. Two regional private networks, AICI TV and Canal Regional, provide local and regional content and broadcast across various regions. They were created specifically to compensate for the lack of local content and coverage. However, inadequate financing and revenue make these regional networks less attractive to citizens in the regions. The revenues of these channels largely depend on the placement of commercial advertisements by national and local businesses, as well as content commissioned by local government.

The media in Gagauzia region reflects the national media, albeit broadcast mainly in Russian. According to one recent survey data, the most popular source of information is Gagauz Radio Televizion (GRT), which is trusted by about 65 per cent of the respondents who watch it several times a week.¹¹¹ GRT's popularity is due to the political, administrative and financial support provided by the regional authorities of Gagauzia. Asked about their trust in the regional media, focus group participants in Gagauzia noted that: 'Each media source has its own editorial focus, just like any political party' (Focus group, Comrat, March 2017).

Key findings

- A large proportion of the survey respondents do not belong to any civic group and association. Only about a quarter of respondents know of any CSOs in their locality. About 90 per cent of citizens do not participate in consultations with local

authorities or in consultations related to important community affairs; about 93 per cent of citizens reported never having taken part in protests or been involved in local pressure groups.

- Against the odds of low public engagement and awareness of civil society organizations, Moldova's organized civil society sector is becoming more dynamic and slightly more sustainable. The CSO Sustainability Index is ranked at 3.96, with modest improvements in recent years. However, only a small number of registered CSOs are active, and these are primarily in urban areas. Nonetheless, some important results have been achieved when CSOs unite and engage in concerted advocacy efforts. Cooperation of local CSOs with central government is often absent, and CSOs see greater potential in working with local government, particularly on joint project implementation.
- Financial viability remains an acute problem for CSOs. The state provides some tax incentives but lacks the will and resources to engage with local and regional CSOs on critical issues for sustainable development. The USA and the EU are still among the most important donors. The 2 per cent law, while an important step in a right direction, has not yet had the desired impact on the financial sustainability of CSOs, but few expected the law to provide a quick fix to such deep-rooted problems.
- Both regional and local media are underdeveloped, suffer from a lack of financial and editorial independence, and play only a limited role in fostering democratic citizenship. At the regional level, the privately owned press has developed more dynamically. At the local level, print outlets appeal to local governments as well as citizens as a means of communication. This partnership should be fostered and could improve the availability of local government information locally and enhance pluralistic approaches to local politics, provided that professional journalistic standards of objectivity are maintained.

¹¹¹ Survey conducted by CBC-AXA at the request of Pilgrim Demo, February 2017.

Recommendations

- 28.** The legal framework for the registration of CSOs should be improved, shortening the registration period for national CSOs from the current 30-day period, possibly to 15 days, similar to the CSO registration timeframe at the sub-national level.
- 29.** CSOs should develop initiatives to improve public awareness and the application of the '2 per cent law'. To ensure that the law's effect is maximized in relation to their own financial sustainability and institutional stability, CSOs should increase their engagement with the public, aim to increase and diversify their membership and improve their public appeal.
- 30.** Scrutiny of the local governments through an active participation of the CSOs and other public associations contributes to the vitality of democratic participatory process. .
- 31.** Civic education programmes aimed at raising public awareness on the benefits of engaging directly with local governments, on the role and obligations the local governments have to their communities should be prioritised by CSOs working at the local level. Such civic education should be targeted to build a sustained public pressure and the demand for accountable local governance.
- 32.** CSOs should use the relative openness of local authorities to engage more proactively with local development projects.
- 33.** Larger national CSOs should focus on knowledge sharing and partnerships with local CSOs on advocacy and activism on key reform implementation issues such as territorial-administrative reform and decentralization, anti-corruption, local budget transparency and service delivery, and the accountability of LPAs to the public.
- 34.** The international community should continue to pressure the government to ensure the independence of the Audio-visual Coordination Council from political influences.
- 35.** Media watchdog groups and CSOs at the national and local levels should work for more transparency in and public awareness of media ownership; media watchdogs should publicly disclose cases of political pressure on the media and on CSOs.
- 36.** Democracy activists, CSOs and the donor community should work on capacity building and professional skills development with regional and local media on policy analysis, investigative journalism on governance and corruption, political and public finance at the local level, and strategic reporting on local democracy issues. Small, independent online media outlets should be supported.
- 37.** Media outlets should work to popularize and develop greater public awareness of the role of civil society and help disseminate positive information about CSOs.

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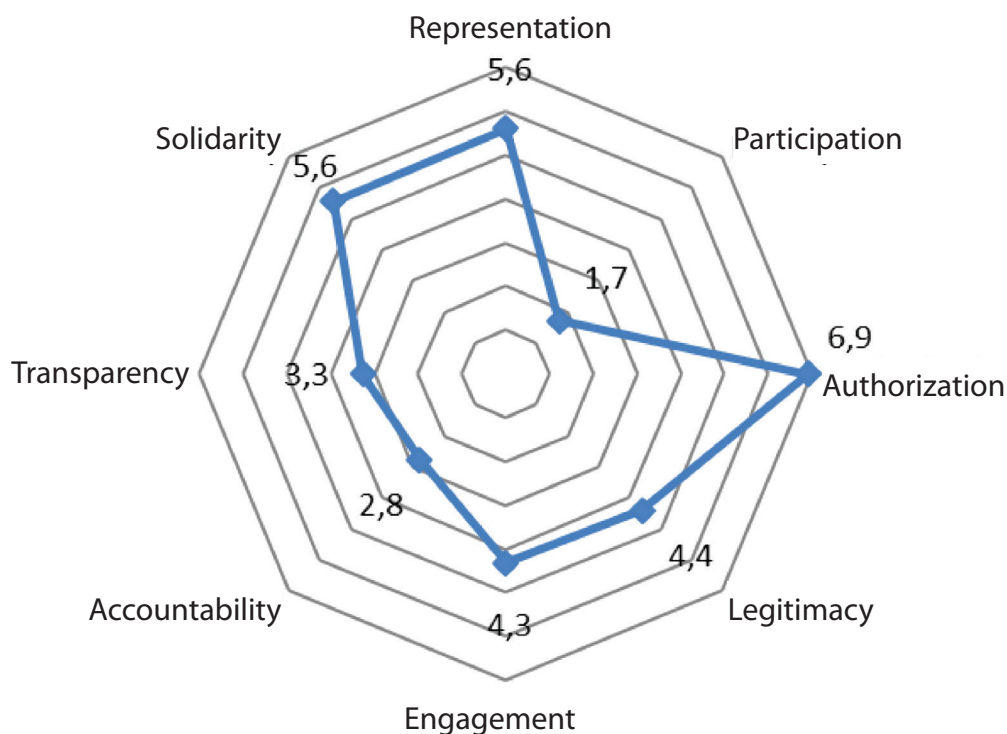
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Annex A

Citizens' Perceptions of Local Democracy: in numbers

This numerical measure of citizens' perceptions of local democracy was developed to help better visualize and summarize the responses from the survey of citizen perceptions of local democracy. The scores are developed based on responses to the 22 questions out of the total of 63 survey questions, selected as most appropriate ones to distill citizens' perceptions on eight mediating values of local democracy: representation, participation, authorization, legitimacy, responsiveness, accountability, transparency and solidarity. These eight mediating values were matched with the 22 survey questions. Survey responses obtained from across Moldova to each of these 22 questions were coded on a scale of 0 (lowest negative perception) to 10 (highest positive perception) and aggregated for each of the eight values. The aggregation method is based on simple averages of all responses for each question.¹¹²

Figure A.1. Citizens' Perceptions of Local Democracy: Perceptions of mediating values, total sample



Source: IDIS/CBS AXA 2017

¹¹² To enable the score calculation, citizens' responses had to be adjusted to fit the 0–10 scale. This puts limitations on the accuracy of the design of this measure. Equally important was to ensure the maximum coverage of the respondents included in the survey, and to limit non-responses as much as possible.

Table A.1. Citizens Perceptions of Local Democracy: Scores obtained for values: Representation, Participation, Authorization, Legitimacy, Responsiveness, Accountability, Transparency, Solidarity, regional breakdown

| | Country average | Chişinău | North | Center | South | ATU Gagauzia |
|-----------------------|-----------------|----------|-------|--------|-------|--------------|
| Representation | 5.6 | 5.1 | 5.5 | 5.5 | 6.0 | 7.0 |
| Participation | 1.7 | 1.4 | 1.6 | 1.9 | 1.8 | 2.1 |
| Authorization | 6.9 | 5.7 | 7.0 | 7.5 | 7.1 | 7.9 |
| Legitimacy | 4.4 | 3.3 | 4.7 | 4.3 | 5.0 | 6.2 |
| Responsiveness | 4.3 | 4.3 | 4.0 | 4.3 | 4.5 | 5.2 |
| Accountability | 2.8 | 3.1 | 2.5 | 2.4 | 3.2 | 3.5 |
| Transparency | 3.3 | 2.7 | 3.3 | 3.2 | 3.8 | 4.1 |
| Solidarity | 5.6 | 5.8 | 5.5 | 5.5 | 5.4 | 6.0 |

Source: Institute for Development and Social Initiatives

Highlights

- Of the 8 core components/mediating values of local democracy, the **authorization** was marked with the highest score (**6.9 out of 10**). This score was based on survey responses to two questions: Do you think that the most recent local elections the Republic of Moldova were free and fair? and Do you think that your vote can influence/change in the political situation in the country or community? The score reflects the positive views on these two questions by a majority of respondents.
- Perceptions of **representation** were measured by the combination of two questions: Does the local public administration represent your interests and needs and is an institution which you could address with any question? Do you think the local council needs more (a) women councilors, (b) representatives of minorities, (c) young people, (d) representatives of people with disabilities? The average score for this measure was **5.6 out of 10**, with the highest scores shown in the South region (6.0) and Gagauzia (7). Chisinau showed the lowest scores on the first question, where more respondents considered the local LPA as not representing their interests and needs while the South and the ATUG regions showed the highest number of positive responses. Across the country, respondents expressed higher support for having more young people represented in local councils.
- The lowest score (**1.7 out of 10**) was assigned to **participation**, measured through citizens' reported experience of contact with local public authorities, participation in community actions, involvement in resolving issues of interest to their locality and participation in local elections. The lowest scores on participation were recorded for the sub-indicator for participation in community actions (attending hearings on budget approval, development of strategic plans for the community, development of community projects or attraction of resources for the development of the locality through projects and grants, community assemblies). As mentioned earlier, voting in local elections was noted as the most active form of participation by citizens, with high scores obtained across the country, especially in Gagauzia and the Central region. However, this level of public interest towards local elections did not spill over to other forms of interaction with locally elected governments.
- Perceptions of **accountability** were measured by the responses to the following questions: (a) respondents were asked to characterise the process of information provision to citizens by LPAs on their activities, (b) their level of trust in the information provided on the activities of and decisions taken by the town hall, and (c) number of complaints over low quality or absence of local

services, filed with the city hall or other local government. The composite score on accountability obtained based on responses to these questions were the second lowest of all the components/values (**2.8 out of 10**). The highest scores for this component were found in the Central and South regions, and ATUG, with higher numbers of positive responses related to the reporting by mayors and local councillors to citizens. Demanding accountability through filing of complaints regarding a local service was low across the country, with Chisinau and the South regions marking relatively higher rates (3.4 and 3.5 out of 10).

- Perceptions of **transparency** were measured based on responses to three questions in the survey: To what extent do you personally know (or feel informed about) how decisions are made in local government (district council/mayor's office/local council)? How would you assess the transparency of the decision-making process in local government (district council/mayor's office/local council)? To what extent do civil servants and people in leadership positions comply with the rules on transparency in the exercise of their functions? The score obtained for this value (**3.3 out of 10**) was among the lowest. Relatively higher scores were obtained on transparency in the mayor's offices, but responses on compliance with transparency rules by local governments scored much below the mid-threshold.
- Perceptions of **responsiveness** were measured by a set of questions related to the local governments' engagement with citizens in addressing their interests and needs. The overall score was based on the following detailed questions: How would you rate the following aspects of the activity of local governments (Engaging citizens in discussing the draft decisions)? To what extent are you satisfied with how you solved the problem you faced with the assistance of your local authorities? How pleased are you with the quality of public services provided to you by your local government? Do you agree with the statement that politicians do not listen to the views of citizens? The average overall score was **4.3 out of 10**, with 4.0 lowest score in the North and 5.2 being the highest score, from Gagauzia. Engaging citizens in discussing draft decisions was again marked with higher numbers of positive responses in Gagauzia and lower in Chisinau. As mentioned earlier, mayors were identified as more engaged in discuss-

ing drafts of various decisions with residents, followed by local councils. Respondents in Chisinau were most critical of the politicians (not listening to citizens), while in Gagauzia this score was relatively high (3.4 out of 10, compared with 2.0 out of 10 for the south and 0.8 for Chisinau).

- Perceptions of **legitimacy** were measured based on the trust of citizens in the local government representatives (how much do you trust in district councillors, mayors, local councillors?), and the citizens' perceptions of the degree of respect of laws by the local officials (To what extent do civil servants and persons with leading positions respect legislation in the exercise of their functions?). The total score for this measure was at **4.4 out of 10**, with the lowest score marked in Chisinau (3.3) and the highest in ATUG (6.3). Trust in local governments was higher towards mayors, compared to other local authorities, and as in other similar measures, marked the lowest score in Chisinau and the highest in ATUG. Perceptions regarding respect of laws by local officials repeated the same patterns, with lower scores in Chisinau (2.9), and improving in the other regions (approx. 4 out of 10 in the North, South and Center regions) and 5.1 score out of 10 in ATUG. These patterns indicate that the public trust and perceptions of the respect of law by local officials in Chisinau has been negatively affected by the unfolding prosecution of the mayor of the capital city based on alleged misappropriations, but could also be conditioned by overall more informed and critically predisposed urban respondents in Chisinau compared to other localities.
- Perceptions of **solidarity** as a societal value were measured through respondents' level of loyalty to their communities, and through ascertaining the importance that respondents ascribed to various related values as those that should be nurtured among the children, and those to be expected from local authorities (sense of responsibility, respect for people, altruism – values and traits to be expected from the local governments?; Sense of responsibility, respect for the elderly, altruism, patriotism - traits to be nurtured among children?). These personality-trait questions were designed as multiple-choice questions, with other personality traits also provided as possible options. In this way, these were made to gauge the importance that respondents ascribed to these values/traits compared to other values/traits. The

total score based on responses along all of these questions was at **5.6 out of 10**, with Chisinau at 5.8 and ATUG at 6.0. Most of the respondents across the country considered themselves loyal to their localities. Personality traits associated with solidarity such as sense of responsibility, respect towards people measured among the top traits to be expected from the local governments, while altruism (personal disinterest) was marked as important only by the one fifth of all respondents. Sense of responsibility, respect for old people as traits to be nurtured among children enjoyed support from more than a third of respondents, while here too, the altruism (personal disinterest) garnered a low support.

- The highest aggregate score of all individual scores for components among the four regions and Chisinau was found in ATUG (at 5.3 out of 10). This score reflects the relatively higher number of positive responses to most of the survey ques-

tions in ATUG, as noted in the main report. This result is also in line with other surveys, such as People Watch (IDIS), Barometer of Public Opinion (BOP-IPP) and studies that show that respondents' views in Gagauzia in relation to key socio-economic aspects are more positive compared with those in other regions (Nantoi et al. 2016; British Embassy and Pilgrim-Demo 2017).

- The lowest aggregate score was registered in Chisinau (3.9), which had the lowest scores on participation (1.4), transparency (2.7) and legitimacy (3.3), while representation (5.1) and authorization (5.7) crossed the mid-threshold. These negative scores reflect the trends we discussed above across the three pillars, where residents in Chisinau display more critical views of or dissatisfaction with the local government and are more aware of their rights, and more critical of their local governments' performance and the services provided by these governments.

Table A.2. Components/mediating values and associated indicators

| Components | Phenomenon measured | Indicators | Values |
|-----------------------|---|--|------------------------------------|
| Representation | Level of LPA representation of citizens' interests | C14 Please tell me if the LPA in your locality is representative of you (i.e. it is an institution that represents your interests and needs and where you can seek assistance with any problem)? | Yes – 10 No – 0 |
| | The level of representation of different population groups in the local council | C22 Do you think the local council needs more, the same or fewer: Women councillors? Representatives of minorities? Young people? Representatives of people with disabilities? | More – 10 Same – 5 Fewer – 0 |
| Participation | Contact with local public institutions | B12 Please tell me, in the last 12 months, have you contacted any of the following public institutions? District council? Town hall in your village/city? Local council in your village/city? | Yes – 10 No – 0 |

| Components | Phenomenon measured | Indicators | Values |
|----------------------|---|--|---|
| Participation | Participation in community actions | <p>B17 Have you personally participated in actions as mentioned below at your local level?</p> <p>Consultation on village budget</p> <p>Development of the strategic plan of the community</p> <p>Development of community projects or attraction of resources for the development of the locality through projects and grants offered by any kind of financing institutions (national and international)</p> <p>Community assemblies (where the community project is being discussed)</p> | <p>Yes, many times – 10</p> <p>Yes, a few times – 5</p> <p>No – 0</p> |
| | Involvement in solving issues of interest to locality | <p>C5 How were you or your family members usually involved in solving issues of interest to the locality?</p> <p>I donated money</p> <p>I was there personally/other members of my family were there/ and worked on it</p> <p>I explained about the benefits of the project to the locals</p> <p>I organized public hearings or meetings with the population</p> <p>I participated in public hearings or meetings with the people</p> <p>I initiated a petition / collective letter addressed to the LPA about solving the problem in the community</p> <p>I participated in the elaboration of a project which aimed at solving the problem</p> | <p>Maximum observations – 6 cases,</p> <p>Nr cases *1/6*10</p> |

| Components | Phenomenon measured | Indicators | Values |
|-----------------------|---|---|---|
| Participation | Participation in the elections | C19 Please tell me which category of people do you belong to? | I always participate in the elections – 10 As a rule, I participate in the elections – 8 I only participate when I think it is necessary – 6 I only participate when I'm in the town where I have residence – 4 I only participate when someone invites me in exchange for something – 2 Usually I do not participate in the elections – 0 |
| Authorization | Fairness of local elections | C17 Do you think that the last local elections in the Republic of Moldova were free and fair? | Yes – 10 No – 0 |
| | Influence over political situation | C20 Do you think that your vote can influence the changing of political situation in the country or community? | Yes – 10 No – 0 |
| Legitimacy | Compliance with legislation by representatives of public institutions | C15 To what extent do civil servants and persons with leading positions respect legislation in the exercise of their functions? | Very much – 10 Rather respect – 6.6 Rather not respect – 3.3 Do not respect at all – 0 |
| | Trust in local public institutions | A3 Tell me how much do you trust in? District councillors? Mayor of your village / city? Local councillors in your village / city? | Very much – 10 Much – 7.5 Little – 5 Very little – 2.5 At all – 0 |
| Responsiveness | Engaging citizens in discussions of draft decisions | B13 How would you appreciate the following aspects of the activity of the following institutions (Engaging citizens in discussing the draft decisions)? District councillors Mayor of your village / city Local councillors in your village / city | Very well – 10 Well – 7.5 Neutral – 5 Bad – 2.5 Very bad – 0 |

| Components | Phenomenon measured | Indicators | Values |
|-----------------------|--|--|--|
| Responsiveness | Involvement of LPA in solving the problems of the population | B32 To what extent are you satisfied with how you solved the problem you faced with the assistance of your local authorities? | Very pleased – 10 Pleased – 6.6 Displeased – 3.3 Very displeased – 0 |
| | Involvement of LPA in the delivery of quality public services | B25 How pleased are you with the quality of public services provided to you by your local government? Activities of cultural integration and entertainment in your locality (clubs, films, training circles, dance circles, public library, etc.) Drinking water supply Natural gas supply Training in the local school, other forms of educational and vocational services Waste disposal and sanitation Maintenance of community access roads Maintenance of sewerage services Street lighting | Very pleased – 10 Pleased – 6.6 Displeased – 3.3 Very displeased – 0 |
| | Responsiveness of politician to citizens' needs | C3. Do you agree with the statement that politicians do not listen to the views of citizens? | yes – 0 no – 10 |
| Accountability | Informing citizens about LPA activities | B13 How would you rate the following activity of these institutions (Informing citizens of their activities)? District councillors? Mayor of your village / city? Local councillors in your village / city? | Very well – 10 Well – 7.5 Neutral – 5 Bad – 2.5 Very bad – 0 |
| | Confidence in information provided by local institutions on the activities conducted | B16 To what extent do you trust the information about the activities carried out and the decisions taken by the town hall, received by the following ways? | Very much – 10 Much – 7.5 Little – 5 Very little – 2.5 Received no information – 0 |

| Components | Phenomenon measured | Indicators | Values |
|-----------------------|---|--|---|
| Accountability | | B30 How many times have you filed a complaint to the City Hall or other public institutions over the past 12 months because a public service did not work or work badly? | Maximum observations – 10 cases, Nr cases *1/10*10 No any complaints = 0 |
| Transparency | Knowledge of decision-making procedures | B7 To what extent do you personally know (you are informed) about how decisions are made in... In district council? Town Hall in your village / city? In the local council of your village / city? | Well informed – 10 Informed – 6.6 Rather not informed – 3.3 Not informed at all – 0 |
| | The level of transparency of decision-making procedures | B13 How would you appreciate the following aspects of the activity of the following institutions (Transparency of the decision-making process)? District councillors? Mayor of your village / city? Local councillors in your village / city? | Very well – 10 Well – 7.5 Neutral – 5 Bad – 2.5 Very bad – 0 |
| | The level of comply with the rules of transparency of civil servants and persons with leading positions | C15 To what extent do civil servants and persons with leading positions comply with the rules of transparency in the exercise of their functions? | Very much – 10 Rather respect – 6.6 Rather not respect – 3.3 Do not respect at all – 0 |
| Solidarity | Loyalty level | B1 Please tell me if you are a loyal citizen of this locality? | Very loyal – 10 Rather loyal – 6.6 Rather disloyal – 3.3 Not loyal at all – 0 |
| | Solidarity in children's education | C12. Below you'll find a list of qualities that could be educated home to children. In your opinion, which of these qualities are important in particular (sense of responsibility, patience and respect for the elderly, altruism, patriotism)? | Maximum observations – 4 cases, Nr cases *1/4*10 No responses = 0 |
| | LPA qualities | C13. What in your opinion are the most important qualities that an employee of a local government (municipality) must have (sense of responsibility, patience and esteem for people, altruism)? | Maximum observations – 3 cases, Nr cases *1/3*10 No responses = 0 |

