# ANALYTICAL STUDY ON OPTIMAL ADMINISTRATIVE-TERRITORIAL STRUCTURE FOR REPUBLIC OF MOLDOVA

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## EXECUTIVE SUMMARY

In the recent 50 years, most of the European countries reduced the number of local public administrations by amalgamating the local settlements in larger municipal units. The main purpose of these amalgamations was to increase cost-efficiency in provision of the public services. At the same time, the administrative units at the upper tiers of the local public administration (regions) grew in dimensions in many countries, with the purpose of generating bigger economies of scale and also to become more competitive nationally and internationally.

Most of the European countries having similar size and population as Moldova adopted one-tier systems of local public administration (Cyprus, Estonia, Lithuania, Latvia, Luxemburg, Malta, Slovenia, but also Bulgaria and Finland), with Belgium being a notable exception. However, the two-tier system is numerically predominant in the EU-27, including some small countries that have adopted this model: Czech Rep., Denmark, Ireland, Netherlands, Slovakia. For the bigger countries the three tiers model (either federal or regional) is common: France, Germany, Italy, Poland, Spain, United Kingdom. We have studied deeper five countries (not only from EU) with some experience in implementing administrative-territorial reforms in the recent 20 years.

In *Czech Republic* the sub-national government is organized in two tiers. *Estonia* is based on a one-tier model to which it switched in 1993, with the existing 15 counties not being a tier of the local public administration but rather a lower level of the central government. *Georgia* is a typical example where geography and geopolitics create significant constraints affecting administrative-territorial division of the country and forcing the country to maintain a highly centralized multi-tier system of local government. In 2009 *Latvia* moved from a two-tier to one-tier system of local public administration. *Macedonia* firstly went through a territorial fragmentation and in 2005 underwent a territorial amalgamation and presently has a one-tier local public administration system.

In comparison with other countries similar in territory and size Moldova is not an extreme case of territorial fragmentation. However, conducted analysis has shown that in Moldova there is a large room to reduce the operational costs at both levels – municipal and raion - of the current administrative-territorial system. Achieving a certain improvement is possible even without any significant reform, by simply enforcing more efficiently the legal provision regarding the population threshold that a rural community has to meet in order to become a primaria (1500 inhabitants). Presently the general operational costs of the local public administration expressed in MDL per resident in rural communes with less than 1500 inhabitants are 2.5 times bigger than in those having more than 5000. At the district level differences in efficiency are remarkable as well: data show that in the three smallest districts of Moldova (Basarabeasca, Soldanesti, Dubasari) the average per resident operational expenditures are 2.6 times higher than in the three largest districts (Hancesti, Cahul, Orhei).

In order to increase the efficiency of the local public administration, this study has proposed three models or reorganizing the country's territory: a single-tier model, a two-tier model and a model based on the inter-municipal cooperation. The latter is not actually a model of administrative-territorial organization, but rather a (short-term) alternative to a reorganization.

The single-tier model requires abolishing the raions' level and entrusting municipalities with providing a significant amount of public services and a much higher level of fiscal autonomy; it thus requires amalgamation of the small communities into larger municipalities, from 900 in present to 111. Map 11 shows

the proposed division of the territory, whit mode details in the Annex 1. The economic simulations based on the proposed one-tier model shows a three-fold reduction of operational costs. However, such a model requires exceptional political will and determination and public communication abilities from the central government, because a significant reduction in number of municipalities is set to engender social dissatisfaction and political tensions between different levels of government.

Under the two-tier model we propose abolishing the current system of raions and transforming the Development Regions in administrative regions, while naming them 'raions' in order to stick to Constitutional provisions. This will reduce the operational costs at the second level by about 5-6 times, while not having any significant impact on the quality of the services, provided that municipalities are entrusted with more important competences. Having a larger size is important for these regional units to effectively engage in international cooperation and to have an impact on regional economic development. Existence of the region-level public administration allows for a milder reduction in number of municipalities, from 900 to 289, which will render savings of about 40-45% at the first level of public administration. Map 14 illustrated the proposed model, with more details in Annex 2. A two-tier model will meet less resistance from the concerned public authorities of municipal level, but much more resistance from the raion authorities which will lose their jobs under such a model.

Both models can incorporate inter-municipal cooperation as an intrinsic feature, which should be encouraged in any case. At the same time, the inter-municipal cooperation can be applied as a separate option, if the government considers that no political conditions are met for a significant administrative-territorial reorganization of the country. However, it should be clear that the inter-municipal cooperation is not a permanent substitute for the amalgamation which is an economic imperative. Also, the inter-municipal cooperation involves many complex aspects related to coordination and budgetary adjustments.

At the same time, the existing statistical data and economic research suggests that – if current system of local public finance remains in place – amalgamation of the municipalities and districts would not result in significant increase in own revenues. Significant changes will be necessary to the local finance system, including adopting bigger and predictable shares accruing to local public authorities from the shared state revenues.

The most feasible scenario of implementation of either the one-tier or two-tiers model would be to implement the mandatory legal requirement of 1500 inhabitants for a settlement to become a rural primaria before elections in 2011, to proceed with the a voluntary phase between local general elections in 2011 and 2015 (with encouraging financial bonuses), after which a mandatory amalgamation takes place after general local elections in 2015.

It should be mentioned that with no regard to the chosen model of administrative-territorial reorganization, there is a set of *no-regret* measures which have to be implemented in any case in order to increase the efficiency of the local public authorities. These measures include: streamlined procedures of civil petitioning, wider use of e-services at regional and local level, wider use of electronic technologies as a means to streamline communication between different levels of the government; and more advanced budgeting procedures at local level.

# INTRODUCTION

## STUDY RATIONALE

As a country located at geopolitical crossroads and being under many cultural and ideological influences, the Republic of Moldova has had a very tumultuous history, which reflected, *inter alia*, onto its fluid administrative-territorial organization.

Obviously, even in countries with mature and stable democratic systems the administrative-territorial divisions do not remain rigid in time, but are often adjusted depending on new priorities, needs and available resources[1]. However, in these countries the changes in administrative-territorial structure often closely follow the principles of economic logic and geographic regionalization, and not only political/electoral bargains. As for countries like Moldova, which do not have a long-standing tradition of self-administration, changes in administrative-territorial divisions and of regional policies in general are not needs-driven, and often are a consequence of geopolitical changes or of some landmark domestic political processes.

With local public administration in Moldova historically being under a 'constant revolution', this administrative level is currently weak and with no palpable influence on the efficiency of public services provision, quality of life and economic development of the administered territories. Presently the Moldovan local public administration is influenced by both European models and principles and by Soviet vestiges, with the latter seemingly having a bigger influence on it. One of the negative effects of these long lasting reforms has been the decline in trust of the population in local public administration and, by extension, in the state per se. It is thus highly necessary to take an objective look – enrooted mainly in economics and geography – at the current administrative-territorial system and to assess to what extent it responds to citizens' needs at local/regional level and to wider national interests of economic development, consolidation of democracy and respect of human rights.

## WHAT IS AN 'OPTIMAL' ADMINISTRATIVE-TERRITORIAL DIVISION?

As European experience shows, there is no 'optimal' size of the municipality/region or 'best' administrative structure that would have universal application[2]. When starting the research we did not have any prior belief that either Romanian or French or Scandinavian or any other administrative-territorial model is best suitable for Moldova, even though for comparative purposes we are going to consider mainly the experience of countries which are relatively similar to Moldova in geographic and demographic terms and with recent experience in administrative-territorial reform. However, we did not base our approach either on political preferences or ideological biases.

We started from the assumption that the purpose of any administrative-territorial reform is to establish territorial unit capable of delivering high quality services to residents while seeking to preserve local democracy. In this respect, we tried to formulate conditions the system should respond to and we estimated how different models would meet these conditions in Moldova's case. At the same time, we have not approached this as a mathematical problem of optimization, as it involves not only resources, but also political economy considerations based on stakeholders' interests and preferences and based on values, such as human rights, gender equality and social inclusion, which are not always easy to quantify. Not least

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[1] Council of European Municipalities and Regions, 2009.
[2] Swianiewicz (ed.), 2010.

important, as Moldova is an ethnically complex society, the administrative-territorial division has to take into account the ethnicity factor.

## *PURPOSE OF THE STUDY*

There are several basic questions that the study answers:

- Is the current administrative-territorial structure responsive to the local, regional and national development priorities in the Republic of Moldova? Is fragmentation really a problem in Moldova? Would territorial consolidation be a solution?
- What are the main shortcomings of the current administrative-territorial structure? Here first and second level territorial administrative units are analyzed according to a set of criteria (size of administered territory, number of population, local public finances, revenues per capita) and their cost-efficiency is assessed;
- How to best integrate territorial units (cities, towns, villages) in how many administrative units at how many levels? Which are possible models here?
- Which should be the administrative and financial interactions between these territorial units? What additional mechanisms and tools may be necessary for effective provision of public services (inter-communal/inter-municipal cooperation models, associations and networks of public services)?
- Based on thorough risks-assessment, how to properly reform the current system: either reform it gradually or rather put in place a qualitatively different one?

To address these questions, the study is structured in three core chapters.

In the first chapter we present the most relevant European experience in administrative-territorial reform. For this, we look more closely to five selected countries which have certain similarities with Moldova: the Czech Republic, Estonia, Latvia, Georgia and Macedonia.

In the second chapter we analyze the evolution and the current situation of the administrative-territorial structure of Moldova. We mainly look at economic efficiency of the system, by conducting cost-efficiency analysis of the first and second level administrative-territorial units. We further analyze how municipalities' size affects democratic participation (by means of voters turnout in local elections) and satisfaction of citizens on services provided by local public administration.

In the third chapter we propose three models to improve the administrative-territorial organization of the country. The first one is a single-tier model which renders high economic gains, but is likely to encounter resistance from the local stakeholders, with an almost eight-fold cut in the number of municipalities. The second model is a two-tier model which is less strict in terms of reducing the number of first tier administrative units, but it proposes a significant change when it comes to second-level administrative units. The third option is not a proper model but rather a short-term alternative based on the inter-municipal cooperation.

# 1. APPROACHES TO TERRITORIAL FRAGMENTATION: A COMPARATIVE PERSPECTIVE

## GENERAL CONSIDERATIONS FOR A COMPARATIVE PERSPECTIVE

The purpose of the analysis performed in this chapter is twofold. Firstly, certain general conclusions will be drawn from solutions to territorial fragmentation problems that various European countries applied. Secondly, individual country cases will be examined later on, including Czech Republic, Estonia, Georgia, Latvia, and Macedonia (see Map 1).

**MAP 1. REPUBLIC OF MOLDOVA AND THE COUNTRIES SELECTED AS CASE STUDIES**
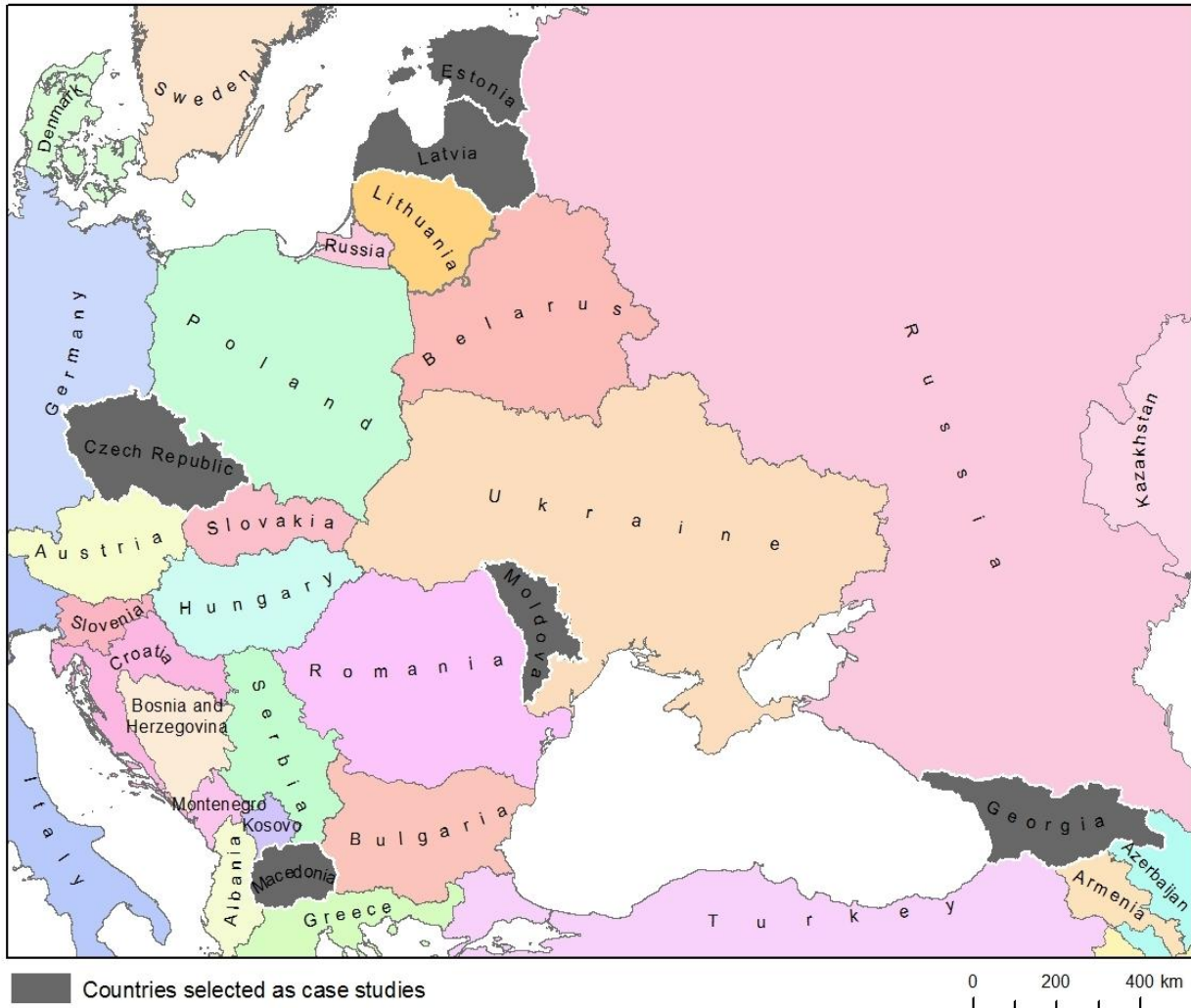


*Source: see the 'Sources of information for maps' section;*

The methodology used for researching the relevant country cases is analytical and comparative. The case studies involve identification of similarities and differences, factors influencing the success or failure of territorial reforms and potential challenges that might delay the reform process. The analysis aims to tackle the following aspects that are related to all stages of any policy process: policy formulation, consultation and consensus building; decision-making; stages of policy implementation; and assessment of the outcome. Especially the analysis will try to find out whether the goals of the territorial reforms in these five countries were achieved, what were the negative side-effects and what kind approaches were used to fix them.

MAIN TRENDS IN TERRITORIAL GOVERNANCE IN EUROPEAN COUNTRIES

Since 1960s', the general trend in European countries was to amalgamate settlements in larger municipalities. Almost every Western and Northern European country reduced the number of local governments during the second half of the twentieth century.[3] As shown in Table 1, a large group of developed European countries opted for regrouping their towns and villages under common larger local governments. In most cases, this was not a one-off process as the number of municipalities decreased gradually over the last 50 years.[4] In some countries this process was driven by economic forces, seeking to increase efficiency in public services delivery by directing resources to public investments rather than to supporting low-capacity administrations in tiny municipalities. In others this was a result of central government-led reforms. Another group of countries, for various reasons, maintained the *status quo* and did not have any significant territorial reforms. The smallest group of countries, some of which are in the bottom of the list,[5] even though encouraged fragmentation, usually favored cooperation among local governments for services provision within larger areas.

TABLE 1. CHANGES IN THE NUMBER OF MUNICIPALITIES IN SELECTED EUROPEAN COUNTRIES

| Country | Number of municipalities in the past (year in parentheses) | | Number of municipalities, 2009 | Change, % |
|---|---|---|---|---|
| Denmark | (1950) | 1387 | 98 | -93 |
| Lithuania | (1990) | 581 | 60 | -90 |
| Sweden | (1950) | 2281 | 290 | -87 |
| Greece | (1950) | 5774 | 1034 | -82 |
| United Kingdom | (1950) | 2028 | 435 | -79 |
| Latvia | (1990) | 570 | 118 | -79 |
| Belgium | (1950) | 2669 | 589 | -78 |
| Netherlands | (1950) | 1015 | 443 | -56 |
| Germany | (1950) | 25930 | 12229 | -53 |
| Norway | (1950) | 744 | 431 | -42 |
| Austria | (1950) | 3999 | 2357 | -41 |
| Finland | (1950) | 547 | 348 | -36 |
| Spain | (1950) | 9214 | 8111 | -12 |
| Switzerland | (1950) | 3097 | 2758 | -11 |
| Estonia | (1990) | 254 | 227 | -11 |
| France | (1945) | 38814 | 36682 | -5 |
| Poland | (1988) | 2399 | 2418 | 1 |
| Hungary | (1980) | 3122 | 3153 | 1 |
| Portugal | (1974) | 304 | 308 | 1 |
| Italy | (1950) | 7781 | 8100 | 4 |
| Romania | (1998) | 2948 | 3176 | 8 |
| Moldova (Transnistria included) | (1988) | 881 | 980 | 11 |
| Czech Rep. | (1990) | 4104 | 6248 | 52 |

*Note: Moldovan Government was not able to influence the number of municipalities in the Transnistria breakaway region;*
*Sources: World Bank, 2003; Dexia, 2009/2010 edition;*

The most studies that focus on problems of size and efficiency of local governments use municipalities' population as primary units for analysis.[6] This is mainly due to the unavoidable link between local governments income (and hence, the number of taxable residents) and the per resident costs for services

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[3] Fox and Gurley, 2006.
[4] For newly emerging democracies, 1990 is usually taken as a reference year.
[5] Basically, the most extreme cases of territorial fragmentation are France, Czech Republic, Slovakia and Hungary.
[6] For a theoretical discussion on this issue see: Swianiewicz, 2002, in Swianiewicz (ed.), 2002.

delivery compared to other municipalities. The surface area of a municipality and density - both of population and of residential settlements - also influences local governments efficiency (the costs of services delivery increases with distance), but not to the extent that population does. Depending on traditions, geographical conditions, political interests and other important factors, the average population size of a local government in EU-27 countries range from 1510 (Cyprus) to over 150 thousands inhabitants in the UK (see Figure 1). The average municipal area also varies greatly, from 5 km$^2$ in Malta to 1552 km$^2$ in Sweden (Figure 2). An average EU-27 municipality amounts to 5530 inhabitants,[7] which is slightly above the often mentioned optimal size (5000 inhabitants) that provides grounds for obtaining efficiency at reduced costs.

FIGURE 1. AVERAGE DEMOGRAPHIC SIZE OF THE MUNICIPALITIES IN THE EU-27, 2009
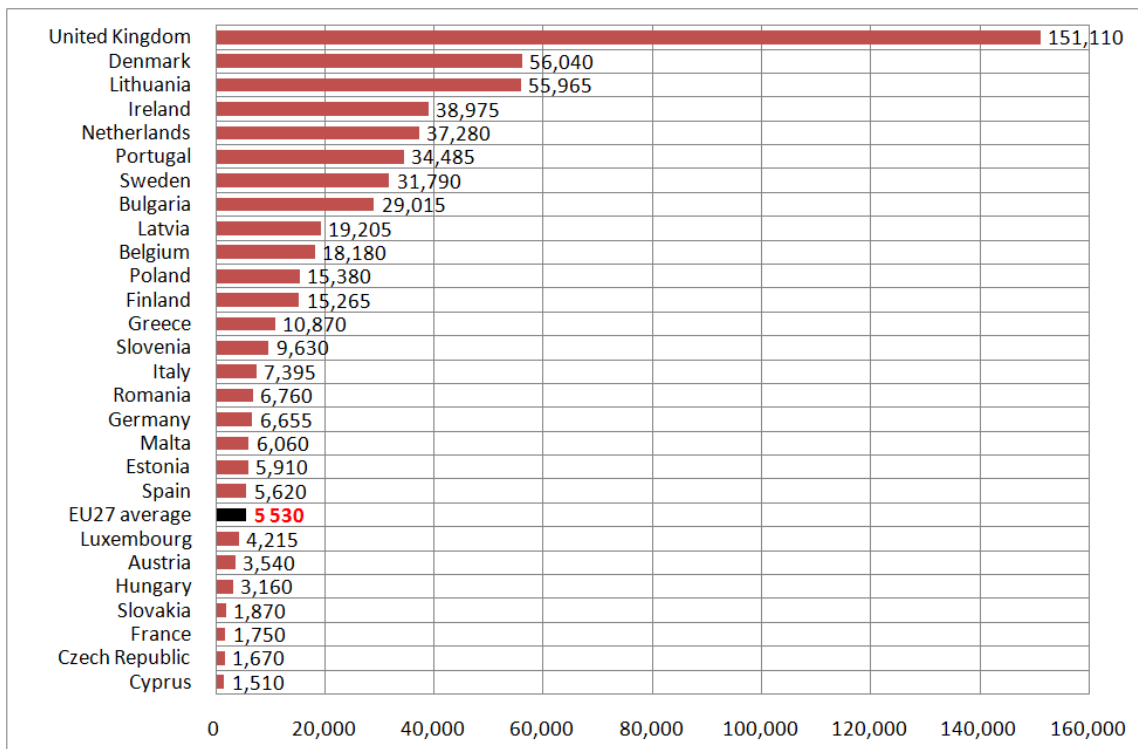


*Source: Dexia, EU sub-national governments: 2008 key figures, 2009/2010 edition;*

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[7] Assuming that all 91316 municipalities in EU27 countries (2008) were used for calculations.

FIGURE 2. AVERAGE MUNICIPAL AREA IN THE EU-27, KM$^2$, 2009
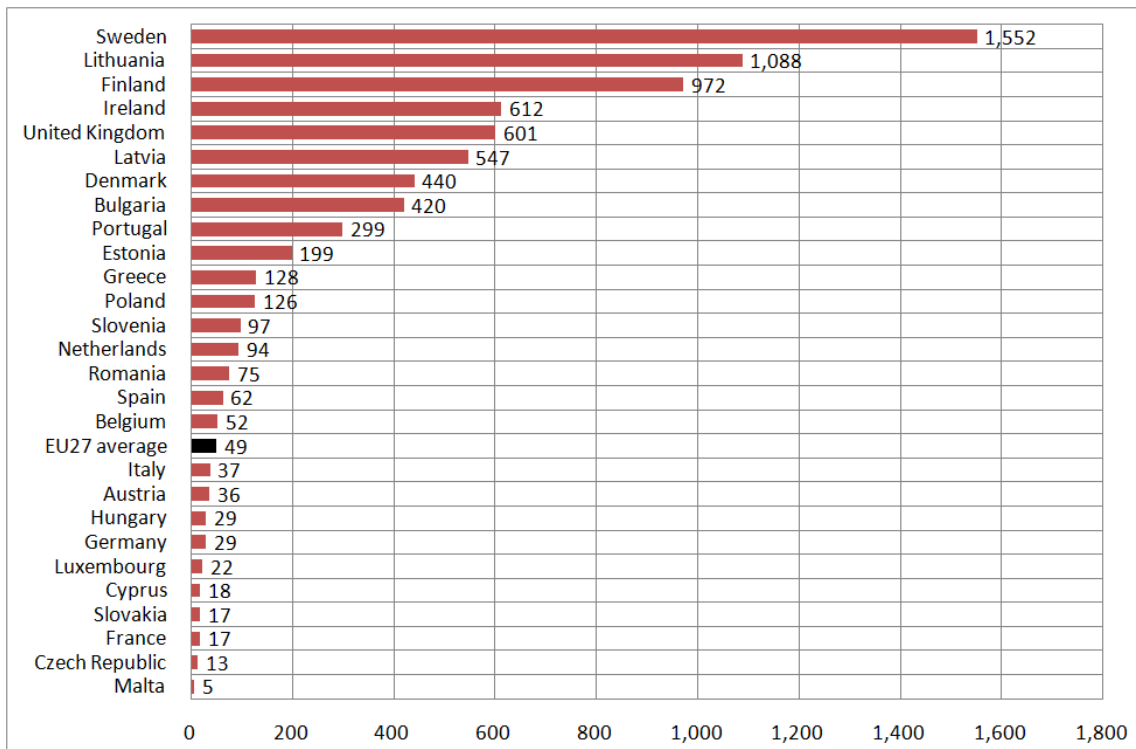


Source: Dexia, EU sub-national governments: 2008 key figures, 2009/2010 edition;

Where municipalities are entrusted with providing of a significant amount of public services (usually in smaller countries, with Finland being a notable exception – see Table 2), a one-tier system was consolidated. The most of the EU-27 countries recognized the need for upper levels of local governance, which usually provide services that would otherwise not be available at the municipality level. Thus, eleven countries have a two-tier system of local government while in larger countries, some of them with a federal or quasi-federal structure, there is also a third, regional level that in some cases corresponds to federal states. Over the last twenty years, the general trend in the EU countries regarding upper levels of governance was to strengthen, reorganize or recreate the regional level while simultaneously expanding regional governments' competencies.

TABLE 2. MODELS OF SUB-NATIONAL GOVERNMENT IN THE EU-27, SITUATION AS OF YEAR 2009

| Model | Countries |
|---|---|
| One tier | Bulgaria, Cyprus, Estonia, Finland, Lithuania, Latvia, Luxemburg, Malta, Slovenia |
| Two tiers | Austria, Czech Rep., Denmark, Greece, Hungary, Ireland,  Netherlands, Portugal, Romania, Slovakia, Sweden |
| Three tiers | Belgium, France, Germany, Italy, Poland, Spain, United Kingdom |

Source: authors' classification;

Understandably, finding out whether the general European trends in territorial governance are applicable in a particular country would need an in-depth look into country cases. Even in different places within the same country the factors encouraging or discouraging consolidation could be very different and circumstantial particularly to every area. This is another lesson that has to be considered when proposing new models for administrative-territorial division in Moldova.

SELECTED COUNTRY CASE STUDIES

Solutions to territorial fragmentation problems are always country-specific and recipes from outside may be hard to implement even in apparently similar environments. Such geographic, economic and political factors as country's size/shape, relief/elevation, ethnic structure, economic profile having been developed in the post-war period (agricultural, industrial or service-oriented), and structure of national settlement system always have an impact on its administrative-territorial division. However, a close examination of territorial reform experiences in other countries may well at least highlight the possible problems and typical mistakes to be avoided. For the best comparative purpose, five countries from the CEE/FSU region were selected (Czech Republic, Estonia, Georgia, Latvia and Macedonia). These countries fit the purpose of this study as they:

- Share certain similarities with Moldova (being that size of territory and population of the country or of its sub-national territorial units; common historical patterns of local government reforms; similar design of power-sharing arrangements between central and local governments; alike administrative cultures, etc.);
- Faced territorial reforms during the last two decades, i.e. recent enough to be relevant and to provide useful lessons for Moldova;
- Cover the entire range of local governance models including a one-tier system (Estonia, Macedonia, Latvia), a two or a multi-tiers system (Czech Republic, Georgia), as well as the experience of inter-communal cooperation among the tiny municipalities (Czech Republic);
- Include many examples from the post-Soviet space (Estonia, Georgia, Latvia) to which Moldova itself belongs;
- Experienced some alternative models of administrative-territorial organization, like inter-communal cooperation (Czech Republic) or re-fragmentation (Macedonia), aside from the traditional territorial consolidation (i.e. increasing the size of sub-national administrative-territorial units – in Estonia, Latvia and Georgia);
- Include both bottom-up and top-down solutions used when approaching territorial amalgamation of sub-national units.

Table 3. Georgia and Macedonia feature the lowest share of local governments expenditure in GDP and in total public expenditure, which is an indicator proxying the level of decentralization. Estonia and Latvia are closer to the EU average indicators, both in terms of municipalities' size and local governments expenditure. Czech Republic has the most fragmented territorial organization, and in this respect it is very resemblant to Moldova. It should be noted though, that the number of municipalities in the Czech Republic decreased twice since 1950, while in Moldova it slightly increased. The most striking feature, however, is that the problems related to Moldova's territorial fragmentation are amplified by a high percentage of rural population, meaning that an increased number of citizens are exposed to the poor quality of services in rural areas.

TABLE 3. GEOGRAPHIC AND ECONOMIC CHARACTERISTIC FEATURES OF THE SELECTED COUNTRIES, YEAR 2009, IF NOT OTHERWISE INDICATED

| | | Czech Republic | Estonia | Georgia | Latvia | Macedonia | Moldova (excludes Transnistria, if not otherwise indicated) |
|---|---|---|---|---|---|---|---|
| Total population, million persons | | 10.2 | 1.4 | 4.4 | 2.3 | 2.0 | 4.1* |
| Total area, thousand km$^2$ | | 78.9 | 45.2 | 69.7 | 64.6 | 25.7 | 33.8* |
| Population density, inh./km$^2$ | | 132.2 | 31.1 | 65.1 | 37.1 | 77.8 | 121.9* |
| Territory's shape | | Elongated | Fragmented | Elongated | Elongated | Round | Elongated* |
| Elevation (m) | Average | 450 | 57 | 1233 | 89 | 819 | 143* |
| | Range | 1556 | 318 | 5085 | 312 | 2713 | 428* |
| Share of dominant nation, % | | 90 | 69 | 84 | 59 | 64 | 76 |
| No. of municipalities | | 6,248 | 227 | 69 | 118 | 85 | 901 (+79)** |
| Share of towns among 1$^{st}$ tier units, % | | 9 | 15 | 100 | 65 | 40 | 6 |
| Average size of municipalities, inh. | | 1,600 | 6,100 | 45,000 | 19,000 | 25,150 | 2,850 |
| No. of second level local governments | | 14 | - | 12 | - | - | 34 |
| Urban population, % | | 73.5 | 69.1 | 51.5 | 67.8 | 68.9 | 46.3 |
| Economic profile | | Engineering and electronic industry | Energetic and chemical industry | Services and agriculture | Manufacturing industry | Services and industry | Industry and agriculture |
| GDP per capita, USD, PPP, year 2008 | | 24,093 | 17,908 | 4,757 | 17,110 | 9,154 | 2,842 |
| Total public expenditure, year 2005 | million USD | 54,663 | 4,563 | 3,216 | 5,756 | 1,966 | 1,116 |
| | % of GDP | 44.1 | 33.2 | 24.9 | 36.0 | 34.0 | 37.0 |
| Local governments public expenditure, year 2005 | million USD | 14,768 | 1,136 | 772 | 1,513 | 98 | 301 |
| | % of GDP | 11.9 | 8.3 | 6.0 | 9.5 | 1.7 | 10.0 |
| | % of total | 27.0 | 24.9 | 2.4 | 26.3 | 4.9 | 27.0 |

*Note: * - Transnistrian region included; ** +79 municipalities and 5 raions refer to the breakaway Transnistrian region;*

*Source: UCLG 2008; IMF World Economic Outlook Database; Czech Statistical Office, Statistics Estonia, National Statistics Office of Georgia, Central Statistical Bureau of Latvia, State Statistical Office of Macedonia, National Bureau of Statistics of Moldova and authors' estimates;*

## CZECH REPUBLIC

### COUNTRY'S SOCIO-ECONOMIC AND GEOGRAPHIC PROFILE

The Czech Republic has a relatively high-fragmented relief, which to some extent influenced its administrative-territorial division (Map 2). High-level industry (engineering and electronic) and services were being developed in the post-war period that facilitated concentration of population in cities. Czech Republic fares a relatively high urbanization rate (71%), which caused that settlement system to be based on urban settlements (593 cities). However, due to high fragmentation of administrative-territorial division, just about 9% of the 1st tier units – municipalities – are organized around cities and towns.

**MAP 2. ADMINISTRATIVE-TERRITORIAL DIVISION OF THE CZECH REPUBLIC**
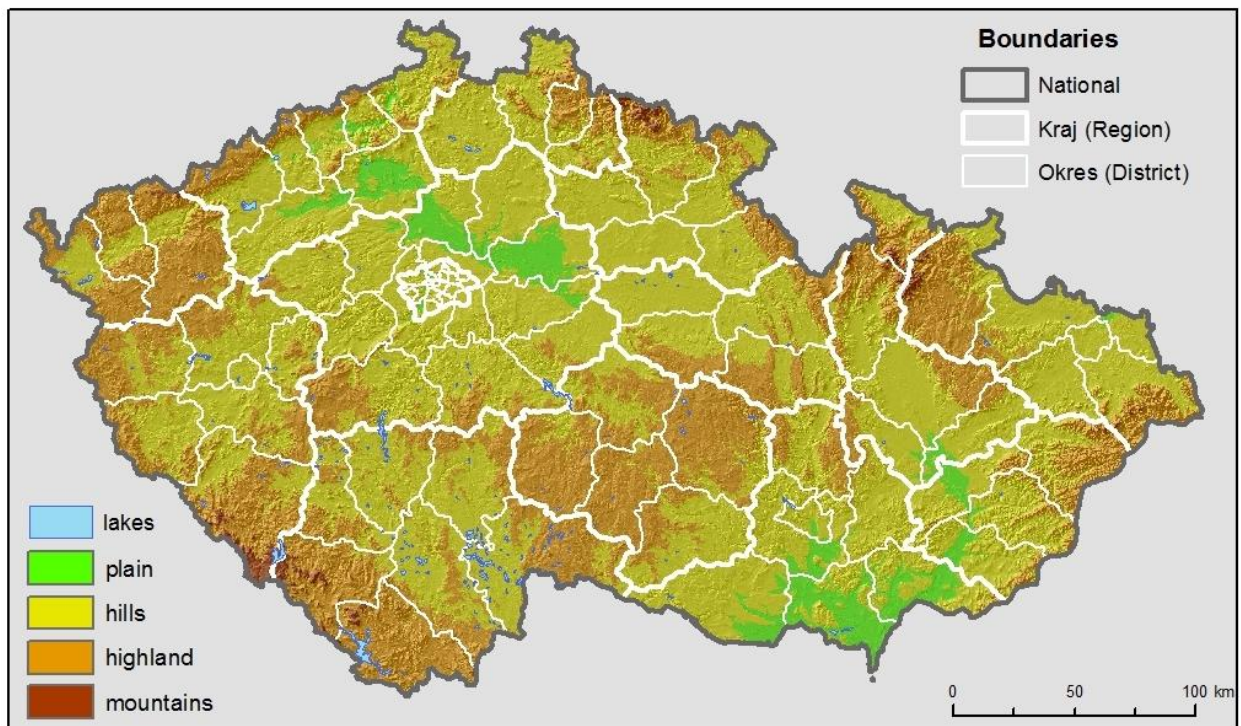


*Source: see 'Sources of information for maps' section;*

### ANALYSIS OF THE ADMINISTRATIVE-TERRITORIAL DIVISION AND REFORMS

Czech Republic has one of the most fragmented administrative-territorial systems in the EU. With an average municipality population size of about 1,600 inhabitants, an average area of 13 square kilometers, and with nearly 80% of local governments having less than one thousand dwellers, it has very close resemblances to the French territorial system.

During the communist regime a series of successive forced amalgamation reforms took place, reducing the number of municipalities by three times from about 11,500 in 1950 to about 6,250 in present. Since independence, however, local democracy values were understood as the right of any tiny settlement to have a local government and the number of municipalities increased again (see Figure 3) a process fairly labeled as 'spontaneous fragmentation'.[8]

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[8] Illner, 2010, in Swianiewicz (ed.), 2010.
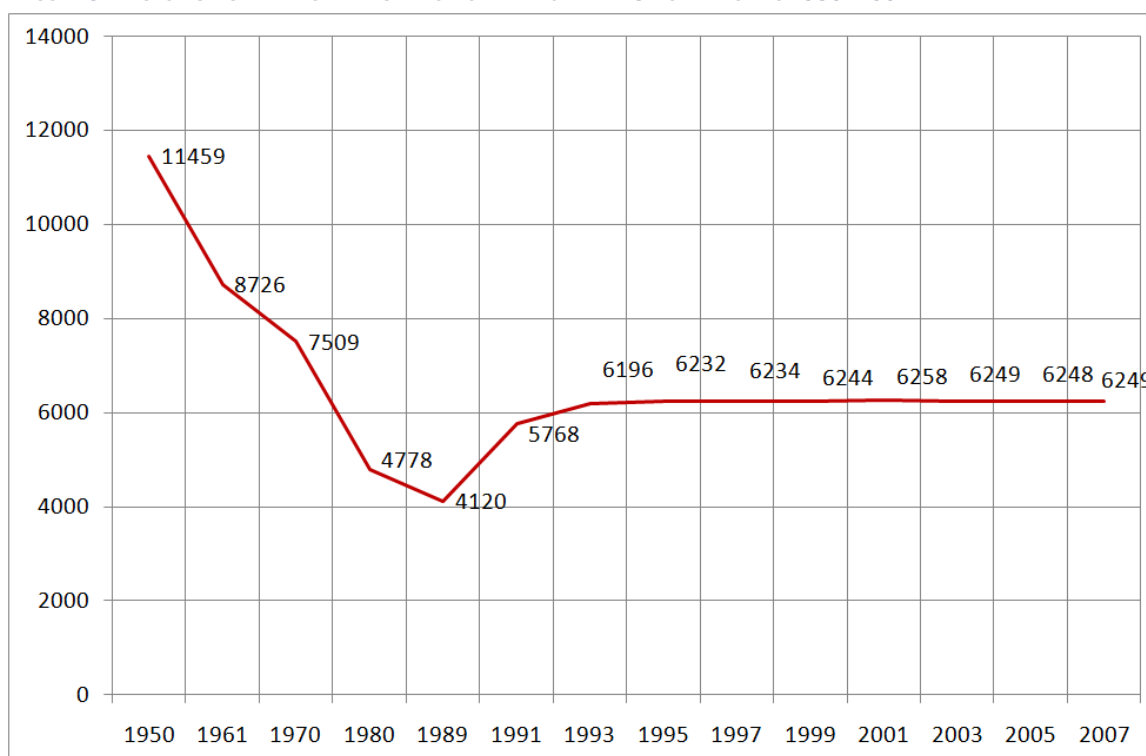
Source: based on Michal Illner, 'The Voluntary Union of Municipalites: Bottom-up Territorial Consolidation in the Czech Republic?' in Swianiewicz Pawel ed., "Territorial consolidation reforms in Europe", OSI/LGI, Budapest, 2010.

As there were not clear criteria for splitting up, such as the minimum population, for example, this resulted in an increasing number of municipalities with 50-500 inhabitants, which represent about 60% out of the total number of municipalities (see Table 4). The result of the increasing fragmentation was limited revenues in local budgets and, subsequently, a higher dependence on transfers from the state budget. As amalgamation was ruled out, being collectively seen as reminiscence of the totalitarian regime, there was a pressure on local and central government to identify alternative solutions.

TABLE 4. LOCAL GOVERNMENTS IN CZECH REPUBLIC BY NUMBER OF INHABITANTS

| Number of inhabitants | No. of municipalities | % of total municipalities | Population, % |
|---|---|---|---|
| below 199 | 1,561 | 24.98 | 1.8 |
| 200-499 | 1,991 | 31.86 | 6.2 |
| 500-999 | 1,330 | 21.28 | 8.9 |
| 1,000-1,999 | 700 | 11.20 | 9.3 |
| 2,000-4,999 | 392 | 6.27 | 11.3 |
| 5,000-9,999 | 142 | 2.27 | 9.2 |
| 10,000-19,999 | 70 | 1.12 | 9.4 |
| 20,000-49,999 | 42 | 0.67 | 11.9 |
| 50,000-99,999 | 15 | 0.24 | 10.1 |
| over 100,000 | 6 | 0.10 | 21.8 |
| Total | 6,249 | 100.00 | 100.0 |

Source: authors' calculations based on Czech Statistical Office, 2009;

The attempts to stop or at least stabilize the fragmentation process proved to be unsuccessful as the municipalities put forward the arguments of local autonomy and of forced top-down amalgamations under the communist regime. It was only the minimum threshold of 1000 inhabitants for newly created municipalities, established in 2000, that interrupted the fragmentation process. A set of measures aiming at diminishing the effects of the extreme fragmentation also were implemented:

- Voluntary consolidation of municipalities was legally encouraged, but this did not result in significant mergers. A centrally-designed amalgamation process is nearly impossible as the Czech Constitution provides strong guarantees for local autonomy. An alternative solution applied was gradually increasing per-capita tax allocations as the size of municipality increased. However, not many local governments got impressed about this incentive, most probably because smaller municipalities, which should be a primary target for mergers, do not normally have extensive tax bases. Evidence suggests that mergers would not result in significant increase in own revenues of merging the smallest municipalities, which explains why the incentive did not yield any results;[9]
- Both top-down and bottom-up inter-municipal cooperation was favored for joint services delivery (see next section);
- In a centrally-designed process, municipalities that have limited capabilities for providing certain/specific types of services entrusted their delivery to larger urban municipalities.

The second major aspect of the territorial reform in the early 1990s' was the abolishment of the second-tier of local governance. With the regional level being seen as an instrument of the former Communist Party control, one of the first measures of the newly established power after 1989 was to dissolve regional institutions.[10] The remaining 'district offices' were subordinated to the central government and took on also regional responsibilities.

Although the 1993 Czech Constitution establishes a two-tier system of local government, the provisions on the regional level have been ignored until 1997 when a constitutional amendment creating 14 regions (*kraje*), including Prague as capital city, was adopted. There were two types of pressures regarding creating of a higher level of local government. The first one, of functional nature, indicated the need for a regional level that would support the weak municipalities, would increase decentralization by undertaking some tasks from the central government deconcentrated offices and would presumably help the central government in amalgamating smaller municipalities. The second pressure was of external nature and came from the EU which used conditionality levers to influence the recreation of the regional level in compliance to its regional policy. However, the amendment became effective towards the end of 2000 only, when the first elections for regional councils were held.

### ANALYSIS OF THE FUNCTIONAL DESIGN OF THE LPA

The 1990 Municipalities Act established a one-tier system of local government, where municipalities have to carry on both own self-government tasks and transferred responsibilities on behalf of the state. With certain alterations throughout the last two decades, this system still stays in place. In terms of competencies, all municipalities exercise a unique set of own responsibilities that has to be funded from their own revenues – elementary schools, kindergartens, gas and electricity supply, waste management, public transport and local roads, social housing, theatres, libraries and museums, leisure facilities, water, street lighting, firemen, cemeteries etc. As regards transferred (state administration) responsibilities, depending on criteria like population size and centrality, all municipalities are currently divided into three distinct categories:

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[9] Hemmings, 2006.
[10] O'Dwyer, pages 219–253.

- Type I – includes about 93% of municipalities whose jurisdiction is limited to their own administrative territory and subsequently to own responsibilities (see above) and occasionally to basic transferred responsibilities (e.g. emergency management);
- Type II – 388 of administrative districts of municipalities with authorized municipal office (as of 1st January 2010)[11]; and,
- Type III – 205 administrative districts of municipalities with extended powers.[12]

One should note that the types II and III should be perceived as services provision districts for surrounding areas rather than a higher level of governance. A general picture of the distribution of own and transferred responsibilities (the terms used in Czech legislation are *independent jurisdiction* and *assigned jurisdiction*) of municipalities is provided in Table 5. The classification by the three abovementioned types is not rigid and it has no strict hierarchy i.e. there is not an exclusive list of basic assigned competencies that would be applicable to absolutely all municipalities. The same function in some areas could be discharged by a *type II* administrative district, while in others – by *type III* district with extended powers. Typical assigned functions for the latter two types are: management of school budgets, payment of social benefits, social protection, trade licenses, building permits, physical planning, population registration and identity cards, driving licenses, vehicle registration and traffic offences, forestry administration, waste management, environmental issues.

TABLE 5. THE ASSIGNMENT OF INDEPENDENT COMPETENCIES AND DELEGATED POWERS IN CZECH REPUBLIC, 2006

| | Before 2000 reform | | After 2000 reform | |
| --- | --- | --- | --- | --- |
| | municipality | admin. district | municipality | region |
| **Health** | | | | |
| General Hospitals | | D | | I |
| Primary health care | I | | I | |
| **Education** | | | | |
| Upper-secondary education | | D | | I |
| Primary and lower-secondary education | I | | I | |
| **Welfare, policing and emergency services** | | | | |
| Social benefits | | D | D | |
| Social care services, care for the elderly and disabled | | | I | |
| Public housing, public rented housing and supported flats for disadvantaged persons | | I | | I |
| Law enforcement and emergency services | I | | I | |
| **Roads** | | | | |
| Secondary roads | | D | | I |
| Local roads | I | | I | |
| Public road transport services, regional level | | D | I | I |
| Public road services, local level | | D | I | |
| **Water and energy** | | | | |
| Water supply and waste water treatment | | D | I | |
| Gas supply and heating | | D | I | |

*Note: I- independent competencies, D – delegated powers;*
*Source: adapted from Hemmings, 2006;*

The 1997 constitutional amendment regarding creating the regional level of governance did not have any provisions on functions of the future regions. Although new municipalities and regions were in place

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[11] Ministry of Interior of the Czech Republic, Administrative Territorial Division of the Czech Republic, www.mvcr.cz accessed: 03.09.2010.
[12] Czech Statistical Office, 2009.

since 2000, regional competencies became fully effective after 2002, when district offices subordinated to the central government were abolished and their competencies transferred either to regions or to the 205 *type III* administrative districts of municipalities with extended powers. As one can see from the Table 5, which contains the most important competencies only (in terms of local governments spending), regions undertook a limited scope of functions. The most of competencies previously delegated by the state became own competencies of municipalities. The idea that the recreation of the regional level is due to EU pressure is partially true, as the current regions do not have the same limits as statistical regions designed within the EU NUTS system.

However one can definitely say that the 2000 reform significantly increased the level of decentralization and allowed for a greater autonomy, both at the local and regional level as the most of previously deconcentrated functions became independent competencies of both local and regional governments. Since inter-communal cooperation had been legally allowed since 1990, this alternative to territorial consolidation became very popular and was extensively used as in the most of cases small municipalities alone did not have enough economic and organizational capacity to efficiently provide public services. The high density of the network of villages and small towns also favored this process because a smaller distance decreases delivery costs. Basically, by law, voluntary *unions of municipalities* could be established in almost any area of own responsibilities. The last version of the law mentions, among others, education, health, water supply and sewage, waste collection and disposal, tourism as possible areas of cooperation. Several municipalities can associate and create a new union or either join or leave already existing unions, by signing its constitutive agreement. Unions are legal persons with own regulations, property and budget. A municipality is allowed to join different type of unions, say, it could be in one small union for tourism purposes and in another one for water supply. Approximate data indicate that about 70% of municipalities are involved in voluntary unions.[13] Although inter-municipal cooperation provides an alternative to territorial amalgamation, it seems to be only an intermediary viable (for some areas) solution to the fragmentation problem. It is, therefore, expected, that the communities of municipalities (types II and III) would play a greater role in the future.

## ANALYSIS OF THE FINANCIAL DESIGN OF THE LPA

The biggest part of municipalities' revenue side in Czech Republic belongs to the shared revenues which come from the allotted share of national taxes. In the regions this share is around 20%, though this average varies significantly in the case of a specific town in a specific year, depending on other sources of municipal revenues such as capital income.[14]

Municipalities have little discretion in influencing local revenues. Their only direct possibility is to operate with changes in the coefficient defining the basic tax rate for some buildings and land, which is a base for the real estate tax. This tax is a part of own revenues and represent less than 5% of tax revenues of municipalities, approximately 2.5% of total revenues.

Local charges for service delivery can also be influenced by local governments. But as the previous described tax its proportion in local revenues is a very small.

The decisive criteria for distribution of shared taxes among municipalities are number of inhabitants. The shared revenues quota in tax revenues is 80%. From one point of view, this is a stabilizing factor

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[13] Illner, 2010, in Swianiewicz (ed.), 2010, p. 231.
[14] In preparing the case study for Czech local budget description were used the Bryson and Cornia, 2002 and Hemmings, 2006.

ensuring a comparable revenue base for municipalities throughout the Czech Republic. From the other, it does not take into account local economic efficiency and related expenses.

The municipality classifications by size categories, with significantly graded coefficients give rise to questions regarding the equity between local administrations. The named coefficients affect the level of tax revenues along with the number of inhabitants. The bigger number of population gives a higher level of revenues. In order to monitor the way of awarding the coefficients the system is permanently monitored by all involved parties.

Most of the tax revenue is collected via a formula-based allocation of personal income tax, corporate income tax and value-added tax. As described above, for municipalities, the allocation is a per-capita payment based on population size. The allocation is 20.59% of the base. When the regions were first established the tax allocation was initially 3.1% of the tax base but was raised to 8.92% in 2005 (with offsetting cuts in grants). The regional funding formula combines population size with several other criteria including land area, size of road network and the number of school pupils. In municipalities, a small share of the total tax allocation is based on local incomes of the self employed and the employed. In addition, there is some leeway for local revenue through real-estate taxes (though within statutory limits) and fees. In contrast, the regions have no revenue linked to their tax base, nor any revenues from local fees.[15]

Czech sub-national governments initiate a lot of public investment. Some arises from obligations to fulfill the own competencies, in particular local roads, water services and energy supply. Other investment activity is of a more voluntary nature (*i.e.* it is not related to legally assigned responsibilities). Development projects, such as technology parks, are common among the regions and larger municipalities. Such investment projects are initiated by sub-national government and this decentralized process is important when, for instance, assessing R&D policy. The projects often involve co-operation and close ties between the local authority, the business community and local institutions, such as universities. For example, a municipality might set up a subsidized company to build a technology park, get further financial backing from investors and involve the local university to help raise the attractiveness of the park to high-tech companies. This is an example of cooperation between municipalities for performing local services delivery.

The equalization mechanisms used in Czech Republic is a combination between revenue equalization and equalization of expenditures.

On revenue side the equalization scheme is based on per capita allocations. The new tax allocation system for municipalities used the distribution of revenues in 1999 (that was based on the previous multi-dimensional formula).

Changes to the municipalities' tax allocation formula in 2001 introduced some incentives for municipal mergers, though more by consequence than design. The revised formula was based on the existing tax allocation and this implied giving progressively larger per-capita payments with increasing municipality size.

Local governments also receive earmarked grants which are generally the grants that filled the gap between the appropriated expenditures and estimated revenues. Grants for current expenditures are

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[15] Hemmings, 2006.

formula based while capital grants are allocated using a more case-by-case approach. A grant is provided to cover the cost of providing central-government services (including those transferred to the regions and municipalities following the dissolution of the districts), but unlike most other grants it is not earmarked. Since 2005, the central government grant for teachers' wages and some other education grants no longer pass through the municipalities accountings books. As result by far the largest grants to municipalities are for providing the various forms of municipal social assistance.

The local authorities in Czech Republic have a free hand in borrowing but under the well described rules and clear sanctions for breach of obligations. The annual budgets have to be balanced. Not often is it possible to cover the budget deficit with own revenues that is why the local administration could use credits from private banks. Bank credit is used by many municipalities, some large municipalities issue bonds and or take institutional loans, notably from the European Investment Bank, which is becoming more important (particularly for regional authorities). Funding opportunities *via* EU co-financed projects is also set to become more important. The money for revenue side could be also raised through sales of assets and flows from off-budget accounts.[16].

## *ESTONIA*

### COUNTRY'S SOCIO-ECONOMIC AND GEOGRAPHIC PROFILE

In Estonia, the impact of physiographic conditions on the country's territorial organization is dual: on the one hand there are no major barriers in relief; on the other hand there are two big and many small islands which create two 'natural' regions (Map 3). Estonia meets relatively poor conditions for agriculture development. While in Soviet Union, the industrial sector (energetic and chemical ones) was being mainly developed. The Soviet planning system required creation and maintaining of relatively small administrative units, easier to control on the one hand and closer to people on the other. The relatively high urbanization rate (about 70%) caused that settlement system to be based on urban settlements (47 towns). Presently, about 15% of Estonian 1st tier units – municipalities – are organized around towns.

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[16] Hemmings, 2006.

**MAP 3. ADMINISTRATIVE-TERRITORIAL DIVISION OF ESTONIA**
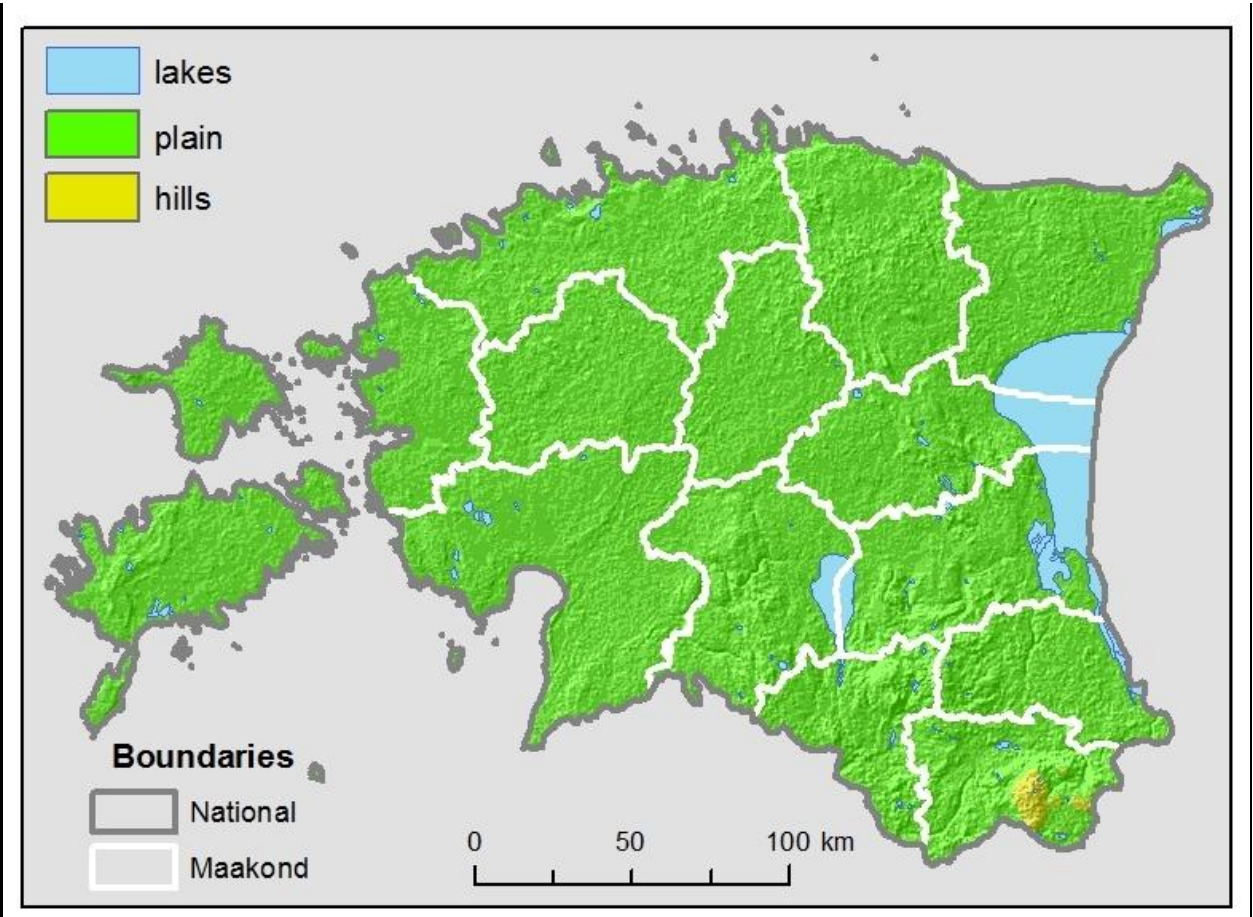


*Source: see the 'Sources of information for maps' section;*

## ANALYSIS OF THE ADMINISTRATIVE-TERRITORIAL DIVISION AND REFORMS

Estonia was the first country from the former Eastern bloc to adopt a local self-government law in 1989. Until 1993 it had a transitory two-tier system of local governance but the first signs of preference for a one-tier system showed up in the mentioned local self-government Act of 1989. The 1990s were not very successful in terms of territorial consolidation. Typically for those times, the aspiration of citizens for a greater local autonomy was going against the creation of larger local governments. Another barrier for potential mergers was the legal framework. Before 1995, when an administrative-territorial law was passed, any amalgamation of municipalities had to be approved by the Estonian Parliament (*Riigikogu*). Even with the new provisions, until 1998, eventual mergers could become effective when local elections took place only. The problem that appeared was that whether two municipalities wanted to form a larger local government, the mandate of the local councils had to be interrupted. This was seen as an infringement of the constitutional provision that established a fixed three-year term for elected local councils.

In order to strengthen and encourage scarce territorial consolidation initiatives, an amendment to Constitution was passed in 2003. It extended the mandate of the councils to a four year term, but also stated that "*The period of authority of a council may be shortened by an Act due to a merger or division of local governments or the inability of the council to act.*" (§ 156*).* This encouraged more mergers than during 1990's; however the total number of municipalities did not register a significant decrease – from

255 in 1993 to 227[17] in 2010. That is why it is often said that Estonia had rather a recreation of the pre-Soviet times local governments than a genuine extensive territorial reform. Nevertheless, switching to a one-tier system since 1993 is still considered as the most significant reform of local government in Estonia in the last twenty years.[18] The Constitution designates rural municipalities and towns as the main units of local government (§ 155) but also allows other possible forms. This hypothetically allows for an intermediate level of local government, should the Estonian elites consider it necessary.

As of 1 January 2010, the administrative division of Estonia included 15 counties, 227 administrative units with local governments, including 33 cities, 193 rural municipalities and 14 cities without municipal status.[19] The Estonian system does not have features of an extreme fragmentation. The average population of Estonian municipalities is about 5904 inhabitants, which is quite close to the general European average. However, as shown in Table 6, there are a large number of municipalities (about 80%) that have less than 5,000 inhabitants wile about 37% of municipalities have less than 1,500 residents. One quarter of the total population of Estonia resides within such kind of under-5,000 local governments. The 15 counties are not a second level of local government but rather a lower level of the central government and are meant to ensure the link between the local and central authorities.

TABLE 6. LOCAL GOVERNMENTS IN ESTONIA BY NUMBER OF INHABITANTS, AS OF 2009

| Number of inhabitants | Number of municipalities | % of total population |
|---|---|---|
| <500 | 7 | 0.15 |
| 501-1,500 | 77 | 6.16 |
| 1,501-3,000 | 69 | 10.45 |
| 3,001-5,000 | 29 | 8.45 |
| 5,001-10,000 | 30 | 14.75 |
| 10,001-20,000 | 9 | 9.57 |
| 20,001-50,000 | 3 | 8.12 |
| 50,001-100,000 | 1 | 4.94 |
| 100,001-200,000 | 1 | 7.67 |
| >200,001 | 1 | 29.74 |
| Total | 227 | 100% |

*Source: authors' calculations based on Local Administrative Units of Eurostat as of 1 January 2009;*

The fragmentation is more evident for rural municipalities, which have an average of 2,500 residents. However, given the absence of the second level of governance, municipalities benefited from an extended local autonomy for a long time. Thus, they were entrusted with greater competencies than local governments in other countries from the post-Soviet space. As many local governments are quite strong, and population density is quite low, this makes it difficult to provide convincing arguments of scale economies that would encourage existing municipalities to amalgamate.

## ANALYSIS OF THE FUNCTIONAL DESIGN OF THE LPA

As rural municipalities and towns were quite weak to undertake significant responsibilities, a temporary two-tier system was accepted for the 1989-1993 period. The second level had 15 counties (*rajoon*) and six cities, including Tallinn, which had both responsibilities of first and second level. During 1989-1993, all former village and town *soviets* received the status of the local self-government unit from the Supreme Council. To obtain this status, settlements had to prepare a socio-economic development plan

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[17] Including the capital city Tallinn.
[18] Mäeltsemees, 2000 in Horváth (ed.), 2000.
[19] Statistics Estonia, 2010.

and local statutes and to submit them to a parliamentary committee for administrative reform, which assessed their conformity with previously established requirements.

One of the explanations of the relative success of the Estonian local autonomy may well be the early strong self-government provisions of the 1992 Constitution. Thus, the XIV Chapter, "Local Government", offers guarantees for: (i) independent local budget and the right to levy, collect taxes and impose duties (§ 157); (ii) state-delegated responsibilities that shall be funded from the state budget (§ 154); (iii) mergers (§ 156) and local referendums for changing the boundaries of a municipality (§ 158); (iv) the right to form unions and joint agencies with other local governments (§ 159); (v) elected local councils (§ 156). Estonia also was among the first FSU countries to ratify the European Charter of Local Self-government in 1994.

In terms of responsibilities, the main principle is that municipalities have extensive competencies on local matters, unless the law specifically assigns them to other authorities. That means that even if the law does not specifically give a certain competency to the local government, but also does not assign it to a central government authority, it is considered a local matter. Some other additional functions can be delegated based on mutual agreement and in this case, according to the Local Government Law, a contract between an authorized state body and a specific council has to be signed.

According to the Local Government Law, local governments have the functions of organization, in the rural municipality or city, of social assistance and services, welfare services for the elderly, youth work, housing and utilities, water and sewerage supply, provision of public services and amenities, physical planning, public transportation within the rural municipality or city, and the maintenance of rural municipality roads and city streets unless such functions are assigned by law to other persons.

Local governments are also responsible for organization and maintenance of the following institutions, under the condition that they are in municipality's ownership: pre-school child care institutions, basic, secondary and vocational schools, libraries, community centers, museums, sports facilities, shelters, social care homes, health care institutions and other local facilities.

The administration of the 15 counties is a territorial extension of the central government. In broad terms, they represent the state interests at the regional level and supervise the activity of local governments. One could identify five specific functions of county administrations:

- coordination of the activity of regional offices of ministries and other central government agencies;
- regional development and spatial planning;
- oversight of the local governments' acts;
- coordination of emergency situations;
- coordination of tourism, sport and leisure activities among the surrounding municipalities.

Large infrastructure projects, motorways, maintenance of public order and rescue services, general state policy in education, industry and commerce, labor, represent the responsibility of the state.

Both Constitution and legislation allows local governments to form unions and joint agencies for a collaborative services delivery. Although there are a number of best practices in this respect, inter-municipal cooperation did not become a large scale phenomenon, one of the reasons being the legal obstacles for local governments to become shareholders in joint commercial legal persons. The alternative is that some services with larger catchment areas could be entrusted to a single local

government that acts on behalf of the others. The advantage of rationality in this case could well be overshadowed by the negative effects of the monopoly over a service that the legal owner has.

## ANALYSIS OF THE FINANCIAL DESIGN OF THE LPA

In Estonia incomes from taxes accounted for more than 45% and from transfers for 35% of total sub-national revenues in 2004.[20] The fiscal autonomy of local governments in Estonia has somewhat declined compared to the year 1999. Nevertheless, the fiscal autonomy of local governments in Estonia is broader than in many EU countries. Sub-national tax revenues in Estonia are divided into three parts:

- taxes shared with central government where the split between the central and local governments is set in legislation, and central government sets both the tax rate and base (personal income tax);
- taxes shared with central government where the split between the central and local governments is set in legislation and the tax rate is set by local governments within given limits (land tax);
- local taxes imposed by local councils in accordance with the law.

In Estonia the personal income tax sharing rate has been set mainly by the level of expenditure needs of Tallinn, in order to prevent huge transfers of resources. Consequently, if municipalities are given new functions, the tax sharing rate or the amount of support fund should be increased. This rule is described in the theory and well applied in Estonia.

The Local Taxes Act allows local councils to impose following local taxes:

- sales tax,
- boat tax,
- advertising tax,
- motor vehicle tax,
- animal tax,
- entertainment tax,
- road and street closure tax, and
- parking tax.

However, some of these taxes have never been used by any of the local governments and the share of local taxes in total sub-national revenues is only marginal (0.7% in 2004).

Rural municipality and city governments are the tax authorities for local taxes within their administrative territories which organize the collection of local taxes. A council and a regional office of the Tax Board may enter into an agreement for the collection of sales tax pursuant to which the regional office of the Tax Board undertakes to collect such taxes. These agreements should be agreed with the central body of the Tax Board. All administration cost for performing the agreement provisions are covered from the rural municipality or city budget.

Local governments are independent in their budget formation. At the moment, only the audit committee of the municipal council carries out controls on the local budget in every local government

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[20] Timpmann, Reiljan, and Olenko, 2005.

unit. Central government monitoring of local government action is carried out to a small extent[21]. The central government plans to increase state monitoring of the municipal level by introducing obligatory independent audits on local budgets, and increasing the county governor's range of control over the municipalities of a county.

There are several reasons for the low level of local taxes. The administration of local taxes is complicated and expensive, while tax evasions are difficult to control. The initiative of local governments to levy local taxes is also considerably obstructed by the fact that increased own revenues will immediately reduce the amount of allocations paid to local authorities through the State Support Fund.

In Estonia local governments get support from the State Support Fund. The named fund is created within the state budget and aims to balance excessive differences in the revenue side of the local authorities' budgets. Its resources are used for providing assistance via earmarked allocations. As in case of the Czech Republic these allocations are for specific purposes.

The size of the State Support Fund depends on signed agreements between the authorized representatives of the municipalities and the central government.

The equalization mechanism is linear. The general grant to municipalities is calculated according to the following formula[22]:

$$T_n = (m \times a_k - a_n)\ 0.9 \times c_n, \text{ where}$$

**Tn** – the total general grant to the municipality;

**m** - coefficient of the equalization;

**ak** – the average revenue (state taxes and fees on natural resources) per capita of all municipalities, in Estonian *kroons*;

**an** – the revenue (state taxes and fees on natural resources) per capita received by the municipality, in the current year, in Estonian *kroons*;

**cn** – the number of inhabitants in the municipality.

The equalization coefficient "*m*" is derived from the size of the support fund and indicates the amount of per capita income from state taxes and fees on natural resources that can be redirected to a municipal budget compared to the average to provide resources from the subsidy fund.

Almost 95% of rural municipalities and towns receive allocations from the state budget. The Tallinn and its surrounding rural municipalities, municipalities from Ida Viru county are local authorities which do not need support from the support fund. Their revenues are created by high proportion of the personal income tax, fees for the special use of water and fees for mining natural resources.

There are two type of transfers paid from the Support Fund: targeted and general. In 2004 the Support Fund[23] accounted for 73% of all transfers to local governments. The share of targeted allocations (conditional transfers) was 26%. The share of conditional transfers has decreased.

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[21] OECD, 2001.
[22] Idem.
[23] Timpmann, Reiljan, and Olenko, 2005.

The process of increasing the local governments' autonomy increased as well the importance of the Support Fund. However, this has led to a situation where those local governments that are not entitled to get support from the State Support Fund have to cover more and more expenditures from their own revenues. The number of this kind of governments was 17 in 2003 and they constituted 7% of sub-national governments.

The rules for supporting local governments from the State Support Fund made smaller towns to be more dependant of its financial resources. The larger rural municipalities (with more than 3000 inhabitants) have more fiscal autonomy and do not depend on so many allocations from State Support Fund.

The local governments are entitled to use borrow mechanisms for rising additional revenues or to cover the temporary budget deficit. Also the borrowing is often used for carry out investment plans. All these actions should be a part of the municipality or city development plan approved by local administration. Local governments may freely choose where to get a loan from. No special terms have been set by central government. The central government in a few cases has the right to help local governments by providing additional loans.

The most used borrowing instruments are loans for current expenditures financing and for investment projects.

The arrangements for borrowing are established by the Rural Municipality and City Budgets Act. The named document points out that all debt created as a result of un-repaid loans, debt instrument issued and other obligations created by them shall not exceed 75% of the total proposed budget revenue side for the approved budget period. In accordance with the same Act, the total amount of repayable loans, loan interest and expenditure for redemption of debt instruments shall not exceed, in any coming budgetary year, 20% of the proposed budget revenue for the budgetary year during which the loans are taken and debt instruments are issued.

The above-mentioned restrictions do not apply to loans for which a state guarantee has been given. In such cases the process is monitored by the central government. The security for a loan taken by a rural municipality or city hall usually is a municipal immobile asset or a building. This procedure starts with approval of the official rural municipality or city council resolution which needs to be presented to county governor within three days of the entry into force. It is obligatory to present a copy of the loan agreement to the Ministry of Finance, within thirty days of the date on which the contract entered into force.

In Estonia, the borrowing capacity of smaller municipalities is also lower than that of larger ones, which also decreases their autonomy. The average debt burden of local governments has not changed very much during the last years[24], but the variations within groups of local governments are quite big. It should also be noted that on average the debt burden of rural municipalities is remarkably lower than that of towns.

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[24] Idem.

## COUNTRY'S SOCIO-ECONOMIC AND GEOGRAPHIC PROFILE

Highly fragmented relief in Georgia creates significant constraints limiting the possibilities for administrative-territorial divisions (Map 4). Also, the ethnic structure and political problems highly affects administrative-territorial division. Due to limitations of natural conditions the historically formed territorial structures are heavily to change that is why pre-soviet, soviet and post-soviet territorial units do not differ too much. While in Soviet Union services and agriculture were being developed in Georgia, but due to medium urbanization rate (53%) and fragmented relief national settlement system is less urbanized and weaker controlled by towns (in total there are 55 towns and 48 urban type settlements (Rus. *поселок городского типа*)). All of the 1st tier units seem to be controlled by an urban settlement (town or urban type settlement), however, due to particular features of the last administrative-territorial reform, great majority of them have significant proportion of rural population and actually represent rural municipalities (as translated from Georgian in English). Thus, the share of urban population in the rural municipalities varies between 0% in Kodori gorge of Abkhazia and 3% in the municipality of Khulo on the one hand and 63% in the municipality of Borjomi on the other[25].

MAP 4. ADMINISTRATIVE-TERRITORIAL DIVISION OF GEORGIA
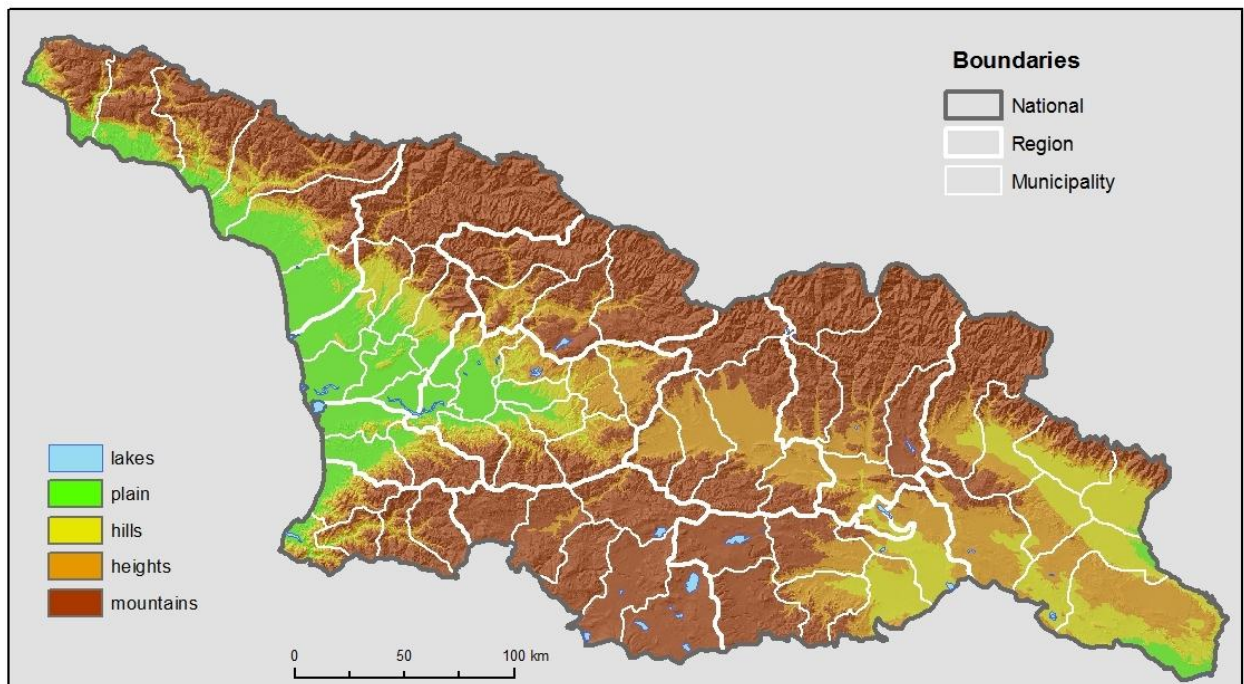


*Source: see 'Sources of information for maps' section;*

## ANALYSIS OF THE ADMINISTRATIVE-TERRITORIAL DIVISION AND REFORMS

During the 1990s' Georgia had the experience of a higly centralised multi-tier system of local government. Due to internal conflicts, centralization was then seen as the only tool for preventing state's disintegration. Although the first Law on Local Government had been passed early in 1991, a somewhat more stable administrative-territorial system dates back in 1994, including nine regions with centrally appointed governors, 65 districts, 48 cities and towns and about a thousand rural settlements.

As opposed to other countries, the 1995 Georgian constitution does not define the administrative-territorial organization of the country. According to Article 2, para. (3), *"The territorial state structure of*

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[25] The 2002 Georgia population census data (geostat.ge).

*Georgia shall be determined by a Constitutional Law on the basis of the principle of circumscription of authorization after the complete restoration of the jurisdiction of Georgia over the whole territory of the country."* This avoids a situation where necessary reforms are delayed by constitutional provisions but does not prevent the choice of the government of a less successful local government system.

The 1997 Local Government Law established two tiers of local governance where the first tier comprised of 1,033 villages, amalgamated villages, towns and cities, and 65 upper level districts (raions). Right before the 2003 'Rose Revolution' Georgia had a four-tier system[26] if one considers the autonomous republics that in some cases have their own internal territorial organization.

The first large scale territorial reform started in 2005 when the Parliament passed a new Local Government Law. On the lower level it authorized amalgamation of the 1033 municipalities into 64 larger local governments (agglomerations of rural and urban settlements) mainly based on former raions. Also, five larger cities, including Tbilisi, were granted special status. It seems that decision on creating municipalities on the basis of raions was based on the assumptions that the reform will take less time and will not generate heated debates.[27] Also, there was no need to search for sophisticated amalgamation criteria in this case.

On the upper level the 12 regions in the post-2005 reform period cannot be considered as intermediate levels of local governance as they do not have an elected council and the regional governors are appointed by the President. The two autonomous regions could be considered as an additional level of local government; however this level is characteristic for their respective boundaries only and does not apply to the whole country. As one can see in Table 7, there are only two municipalities that have less than 5,000 inhabitants. If one excludes from calculations Tbilisi and larger cities with special status, the average population of municipalities is about 44,000 inhabitants. This is quite close to the situation in Denmark, Lithuania and Ireland, which are situated in top-five EU countries by average population of municipalities. However the geographic realities in Georgia (highly mountainous terrain and poor road connections) create problems for a qualitative and efficient delivery of public services within such large local governments.

TABLE 7. LOCAL GOVERNMENTS IN GEORGIA BY NUMBER OF INHABITANTS (2009)*

| Number of inhabitants | Number of municipalities | % of total population |
|---|---|---|
| <5,000 | 2 | 0.15 |
| 5,001-10,000 | 5 | 0.87 |
| 10,001-20,000 | 5 | 1.61 |
| 20,001-50,000 | 32 | 25.1 |
| 50,001-100,000 | 17 | 26.74 |
| 100,001-200,000 | 6 | 19.6 |
| >200,001 | 1 | 25.93 |
| Total | 68 | 100.00 |

*Note: *- No data for Java municipality provided. Municipalities of Autonomous Republics of Adjara and Abkhazia are not included in the calculations;*
*Source: authors' calculations based on National Statistics Office of Georgia information as of 1 January 2009;*

## ANALYSIS OF THE FUNCTIONAL DESIGN OF THE LPA

Although it is quite early to draw data-based conclusions on the territorial reform, one would probably expect larger municipalities in Georgia to have an increased capacity to efficiently provide public

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[26] Melua, 2010, in Swianiewicz (ed.), 2010.
[27] Students' Research Club Spatium, 2010, in Swianiewicz (ed.), 2010.

services. However, dispite the radical change in number and boundaries of municiplaities, this was not followed by a greater decentralization of state functions and finances. The 1990s' centralising tendencies stemming from the internal conflicts and the 2008 war still remain actual. The fact that the European charter of the local self-government was ratified by the Georgian Parliament by the end of 2004 only also influenced the functional design of local-central power distribution.

The 2005 reform established three groups of responsabilites for local governments: competencies under exclusive, delegated and voluntary authority of the municipalities. However this did not bring much change in the scope of functions of the local governments. It should be mentioned that some competencies are not really exclusive, as they involve a great deal of central government involvement. The centralized approach to drafting local budgets and collecting local taxes are relevant examples. The exclusive competencies listed under Article 16 of the 2005 Organic Law of Georgia on Local Self-Government could be divided in service-type and functional competencies (as in Table 8) where the latter currently leaves room for a greater involvement of the central government, either through ministries or its regional administrations.

TABLE 8. EXCLUSIVE POWERS OF THE SELF-GOVERNING UNITS IN GEORGIA

| Competencies in public sevices | Functional competencies |
| --- | --- |
| <ul><li>establishment of pre-school educational institutions, approval of their statute;</li><li>maintenance, construction and development of the local roads;</li><li>determining vehicle parking lots, planning of streets cleaning and lightening, water supply, drainage and sewage system, planning and implementation of collection of solid waste, maintenance of cemeteries;</li><li>performance of social-cultural activities and support to the activities of the relevant objects (archives, libraries, museums, educational and children institutions, etc.,) of local importance;</li><li>issuance of building permits, supervision over the underway constructions;</li><li>regulation of local passenger transportation;</li><li>regulation of outdoor trade;</li><li>regulation of placement of outdoor advertisements;</li><li>setting housing and communal service tariffs and service rules;</li><li>management of forest and water resources of local importance;</li><li>spatial - territorial arrangement of the municipality;</li><li>municipal fire safety;</li><li>traffic planning on the territory of the municipality except international and national roads.</li></ul> | <ul><li>management and disposal of the property under the ownership of the municipality;</li><li>management and disposal of the land resources under the ownership of the municipality;</li><li>reviewing, approving of municipal budget;</li><li>introduction of local taxes and fees, definition of their rates within the limits envisaged by the law;</li><li>collection of local fees;</li><li>land planning and zoning (planting, recreational, industrial, commercial and other special zones);</li><li>approval of priorities of municipal social-economic development;</li><li>informing population on possible health risks;</li><li>mobilizing resources in the fields of health and social protection/ social welfare</li><li>regulation of the issues in regard to organizing meetings, rallies, demonstrations;</li><li>local purchases;</li><li>giving names and numbers to streets and squares.</li></ul> |

*Source: adapted from the Organic Law of Georgia on Local Self-Government, 16 December 2005;*

According to the same law, delegation of responsibilities shall be allowed on the basis of an agreement that has to be accompanied by the transfer of commensurate material and financial resources. Exercising of the delegated competencies is supervised by a state authority authorized by law or by agreement.

Responsibilities under voluntary jurisdiction regard possible own initiatives on creation and development of social, cultural and educational infrastructure not belonging to the exclusive group of competencies.

### ANALYSIS OF THE FINANCIAL DESIGN OF THE LPA

The local governments in Georgia have several sources of revenue that are granted by the law. The Tax Code of Georgia establishes the tax base and the tax rates ceiling. The local governments can set each of them within the provision of the law. Also, the Law on Local Fees defines the ceiling of local fees. The decision about the number of the taxes and its level should be taken via the Local Council decision of the respective raion.[28]

The raion level serves as a distribution center for the shared revenues. All shared taxes first go to the raion and then are distributed to budgets according to the normative acts approved by the local council of the raion. The raion's executive body presents a proposal (and the representative body approves it) on the allocation of shared taxes to subordinated local self-government bodies, which is the subject to the Local Council's approval.

Other revenue sources of local governments are:

- transfers,
- revenues from the privatization of state property,
- revenues from selling non-agricultural state land—of which 40% stays in local government, 50% goes to the state, 7%to the Land Management Ministry, and 3% to the Ministry of Urbanization and Construction, and
- loans.

The vast majority of small local self-government units has no own revenues, and their only source of income are subsidies from the districts' budgets. The largest part of local budgets' spending come from Tbilisi and the four other big cities (up to 78%) while the other 993 units possessed only 22% of the share in total local government spending[29].

The revenues from local own sources usually are very small proportion in total. The property tax and tax on gambling, the taxes which represent the own revenues, were the biggest portion only in the budgets of the Tbilisi city.

The minimal level of the payroll tax in the local budgets is explained by the shortcomings in the legislation. The named tax is paid in the budget of local government were the job is located not at the residence of taxpayer. This regulation favors large cities with many commuters from surrounding municipalities.

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[28] Balashvili, 2002.
[29] Melua, 2010, in Swianiewicz (ed.), 2010.

A low level of revenues from own sources is also related to the numerous tax exemptions granted by the central government[30]. This situation totally exempt natural persons from paying this tax and the collected property tax is almost entirely the business property tax. Such legal provisions lead to regional fiscal disparities (considerable taxes from businesses may be levied mostly in big cities, but not in smaller towns or villages in the countryside), and also weaken local accountability of elected governments (since most voters are not local taxpayers).

The grants received by the local governments in Georgia could be:

- An **equalization grant**, which is distributed on a formula basis. This type of grants gives some priorities to small and rural governments, and to mountainous regions. The size of the grant is very small and cannot play a powerful equalizing role.
- **Targeted transfers**, which are foreseen for investment projects.

The changes in the share the payroll tax approved in 2008 further centralized the fiscal system in Georgia. This tax became main source for budget revenue. To compensate the local budgets losses an additional grant transfer has been approved. Nevertheless, the losses were bigger than the promised compensations. In the same time three-fifths of this additional transfer was in form of targeted grants for investments.

As a result the 2008 fiscal reform worsen the financial situation of the local governments by minimizing the revenue side and by interfering in local budgets' spending decision.

In 2008 year the Ministry of Finance prepared a new equalization formula, based on coverage of the budget deficit, amount being updated by a coefficient foreseen from the objective statistical data.

Anyway the formula has some shortcomings:

- It does not consider the differences between small and big local public authorities;
- The grant level depends on historical expenditures trend and is not oriented to territory development;
- The formula restricts local public authority within named expenses or policy developed centrally by the Central Government.

Targeted transfers are allocated based on central government decision which supports more or less its own interest, without taking into consideration the local public authority real necessities.

There are three types of loans available to local self-governments:

- from a commercial bank,
- from the state or raion budget, or
- from the municipal development fund.

The President of Georgia approves the access to l*oans from the commercial bank.* The Department of Territorial Budgets of the Ministry of Finance reviews the loan's justification and the raion's debt capacity. The loan period is three to six months. The short-term loan is explained by the management of

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[30] For example, properties which are exempted from the tax include: housing properties which are smaller than 400 square meters, agriculture land in farms below five hectares, and properties belonging to families with an annual income lower than GEL 40,000 (around USD 25,000). Source: Melua, 2010, in Swianiewicz (ed.), 2010.

cash flow rules. The loan could be accessed only by the raion level. Such tough conditions are dictated by necessities to avoid the national currency devaluation.

The loans paid from state or raion budgets are also short-term loans and require a special agreement between the Ministry of Finance and the (mayor.

The majority of these loans are used to cover the current expenditures such as salaries of personnel in earmarked sectors.

Another possibility to fulfill the budget revenue side is investment support from the Municipal Development Fund, which was established in 1997 with financial support from the Municipal Development and Decentralization Project of the World Bank. Initially, the right to use the Fund's money belonged to a limited number of municipalities at the raion level.

The Fund[31] legal requirements provide access to the funds for all government bodies within the following conditions:

(1) No budget deficit is allowed during the previous budget year;
(2) Loan repayment costs, including loan service, principal payment, should not exceed 25% of revenues gained through activities implemented in the last year budget;
(3) The expected revenue from the proposed investment can be used during the calculation of the loan service payment;
(4) The total amount of the loan, including the proposed loan and liabilities (including salaries and other loans), should not exceed 40% of revenues gained through current activities (excluding transfers).

## *LATVIA*

### COUNTRY'S SOCIO-ECONOMIC AND GEOGRAPHIC PROFILE

More or less flat relief without major barriers in Latvia does not present an obstacle for administrative-territorial division of the country (Map 5). There are relatively poor conditions for agriculture development. While in Soviet Union manufacturing industry (engineering and chemical ones) was being developed in Latvia that facilitated urbanization in the country. Soviet planning system required creation and maintaining of relatively small administrative units, easier to control on the one hand and closer to people on the other. Relatively high urbanization rate (about 70%) caused the settlement system to be based on urban settlements (77 towns). About 65% of Latvian 1st tier units (*novads*) are presently organized around towns at present.

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[31] Balashvili, 2002, page 77.

MAP 5. ADMINISTRATIVE-TERRITORIAL DIVISION OF LATVIA
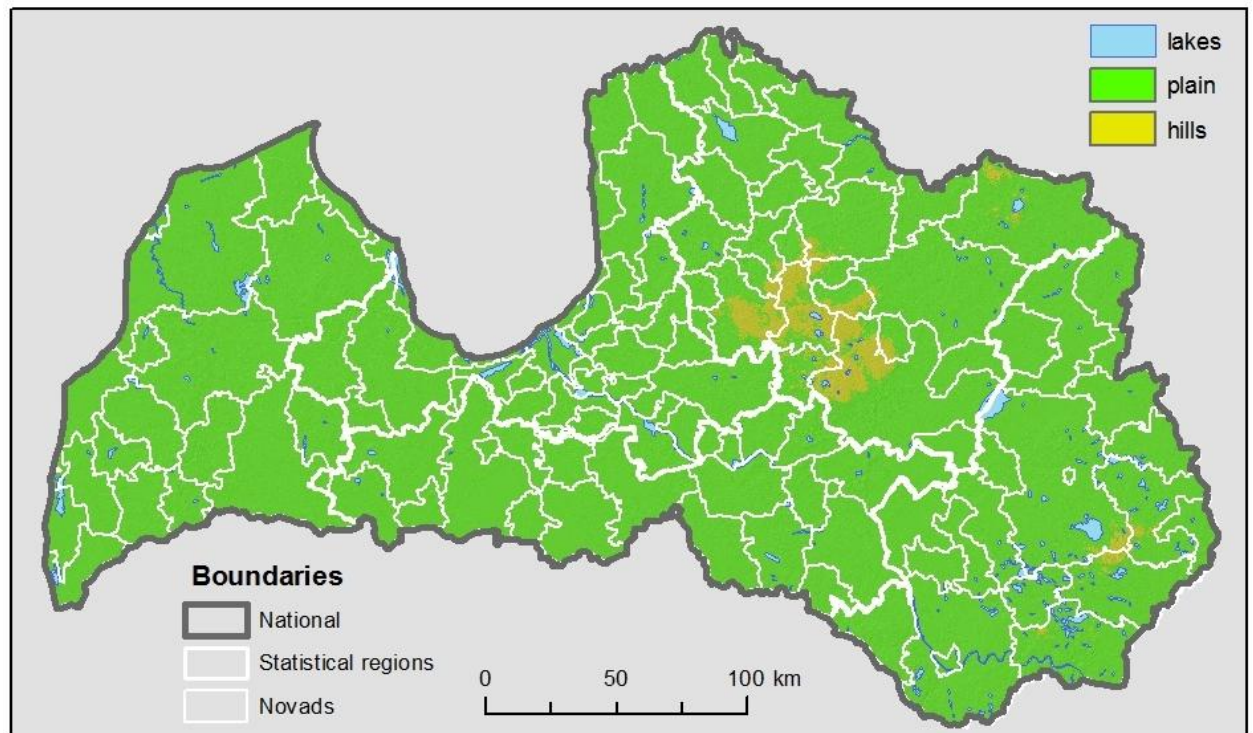


*Source: see 'Sources of information for maps' section;*

## ANALYSIS OF THE ADMINISTRATIVE-TERRITORIAL DIVISION AND REFORMS

Immediately after restauring independence Latvia had two levels of local government. The first level municipalities are commonly known as republican cities, towns (*pilseta*), villages (*pagasts*) and various amalgamations of the latter two (*novadi*). The second tier districts were previously known as *raions*, a reminiscence of the Soviet era. The 1922 Latvian Constitution does not have provisions on the main principles of local government.

After a few non-systematic attempts to encourage territorial consolidation, a 1997 ammendment to the Self-Government Law provided the obligation for municiplaities with weak infrastructure to conclude cooperation agreements with other local governments in order to be able to fulfill their obligations. Although many municipalities fell into this cathegory, the provision has not been closely observed. On 21 October 1998 the Latvian Parliament (Saeima) adopted the Law on Administrative-Territorial Reform. It addresses the issues of purpose, schedule, process, financial stimulations and institutional coordination of the reform.

In broad terms, the planned process was to offer financial bonuses to municipalities involved in voluntary amalgamations until 31 December 2003 – a grant of 1-5% of the total annual budgets of amalgamated local authorities. The new municipality could receive 5% if the amalgamation took place in 2000, 4% - if in 2001-2002, 3% - in 2003 under the condition that the consolidated budgets do not exceed five million Lats. Those that exceed five million Lats would get 2% of their budgets. The money could be used for infrastructure investments like rural roads, telecommunications and internet access. The second stage provides for an administrative (i.e. forced) amalgamation from 1 January to 30 November 2004, followed by local general elections in 2005. There were also provisions on association of local governments. Only 26 amalgamations took place by the beginning of 2005 as the reform ran into a strong opposition from the local elites and changing governments.

In 2005 and 2007, a series of amendments were operated to the Law on Administrative-Territorial Reform. In general, it was a gradual move from the voluntary to the compulsory model of amalgamation, but the main change regarded the decision to abolish the raions and to have a single-tier model of local governance. Abolishment of the district level is considered a significant improvement as raions were functionally, economically and politically weak, and were too small to play a significant role in regional development.[32]

A change in the financial stimulation scheme for the amalgamating settlements also occurred. According to the new regulations, a payment of 200,000 Lats (about USD 359,000) for development of municipality infrastructure shall be authorized to:

- every territorial unit (city and parish) included in a new local government that has been established by 31 January 2009 as a result of amalgamating territorial local governments;
- every such city, parish and novad which in 2007 took a decision to establish a new local government and the commencement of the operations after the 2009 local government elections.

As planned, amalgamations could occur only after a thorough case-by-case research was done in order to find out what is the attitude of the population regarding the reform, what would be the social and economic implications of eventual mergers and to formulate the tasks and conditions that should be met for a certain amalgamation to take place. The main changes in the administrative-territorial design before and after the June 2009 local government elections are reflected in Table 9. The number of local governments decreased by five times and the absolute majority of municipalities now have over 5,000 inhabitants.

TABLE 9. THE MAIN CHANGES IN THE ADMINISTRATIVE-TERRITORIAL DIVISION OF LATVIA

| Before reform, prior to July 2009 | After reform, since July, 2009 |
|---|---|
| Two levels<br>26 district governments (*rajons*)<br>525 local governments:<br>- 7 republican cities<br>- 50 towns<br>- 424 rural municipalities (*pagasts*)<br>- 41 reformed municipalities (*novads*)<br>*72% of local governments have less than 2,000 inhabitants* | One level<br>118 local governments:<br>- 9 republican cities<br>- 109 municipalities (*novads*)<br>*About 69% of municipalities have over 5,000 inhabitants* |

*Source: adjusted from: Vilka, 2009;*

By law, the following criteria had to be taken into account when an amalgamation was decided:

- a long-term and balanced development of the county territory is ensured;
- the infrastructure required for the performance of the tasks of a local government exists;
- the size of the territory;
- the number of permanent residents of the territory;
- the density of permanent residents in the territory;
- the accessibility of the services provided by the local government;
- the economic, geographical and historical unity of the territorial local governments comprising the municipality; and

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[32] Vanags and Vilka, 2006, p. 623 — 637.

- optimal establishment of the territory of the local government has been ensured, taking into account the interests of the neighbouring local governments.[33]

In terms of municipalities' size, the resulting picture is presented in Table 10. The average population of municipality, if one excludes Riga, is about 19,000 inhabitants, which is similar to Poland, Belgium and Finland. There are 37 municipalities with a population below 5,000 which represent about 6% out of the total population of Latvia.

TABLE 10. LOCAL GOVERNMENTS IN LATVIA BY NUMBER OF INHABITANTS (2010)

| Number of inhabitants | Number of municipalities | % of total population |
|---|---|---|
| <3,000 | 11 | 1.16 |
| 3,001-5,000 | 26 | 4.62 |
| 5,001-10,000 | 40 | 13.44 |
| 10,001-20,000 | 17 | 11.08 |
| 20,001-50,000 | 19 | 24.55 |
| 50,001-100,000 | 3 | 9.11 |
| 100,001-200,000 | 1 | 4.62 |
| >200,001 | 1 | 31.42 |
| Total | 118 | 100.00% |

Source: authors' calculations based on Statistics Office of Latvia information as of 1 January 2010

The main lessons that can be drawn from the Latvian administrative-territorial reforms are:

- voluntary amalgamations are good as soon as they offer time for choosing the optimal amalgamation possibilities, but if they are not accompanied by a compulsory process, the territorial reform could last longer than a country could afford;
- financial bonuses are not enough to encourage territorial consolidation; the mechanism should be clearly outlined in regulations and should be sustainable so the newly elected governments do not deny commitments of the previous government;
- the chosen criteria for amalgamations should not leave room for interpretations and possible exceptions should be clearly outlined.

## ANALYSIS OF THE FUNCTIONAL DESIGN OF THE LPA

Obviously, it is not yet clear if the reform will be successful in long-run, as it is still in progress and the financial crisis generated some delays in implementation of complementary reforms. At this stage one can say that the larger municipalities have more possibilities for concentration of financial resources and have a wider scope of levers to foster locale economic development, as they have acquired more own competencies as a result of implementation of a single tier system of local governance.

In broad terms, Latvian local governments have a wide scope of functions. Similarly to Estonia, local authorities may voluntarily carry out their initiatives with respect to any matter if it is not within the competence of another public authority. They have autonomous and state delegated functions.

As provided by law, the autonomous functions of local governments are as follows:

- water supply and sewerage; supply of heat; management of municipal waste; collection, conducting and purification of waste water;

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[33] Section 10 of the Administrative-Territorial Reform Law dated 30 October 1998, with amendments from 22 September 2005 and 21 June 2007.

- building, reconstruction and maintenance of streets, roads and public squares; lighting of streets and other public spaces; parks, public squares and green zones; control of collection and removal of waste; flood control; cemeteries;
- public use of forests and waters;
- primary, general secondary and extracurricular education; continuing education for teaching staff
- organizational and financial assistance to cultural institutions and events, support for the preservation of cultural monuments;
- ensure access to health care;
- social care (poor families, socially vulnerable persons, orphans, elderly homes, homeless);
- protection of the personal and property rights and interests of a child;
- assistance to residents in resolving issues regarding housing;
- permits and licences for commercial activity;
- public order; civil defence measures
- land use and territorial development; buildings;
- civil status document registrations;
- collect and provide information necessary for State statistics;
- public transport organization;
- organise local elections;

By law, central government institutions do not have the right to assign to local governments the performance of functions and tasks without providing adequate financing. While performing functions delegated by state, local governments are not entitled to have an independent policy. In this case they implement a state policy laid out in official regulations and guidelines.

In carrying out their functions local governments shall have the right, among others, to introduce local fees and determine their magnitude, decide on tax rates and relief from paying taxes and to invest their own resources. But in general, the level of local financial autonomy is not high.

### ANALYSIS OF THE FINANCIAL DESIGN OF THE LPA

The Latvian legal framework foresees the following sources of local governments' revenues[34]:

- share from the state taxes:
  - 71.6% of the personal income tax;
  - 100% of the real estate tax;
- share from the state duties;
- duties imposed by local governments;
- grants and earmarked grants allocated from the state budget;
- grants from the local government financial equalization fund;
- service delivery fees.

The local governments have the right to impose taxes, but the tax bases and tax rates are set for all major taxes by the central government. Their revenue also is created from own revenues. Own local

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[34] OECD, 2002, p.36.

revenue is composed of fees and duties that the local governments are collecting from public service delivery.

The list of public services should be approved by regulations issued by the respective republican city or rural authority, town's municipal council.

Local governments may impose duties on the following activities:

- official documents issued by the urban or rural municipal council;
- organization of entertainment in public places;
- accommodation of holiday-makers or tourists;
- commercial activities in public places;
- the keeping of animals, wild or domestic;
- driving through special protection zones;
- placing advertisements, posters or announcements in public places, containing visual commercial information;
- keeping boats, motor-boats or yachts;
- use of municipal symbols for commercial purposes.

Local governments have the right to collect state duties for issuing special permits (licenses) to engage in specific types of businesses. These duties are paid to local government budgets also. Nevertheless, local governments have limited possibilities to raise their own taxes. Own taxes, as were presented in the list above are considered as state taxes. By the definition the local governments have right only to collect state taxes at the established rates and have no right to give tax exemption.

Along with named revenues the local governments receive grants and earmarked grants from the state budget for the delegated functions established by the Law "On Local Governments" and under other specific laws which regulate the activity of the local governments.

The last administrative reform in Latvia was oriented towards increasing tax autonomy too. The bigger autonomy is expected to increase the local governments' accountability, improve efficiency of public expenditure decision process and minimize the imbalance between responsibilities and available funding.

The Equalization Fund plays the role of bridging the needs and fiscal capacities of the local governments. Its resources come from the local governments' compulsory payments and from the state budget transfers. Local governments' contribution consists of revenues from real estate tax and the local government share of the personal income tax[35]. The amount of transfers from the State Budget is a political issue negotiated between the Ministry of Finance and Union of Local and Regional Governments.

The current formula includes the calculation of local governments estimated revenues and determination of financial needs. The Law on Equalization of Local Government Finance[36] stipulates that local government revenue estimations are forecasted based on actual personal income tax collections

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[35] The law on income tax nr.145, approved April 04, 1998, art.26, foresees 71.6 percent to be transferred to the Equalization Fund.
[36] The law nr.72 (1133), from March 18, 1998 adjusted with the subsequent amendments from October 07, 1999 and October 22, 2009.

from the year prior to the budget preparation year and on the real estate tax forecasted in accordance with the official data of the State Land Service using the cadastral value of the properties located on the local government territory. The formula has not changed since the year 1998. The equalization fund implements two forms of equalization: revenue equalization and expenditure needs equalization which represent a mix of horizontal and vertical inter-governmental relations.

This equalization approach is a propitious one because there are too many differences on revenue availabilities across the local governments from one hand and various demands arising from local governments' profile, including demographic problems, on another one.

Until 1996 local governments were allowed to take loans from the domestic and foreign capital markets. This freedom led to accumulation of debts affecting the consolidated budget. As a result, Ministry of Finance took a closer scrutiny on these processes.

Presently, the local authorities can borrow only with permission of the Ministry of Finance within the approved ceilings in the State Budget. Another important conditionality is that loan could be awarded only for a short term period for coverage of the current budget spending needs. By these provisions central government try to control annual debt level of the local governments.

Another institution responsible for borrowing procedures is the Local Governments Borrowings and Guarantees Board. The local government has no right to borrow without permission from this Board. If local government wants to borrow from other source of financing than the State Treasury, special permission from the Minister of Finance is requested as well.

## _MACEDONIA_

### COUNTRY'S SOCIO-ECONOMIC AND GEOGRAPHIC PROFILE

Relatively high fragmented relief influences administrative-territorial division of Macedonia, which is based on mountain valleys (Map 6). Ethnic structure with high percentage of Albanians (25%) also influences administrative division, this group being mainly concentrated in north-western and western parts of the country. Totally, Macedonians are minor in about 17% of the municipalities[37]. Services and industry were being developed in the post-war period. Despite the relatively high level urbanization (67%), the role of towns (34 in total) in settlement system is relatively small because about half of urban population is concentrated in the capital city. About 40% of the 1st tier units (*Мас. општини*) are coordinated by towns.

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[37] 2002 Macedonia population census data (stat.gov.mk).

MAP 6. ADMINISTRATIVE-TERRITORIAL DIVISION OF MACEDONIA
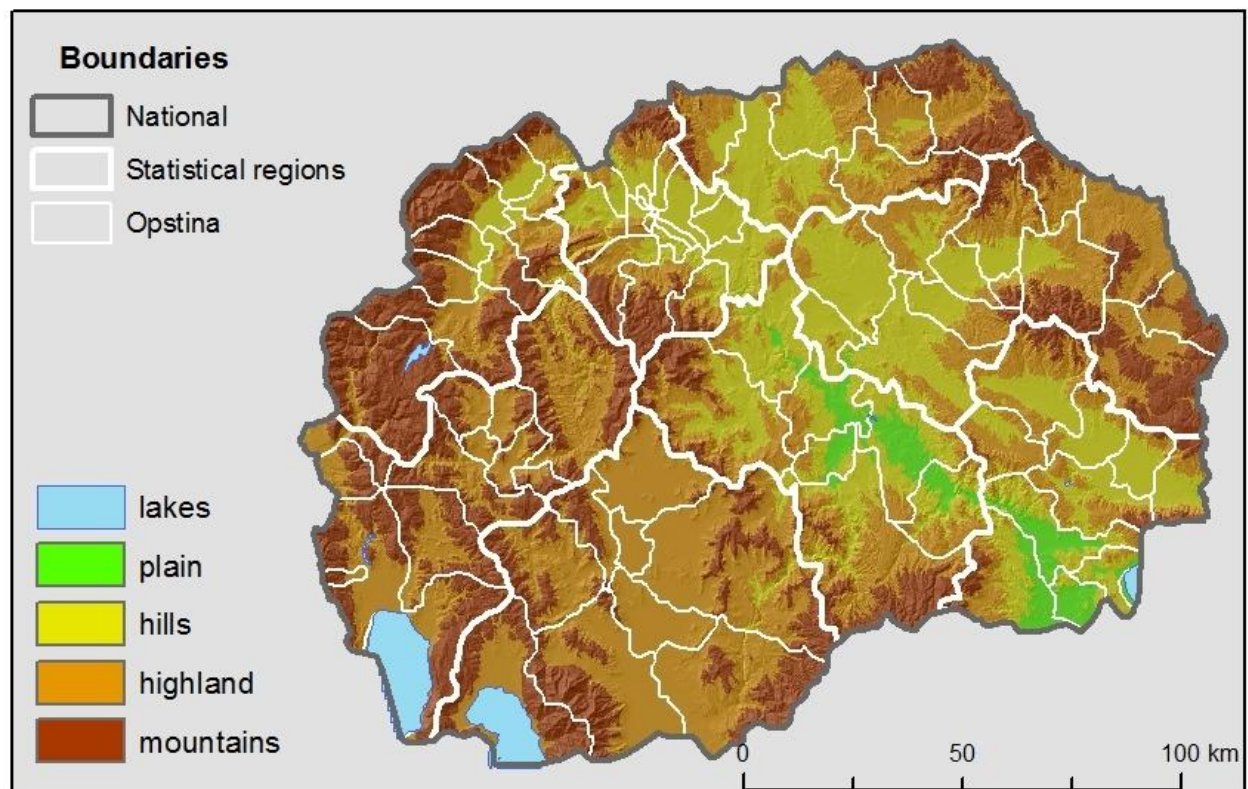


*Source: see 'Sources of information for maps' section;*

## ANALYSIS OF THE ADMINISTRATIVE-TERRITORIAL DIVISION AND REFORMS

The 1991 Macedonian Constitution has quite specific provisions on local self-government. Thus, it provides in the Article 114 that municipalities are units of local self-government as well as the possibility to establish forms of neighborhood self-government. Also, it sets the rule that the local self-government law should be adopted by a two-thirds majority vote of the total number of members of Parliament. These provisions are determined by political representation of the two main ethnic groups – Macedonians and Albanians. According to the Article 116, the territorial division of the country and the area administered by each municipality are defined by law.

Macedonia redesigned its administrative-territorial division in 1995 and in 2004. After adopting in 1995 the Law on Territorial Division of the Republic of Macedonia and Determining the Territory of Municipalities, the number of local governments increased from 30 to 123. Since the 2005 elections, under the new Law on Territorial Organization the 123 municipalities were consolidated in 84 local governments. The main difference between the two reforms is that the first one was based on natural traditions, while the second one – on functional effectiveness. The 1995 reform was meant to bring the decision-making closer to citizens, while the one from 2004 – to increase the capacity of local governments.[38] Although for the last reform experts recommended a smaller number of municipalities, based on criteria like connectivity, cohesion of territory, economic potential and geographical location, the final number was a result of a bargain between political-ethnic factions.[39]

Although does not provide any criteria for amalgamations, the 2003 Law on Territorial Organization sets quite clear criteria for creating a city. In the sense of the law, a city is a populated place that: "has over

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[38] Kreci and Ymeri, 2010, in Swianiewicz (ed.), 2010.
[39] Ibidem.

3,000 inhabitants; has a developed structure of activities and over 51% of the employees are employed outside the primary activities; has a constructed urban physiognomy with zones for housing, economy, recreation and public green space, square, constructed system of streets and communal agencies and represents a functional center of the populated places in the vicinity." A village, in the sense of the same law, is "a populated place with a sole functional meaning in which one activity predominates, whereas the ground has an agrarian physiognomy and function."[40] Some criteria, however, could be identified in the Law on Local Self-Government. Thus, according to the Article 15 of this Law, "The territory for which a unit of local self-government is established shall represent a natural and geographical whole, an economically integrated space with a developed network of communications between towns and villages, and the seat as its gravitational center."[41]

Macedonia was never considered an extreme case of territorial fragmentation. Nevertheless, the last territorial reform shows a trend towards further increasing the size of municipalities. This is explained by the fact that after the decentralization process that started in 2002, the 123 municipalities acquired more responsibilities and smaller local governments did not have enough capacity to cope with new functions. As shown in Table 11, the decrease in number of municipalities after the 2004 reform is mostly on the account of small municipalities whose number has decreased significantly. The average population of a municipality increased from about 16,000 in 1995 to about 24,000 in 2004, which places Macedonia close to Belgium and Latvia, after the recent territorial reform.

A particularly interesting feature that characterizes the multi-ethnic Macedonian system is the sub-municipal self-government in form of neighborhoods. They could be delegated some competencies that they exercise on behalf of the municipalities and have their own elected decision-making institutions.

To sum up, although the administrative-territorial design after the 2004 favors either Macedonian or Albanian ethnic communities (in terms of share of ethnic groups in population of municipalities located in areas densely populated by ethnic Macedonians or ethnic Albanians), a collateral result has been increasing the administrative and financial capacity of local governments.

TABLE 11. LOCAL GOVERNMENTS IN MACEDONIA BY NUMBER OF INHABITANTS AFTER TWO ADMINISTRATIVE-TERRITORIAL REFORMS

| | after 1995 reform | | after 2004 reform | |
|---|---|---|---|---|
| | no. of local governments | % of total population | no. of local governments | % of total population |
| <3,000 | 27 | 2.71 | 3 | 0.33 |
| 3,001-5,000 | 20 | 4.04 | 13 | 2.53 |
| 5,001-10,000 | 26 | 9.82 | 16 | 5.93 |
| 10,001-20,000 | 25 | 17.93 | 21 | 15.27 |
| 20,001-50,000 | 13 | 21.01 | 17 | 26.49 |
| 50,001-100,000 | 11 | 38.53 | 13 | 44.23 |
| >100,001 | 1 | 5.96 | 1 | 5.22 |
| Total | 123 | 100.00% | 84 | 100.00% |

Source: authors' calculations based on data of 1994 and 2002 censuses: www.statoid.com, the capital city Skopje is not included;

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[40] Law on Territorial Organization of the Local Self-Government in the Republic of Macedonia of 11 December 2003.
[41] Law on Local Self-Government, "Official Gazette of the Republic of Serbia", No. 9 of 26 February 2002.

ANALYSIS OF THE FUNCTIONAL DESIGN OF THE LPA

As in other examined countries, Macedonian municipalities have a general competence in all local matters. They also can perform any activity of local interest within their territory that does not fall under competence of state authorities. Quite unusually, functions of local governments are described in detail in the 1991 Constitution. According to the Article 115, *urban planning, communal activities, culture, sport, social security and child care, preschool education, primary education, basic health care and other fields determined by law* are all considered responsibility of local governments. The local government reform of 2002 further extended the responsibilities of municipalities. Among 35 areas of primary jurisdiction listed in the 2002 Law on Local Self-Government, the most important are:

- adopt development programs and town plans;
- approve budget and annual accounts;
- regulate and ensure functioning an development of utility services, (purification and distribution of water, steam and hot water production and supply, town and suburb commuter transport, cleaning of towns and villages, maintaining rubbish dumps, organizing, maintenance and utilization of markets, parks, greens, recreational and other public areas, public parking lots, street lighting, regulation and maintenance of cemeteries and burials, etc), as well as organizational, financial and other conditions for their implementation;
- regulate and ensure the use of business premises under its management, set fees for use of business premises and supervise the use of business premises;
- regulate and ensure performance of tasks related to construction, rehabilitation and reconstruction, maintenance, protection, use, development and management of local and non categorized roads and streets in towns and villages;
- found institutions and organizations in the fields of primary education, culture, primary health care, physical education, sport, child and social protection and tourism, monitor and ensure their functioning;
- organize activities related to protection of cultural values of significance for the municipality, encourage development of cultural and artistic amateurism and establish conditions for work of museums, libraries and other cultural institutions which it founded;
- organize protection from natural and other serious disasters and fire protection and ensure conditions for elimination, i.e., alleviation of their consequences;
- adopt principles of protection, utilization and cultivation of agricultural land and ensure their implementation, define erosion areas, organize use of pastures and decide on change of their use;
- organize and encourage tourism development on its territory and determine visitors' tax;
- manage development and promotion of catering, arts and crafts and trade, set working hours, locations where particular business activities may be conducted and other requirements for their work;

Municipalities are declared autonomous in the execution of their constitutionally and legally determined spheres of competence. Supervision of their legality only is permitted by central government authorities, meaning the oversight of opportunity of locally decided measures is not allowed. Certain state administration tasks may be delegated to local governments under condition of adequate financing.

Before the 2002 local government reform, municipalities did not have instruments to influence local economic development. They had limited revenues and the rates of local fees and taxes were defined centrally. Under the new system, they can control local property, associate with other governments for services provision, raise their own taxes and fees, and borrow financial resources for development projects.

### ANALYSIS OF THE FINANCIAL DESIGN OF THE LPA

A new territorial organization was approved in August 2004, which reduced the number of sub-national governments from 123 to 84 municipalities and the city of Skopje (partitioned in 10 additional municipalities). The Law of Financing of Local Self Governments (LFLSG) enacted in September 2004, regulates the sources of financing of municipalities, and establishes the gradual implementation of the decentralization process.

The degree of fiscal decentralization has been increasing since 2005. Since the first phase of the decentralization process started in June 2005, the share of municipalities' spending in general government spending gradually increased and reached around 13% in 2008[42].

The legal framework establish delegated or shared responsibilities in specific areas (urban and rural planning, environmental protection, local economic development, communal services, culture, sports and recreation, education, social welfare, health care, firefighting and protection and rescuing activities in case of natural disasters or wars). Still, the law leaves it up to subsequent legislation to determine the exact role of municipalities in each area.

According to the Law of Financing of Local Self Governments (LFLSG), municipalities have several own revenue sources. Article 4 of the LFLSG refers to eight different sources:

- local taxes,
- local fees,
- local charges,
- revenues from ownership,
- donations,
- fines,
- self-contribution, and others.

Source revenues account for about 4% of general government revenues, slightly increasing their share since 2005[43]. The most significant sources are property taxes, communal fees for use of public space, and construction permit fees.

Own source revenues of municipalities are complemented by shared taxes, collected by the central government. Municipalities receive 3% of the private income tax (PIT) from the salaries of natural persons in the municipalities where they are declared to live (100% of the PIT of the natural persons performing craft activities, registered in the territory of a municipality). They also receive 3% of the VAT revenues collected in the previous fiscal year according to a distribution formula, based on population (60% weight), surface area (27%) and number of settlements within a municipality (13%).

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[42] IMF, 2009.
[43] idem.

The central government is using revenue sharing for equalization. Alongside with this method of equalization the municipalities also receive earmarked transfers. The amounts of these transfers—for education, culture, and social welfare—are determined in separate decision documents prepared by the line ministries and adopted by the central government, mainly based on historical costs.

Capital grants based on programs, again defined by the central government, are used for financing investment projects. When municipalities graduate to the second phase of the decentralization process, the earmarked transfers are to be converted into block grants, granting municipalities more spending discretion.

The system of unconditional transfers does not provide adequate equalization. Local governments have limited incentives to increase the shared taxes. Revenues from PIT are very low; coupled with a 3% sharing rate, this makes it difficult to correct vertical imbalances. The criteria for the allocation of funds from the VAT revenue transfer reflect expenditure needs only in an approximated way.

International experts[44] proposed to redefine the formula, by including criteria that better capture differences in the ability to provide given standards of public services and revenue raising capacity.

The local legal framework allows municipalities to borrow long term for investment and short term for cash-flow management[45]. However, the law explicitly mentions the limitations on the outstanding debt stock and debt service for long-term borrowing, as well as on the amounts to be borrowed on a short-term basis. Other safeguards require that borrowing should be in (1) local currency, (2) from the domestic capital market, and (3) according to a stable or declining annual repayment schedule.

The municipalities are allowed to proceed for a foreign borrowing after a Municipal Council issued a decision and Parliament approved a separate law on this sense. All these procedures increase control and transparency of the borrowing process. Municipal borrowings are allowed only after municipalities report continuously to the Ministry of Finance on their financial position and no arrears are incurred during the last 24 months.

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[44] Idem.
[45] The Law of Financing of Local Self Governments (LFLSG) enacted in September 2004, Macedonia Government.

## 2. ANALYSIS OF THE CURRENT ADMINISTRATIVE-TERRITORIAL STRUCTURE IN REPUBLIC OF MOLDOVA

### *Evolution of the administrative-territorial structure in Moldova*

Administrative-territorial organization represents the spatial reflection of relationship between citizens organized in local communities and state. Among other factors, it is a result of the balance between the willingness of how often (where, at what distance) a citizen is disposed to travel in order to use the functions provided by public administration and the desire of central power to control citizen's life. This fundamental relationship gives birth to three basic types of state structure: federal, unitary and regional[46].

Federal structure is based on the ***autonomist-ethnocratic*** model, which presumes regional differentiation by historical, ethnical and cultural criteria. A federal system presumes existence of political-administrative unites enjoying large autonomy, with own local governments. The basic principle consists in sharing central authority with the federal states level.

Unitary state structure usually follows the ***liberal-democratic*** model, which promotes regional organization on unitary criteria. The region plays the role of delegated authority in its relationship with state; the state does not transfer its functions to regions, but the authority needed to exercise these functions at the regional level. In such a way it is a tool to implement unitary public policies.

Regional structure, being based on the model of ***regional autonomies,*** is in the middle between the two abovementioned models.

The liberal-democratic model seems to be the most difficult to follow. Entities created on ethnical and cultural identities are hardly changeable without the will of their population. The reason is that they are more or less constant over centuries, and adverse reactions can be easily anticipated. At the same time, liberal-democratic (political-economic) model is not based on differences in culture; it just represents an instrument for implementation of public policies. If the policy changes its basic principles, it involves changing of all its tools, including administrative-territorial organization.

Each public policy has its reflection in space. The power of spatial impact of a policy is directly proportional to financial investments and duration. But if policy principles can be changed more or less easily, spatial structures represent very inert constructions, which cannot be removed along with previous governments.

Historically speaking the Republic of Moldova traditionally applied two modalities of the country's administrative-territorial organization which may be labeled as regional and raional[47]. The Middle Age Moldovan Principality was divided in *ținuturi* (lands) and *ocoale* (boroughs). Under the rule of the Imperial Russia between 1812 and 1917, Moldova was initially an autonomous region (till 1873) and afterwards a *губерния* (province) (1873-1917) divided in eight *уезды* (counties). As part of inter-war Romania, Moldovan territory was structured following the Romanian model in ten *județe* (counties) which further were composed of *plase* (parishes) and *comune* (communes). After the WWII Moldova became part of the USSR and therefore the Soviet model of territorial organization was implemented:

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[46] Săgeată, 2006. pages 81-86.
[47] Sirodoev, 2007, page 8.

the country was divided in *raioane* (districts) and *soviete săteşti* (village councils). The number of districts fluctuated, starting from 60 in 1945 to 46 (1950), 35 (1959) (organized in four districts (*округ*) Bălţi, Chişinău, Tiraspol and Cahul), 18 (1963), 26 (1964), 31 (1966), 33 (1972), 40 (1981)[48].

The regional structure was characteristic to the pre-Soviet period. The Soviet power attempted to maintain regional structures, but the *raion* was considered the prior organizational unit – smaller than county with less population and easier to control.

During the years of Soviet rule, political, economic and administrative decisions were creating, modeling and modifying the configuration of geographic space. Industrialization and collectivization represented the main vectors, which accompanied these decisions. Administrative units were formed from local communities constituted on the basis of historical affinities, resulted from complementarity of natural potential and traditional economy, and of cultural and spiritual heritage. Administrative centers of the new entities developed hypertrophically as a result of migratory growth; industrial (mono-industrial) towns appeared. In rural areas, collectivization undercut traditional social and production systems, facilitating migration to big cities. These are the phenomena whose consequences, spatial and psychological, are difficult to be removed. There were created new macro-spatial dependencies between settlements, new zones of influence and polarized areas, artificially amplified in many cases, by changing the administrative statute of certain settlements. These changes were strongly supported by the state according to the principles of centralized planned economy. Contrary to natural evolution of this space, they were able to completely change the configuration of Moldova's geographic space. The transition period brought, first of all, a lack of external financial resources which was mandatory to maintain the old centralized structures. Changes in the economic thought from Marxist/communist to neoliberal lead to a crisis in the administrative-territorial organization. New realities (political, economic, and administrative) do not comply with the logic of space organization.

In the transition period Republic of Moldova had three administrative-territorial reforms:

- **1994:** In 1994 there were legally approved changes in the soviet system of administrative organization, but with no essential changes of territorial structures. The first autonomous territorial unit (Gagauzia) was created; it included three districts (*dolay*) which are still part of the internal division of the Gagauzian region. The Soviet model in the rest of administrative-territorial units had been maintained largely unaltered. Thus, by 1998 the country's territory was divided in 38 *raioane* (districts), including five in the breakaway Transnistrian region.
- **1998:** The 30 districts placed on the right bank of the Nistru river were amalgamated in 9 *judeţe* (counties), to which later the tenth was added. The territorial reorganization in 1999 was accompanied by a significant administrative reform, resulting in a new division of competences and resources, following closely the Romanian model.
- **2001/2003:** In December 2001 the Communists, newly elected power, adopted the new administrative-territorial reform, which took effect after the local elections in 2003. As result of the latter reform, the country actually restored a quasi-Soviet model of territorial division, while local autonomy was significantly reduced.

Approaching to European standards and adopting the European Charter of Local Self-Administration Moldova returned to the pre-Soviet administrative-territorial structures (in 1998). The hope was that

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[48] Osoian, 2005.

larger counties (equivalent to NUTS III) would bring additional benefits and would diminish some problems caused by smaller dimensions of the districts (equivalent to NUTS IV). In order to promote self-administration even the minimal population size of communes was increased to 2,500 inhabitants.

But the reform faced two important problems. The first one is based on the fact that in most cases decentralization of functions was not followed by their adequate funding. Also, instead of a real decentralization of functions down to municipalities, many public services were grouped in new 'capitals' of counties or even kept in the towns that formerly served as raion centers. Thus, instead of benefiting from the reform, citizens from local communities had to travel longer distances in order to obtain a certificate, or to benefit from a social assistance aid.

The second problem was the discrepancy between the settlement system mostly created during the soviet period, based on the districts pattern, and the logic of the new county pattern. Main cause of the failure of the last administrative-territorial reform consists in the fact that geographical space is much more inert than political-administrative decisions. Government did not have enough political will for completion of the started process, the context of the reform was compromised, because changes that followed were rather formal than essential[49].

Taking in consideration the above-mentioned problems, the Communist Party initiated and promoted the new reform claiming two main reasons: authorities should be closer to the citizen and the number of local government officials should be diminished. Abuse of power by local authorities and long distance to them were mentioned among other arguments in order to justify this reform[50]. These arguments seem to be extremely fragile: proximity of authorities and long distance to them were not on the list amongst the most urgent problems mentioned by questioned people for the previous year[51]; legal instruments are more appropriate for solving the abuse of power problem. Also, increasing number of both 1st and 2nd tier units would have doubtfully reduce the number of officials. Nonetheless, the new Government, sworn in 2001, provided quite easy citizens with convincing arguments for reintroducing, from 2003, the old, districts-based administrative-territorial system.

Geographic regionalization has had no sizable impact on the recent changes in territorial-administrative division of the country that has not considered economic, geographical, cultural, historical and other factors. To some extent the nodal-functional aspects have been built in the territorial-administrative divisions, but in a fairly superficial manner. As result, nowadays regional development in Moldova suffers too much from the over-emphasized process of economic and political polarization, excessive fragmentation of the country territory and no real economic power and administrative leverages at local level. It is obvious, that the current administrative-territorial organization system, created for the objectives of centralized planned economy, contradicts new realities. Its further keeping will only increase dysfunctions in economic policy and settlements system. In order to properly respond to actual challenges, larger units should be created. This will increase the capacity of local communities and administrative units to attract additional funds and will make them less dependent from governmental subsidies.

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[49] Gudîm, 2003.
[50] Boțan, 2003.
[51] Idem.

## *IS MOLDOVA TERRITORIALLY TOO FRAGMENTED?*

Territorial fragmentation is usually pointed out as one of the key barriers to a qualitative decentralization of the public services provision. However, limited comparative evidence could be employed to empirically prove the need for territorial consolidation both at lowest and highest tiers of local governance, mainly due to severe data constrains and limited comparability between various countries.

Despite the long lasting trend in most countries towards increasing the size of municipalities (with few notable exceptions examined in the previous chapter), seemingly driven by requirements of economic modernization, Moldova's current (2010) administrative-territorial design still carries certain resemblances of a quasi-Soviet model.[52] As Moldova has learned after the 1999-2003 amalgamation exercise, consolidation reforms bear significant political costs and the choice for the current administrative-territorial status quo is rather a product of social pressure than of economic rationality.

In comparison with other countries similar in territory, size and starting points (see the previous chapter) Moldova is not an extreme case of territorial fragmentation. However, it has two frequently mentioned drawbacks. The first one may be labeled as 'the exception that proves the rule'. It is common practice to establish a minimum number of residents for a given settlement to become a municipality, because it is reasonably assumed that municipalities have to be large enough to minimize average operational costs. A minimum of 1,000 inhabitants is often mentioned, while in Moldova the law on administrative-territorial structure provides the threshold of 1,500 inhabitants. The financial resources for operational costs are also addressed by law. Thus, a primăria (mayoralty) *"is set up if, **as a rule**, it has a population size of at least 1,500 inhabitants and has sufficient financial means to maintain the mayor's office personnel and social sector institutions."*[53] The next paragraph in the law on administrative-territorial structure, however, allows for exceptions to the general rule stating that: "*In some exceptional cases, the Parliament may establish through an organic law the set up of an independent administrative-territorial unit with a population size smaller than the one stipulated in paragraph (2)...*"[54] As one can see in Table 12, 237 out of 902 municipalities (i.e. about 27%) are 'exceptional cases', most of which are the result of political resistance to territorial consolidation. From a comparative perspective, this type of exceptions exists in many countries, subject to specific circumstances (e.g. ethnic factors, historical and cultural traditions, geographic location (remoteness from other settlements, islands), etc.) but they should presumably be within acceptable limits so that the deviation does not involve a significant share of public sector expenditure. As Map 7 shows, a significant part of 'exceptional cases' in Moldova are geographically rather close or even adjacent, and could be merged even today without any changes to the law.

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[52] The most striking resemblance is in numbers. There were 827 village soviets in MSSR in 1988 and there are 845 rural municipalities (primării) in the Republic of Moldova at present (without Transnistria). Also, there were 40 districts (raioane) in 1988 and there are 40 districts today (if one counts three internal districts of Gagauzia and five districts of Transnistria).  Our days' areas of responsibility of primărias differs greatly from those of village soviets, but the ideology behind the current administrative-territorial organisation was that rural soviets, in many cases concurring with defunct collective agricultural enterprises (kolhoz), as well as district heads, represented the central government in local communities.

[53] Article 17 of the Law on the territorial-administrative structure of the Republic of Moldova No. 764-XV as of December 27, 2001.

[54] Ibidem.

TABLE 12. LOCAL GOVERNMENTS IN MOLDOVA BY NUMBER OF INHABITANTS (2008)*

| Number of inhabitants | Number of municipalities | | |
|---|---|---|---|
| | urban/ towns | rural | total |
| <1,500 | 1 | 236 | 237 |
| 1,501-3,000 | 3 | 358 | 361 |
| 3,001-5,000 | 6 | 182 | 194 |
| 5,001-10,000 | 11 | 62 | 73 |
| 10,001-20,000 | 22 | 4 | 26 |
| 20,001-50,000 | 9 | - | 9 |
| 50,001-100,000 | - | - | - |
| 100,001-200,000 | 1 | - | 1 |
| >200,001 | 1 | - | 1 |
| total | 54 | 842 | 902 |

*Note: *- excluding municipalities from Transnistria;*
*Source: authors' calculations based on Small Areas Deprivation Index Database 2008;*

The second aspect is the prevailing number of small municipalities, with up to 5,000 inhabitants. Although there is no 'magic' optimal number, as there is no common optimal size of a municipality, this threshold is often pointed in many studies on territorial fragmentation as one that offers better growth/development perspectives to a municipality[55].

Normally the notion of an optimal size of a municipality would involve a balance between opportunities for democratic development and public participation and a cost-efficient size of the local government. Thus, in deciding whether amalgamation is a solution to the territorial fragmentation in Moldova, the analysis on whether it would or not result in positive economic benefits should be accompanied with measuring quality of democratic participation and checking whether local democracy indicators falls dramatically as municipalities' size increases. In other words, the analysis will attempt to address the question whether there is a significant cost of maintaining small local governments and if it is worth paying, by assessing *size economies* (of public services provision) and *democratic participation* dimensions. This analysis will be done in the next sections.

The analysis is focused primarily on rural municipalities. Besides the dominant numbers (rural municipalities represent about 93% of total) possible merger decisions of rural municipalities followed by broadening their competencies would have a crucial impact on necessity and magnitude of interventions on the intermediate tier of local government (districts).

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[55] Swianiewicz, (ed.), 2002; Sharpe, 1995.

MAP 7. DISTRIBUTION OF THE RESIDENT VILLAGES UNDER 1500 INHABITANTS



Resident villages under 1500 pers.
Country
Regions of development
Districts
no data

0    25    50 km
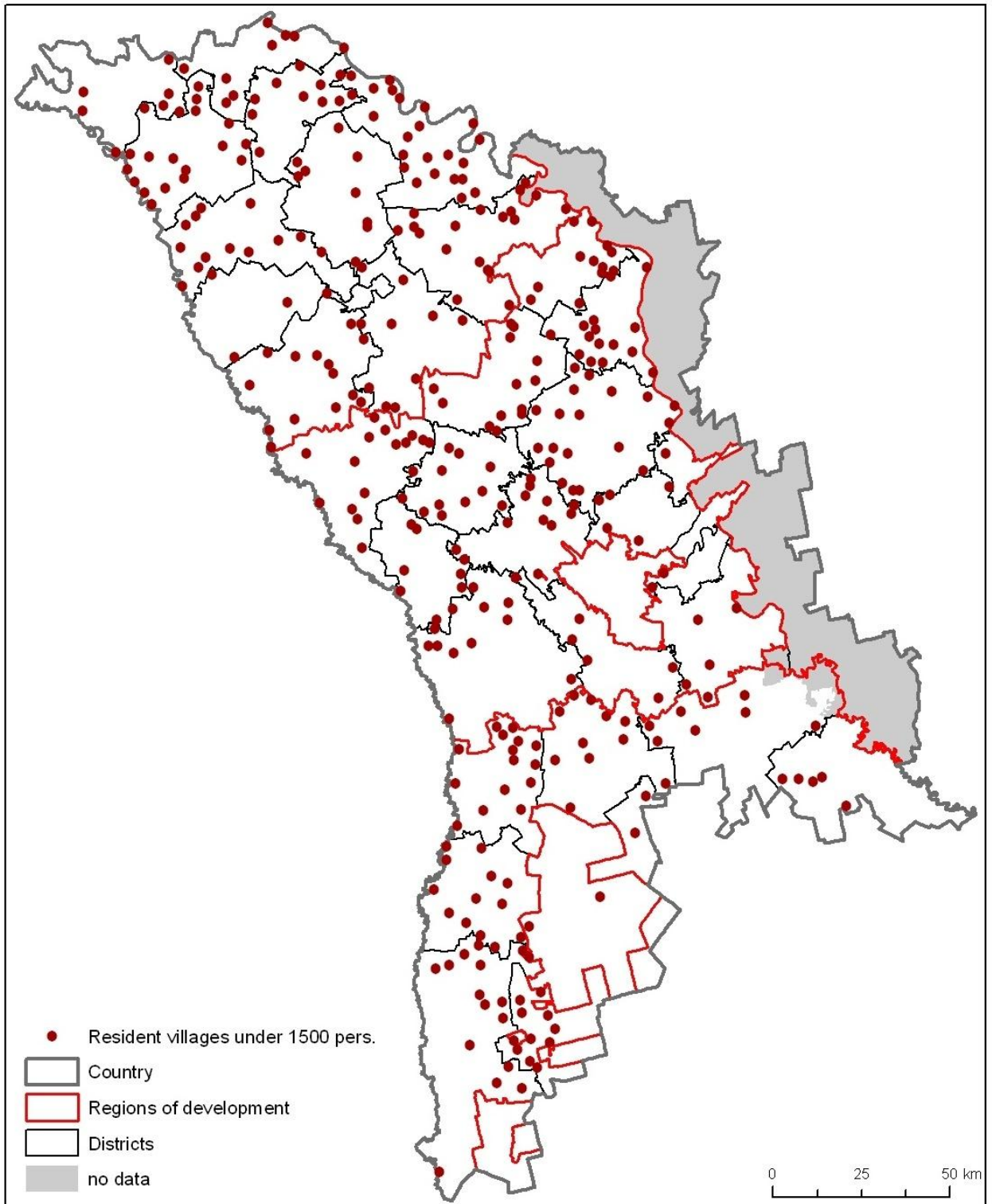
*Source: see 'Sources of information for maps' section;*

Apart from certain exceptions of towns having less than 5,000 inhabitants, some of which stemming from town status offered to some settlements that were created around processing plants (see Table 13), most of the towns are situated in the 5,000-20,000 range. These are in most cases district centers that operate as service providing hubs for residents of surrounding rural settlements (mostly retail agricultural markets and services that would not be otherwise available in rural settlements). The preliminary hypothesis is that particular towns could be subject of territorial consolidation only if other settlements are situated in their immediate proximity (within 1-2 km distance). The assumption is that

distribution costs of capital-intense public services (e.g. water supply, sewage systems and garbage management), which are better developed in towns than in rural settlements, depend heavily on population density, and they rise with increased distance from source.[56]

The answer on whether the size of the second tier is too small or too large or whether this level is needed at all depends very much on the decisions in other sectors of the local government reform, e.g. the amount of functions assigned to the first tier. The main rationale behind the analysis of the optimal structure for the second tier (or if it is needed at all) is based on the subsidiary principle, i.e. 'expenditure responsibilities should only be assigned to a higher level of government if it can be demonstrated that it can carry out the function more efficiently than the lower level'.[57]

From the other hand, the optimal size of the intermediate local government depends on the extent to which the first level units are amalgamated. For example, a drastic reduction of number of municipalities within a territory of a district from 24 to eight, (assuming the same powers are retained for local governments and the second tier territorial units have an optimal size today) would presumably result in a reduced workload for the district administration and would normally need to be extended in size. For these very reasons, the second tier level is closely examined in the third chapter, where advantages and disadvantages of different administrative-territorial models are examined.

## WHAT SERVICES DO MOLDOVAN LOCAL PUBLIC AUTHORITIES PROVIDE?

The Constitution recognizes the principle of local government and states that all local issues shall be resolved and managed by local authorities, which shall operate independently pursuant to law. Responsibilities for providing local government services in the legislative framework of the Republic of Moldova are stipulated in two laws: the Law on Administrative Decentralization and the Law on Local Public Finance. In both documents, responsibilities are divided separately between subjects of the local administration. Each level of public administration has own and delegated functions.

The basic functions of local government include the organization of social services, welfare services for the elderly, housing and utilities, the water supply and sewerage, the provision of public services, physical planning, public transport, and the maintenance of local roads and streets. In an international comparison, the level of administrative decentralization in Moldova looks quite well, if using the share of sub-national government spending in GDP as a proxy for the level of decentralization (Figure 4).

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[56] Fox, and Gurley, 2006.
[57] Slack, 2003.

FIGURE 4. TOTAL AND SUB-NATIONAL GOVERNMENT SPENDING IN THE CEE AND SELECTED EU-15 COUNTRIES, AS % OF GDP
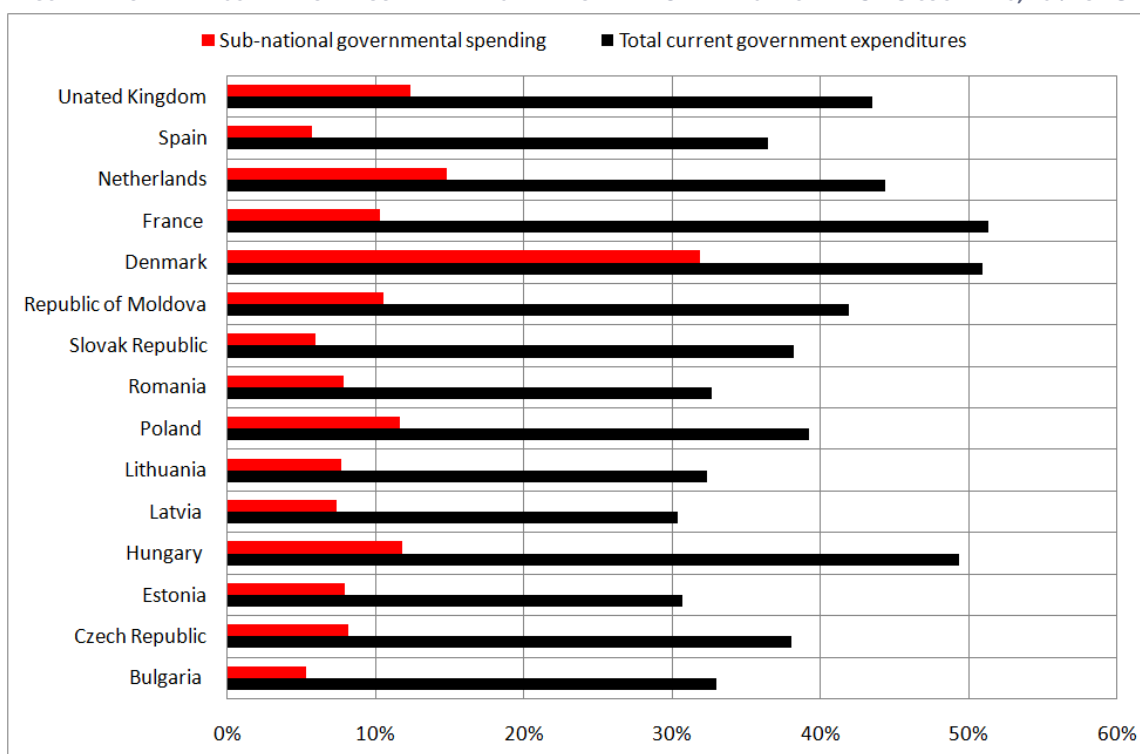


*Source: IMF databases and authors' calculations;*

However, the high share of expenditures of the sub-national government in GDP is mainly explained by the fact that the main area of expenditures of local public authorities is education, and, in relative terms, Moldova spends unusually much on education (9% of the GDP in 2009, for an OECD average of 4-5%).All other public services falling under the responsibility of the local public authorities in Moldova are under-funded and traditionally managed poorly. It is explained by high control from the central government on determining the public expenditure necessary for delivering specific public services. And, it creates little capacity at the local government level to operate as independent and autonomous body. Notwithstanding the legislative and constitutional provisions that recognize the autonomy of local government, the reform strategy will remain confined to a statement of principles unless local government institutions are strengthened and appropriately structured.

The Moldovan tax system has been relatively stable since 1998. The share of local government revenues in general government revenues has been below 30% during recent years. Personal income tax is 24% of local government total revenues. Amongst taxes, land tax forms quite a small share – 3%. Revenue from local taxes represents only 3% of the local budget. All in all, the share of local taxes, own revenues and shared revenues is very small in most of the local public administration budgets, with exception of big municipalities such as Chișinău and Bălți. Local public administration depends a lot on transfers from the state budget (58% including Chisinau and Balit, and 70% excluding these two municipalities), making them financially weak in performing their responsibilities.

Local government expenditure made up about 24% of general government consolidated expenditure in recent years. Most of local government expenditures have been made in education – about 60% of total local budgets expenditures. Administration costs (7% of total local budget) and social protection (10%) are the next the most big costs in the local budgets.

| Functions | 2006 | | 2007 | | 2008 | | 2009 | |
|---|---|---|---|---|---|---|---|---|
| | Share in GDP | Share in total | Share in GDP | Share in total | Share in GDP | Share in total | Share in GDP | Share in total |
| **Total expenditures** | **11.31** | **100.0** | **10.53** | **100.0** | **10.22** | **100.0** | **10.88** | **100.0** |
| **1. General services** | 0.75 | 6.6 | 0.71 | 6.8 | 0.74 | 7.3 | 0.74 | 6.8 |
| **2. National defense** | 0.01 | 0.1 | 0.01 | 0.1 | 0.01 | 0.1 | 0.01 | 0.1 |
| **3. Public order** | 0.35 | 3.1 | 0.38 | 3.6 | 0.32 | 3.2 | 0.40 | 3.7 |
| **4. Education** | 5.23 | 46.2 | 5.24 | 49.7 | 5.43 | 53.1 | 6.51 | 59.9 |
| **5. Culture, art, sport and youth activities** | 0.59 | 5.2 | 0.50 | 4.8 | 0.53 | 5.2 | 0.52 | 4.8 |
| **6. Healthcare** | 0.19 | 1.7 | 0.17 | 1.6 | 0.24 | 2.3 | 0.12 | 1.1 |
| **7. Social welfare** | 0.46 | 4.1 | 0.88 | 8.3 | 1.03 | 10.1 | 0.88 | 8.1 |
| **8. Agriculture, forestry, fishing** | 0.14 | 1.2 | 0.15 | 1.4 | 0.15 | 1.5 | 0.02 | 0.2 |
| **9. Environmental protection** | | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 | 0.00 | 0.0 |
| **10. Industry and construction** | 0.02 | 0.2 | 0.02 | 0.2 | 0.02 | 0.2 | 0.02 | 0.2 |
| **11. Transport and communication** | 0.32 | 2.8 | 0.41 | 3.9 | 0.42 | 4.1 | 0.36 | 3.3 |
| **12. Communal services and housing** | 2.01 | 17.8 | 1.20 | 11.4 | 0.89 | 8.7 | 0.81 | 7.4 |
| **13. Fuel and energy sector** | 0.62 | 5.5 | 0.53 | 5.0 | 0.15 | 1.4 | 0.16 | 1.4 |
| **14. Other economic activities** | 0.01 | 0.1 | 0.01 | 0.1 | 0.01 | 0.1 | 0.01 | 0.1 |
| **15. Expenses not distributed elsewhere** | 0.64 | 5.7 | 0.32 | 3.1 | 0.28 | 2.8 | 0.30 | 2.8 |

*Source: Ministry of Finance reports and own calculations;*

Certainly, there are differences in the costs of covering these functions, based on more or less objective reasons, but they are not very big. One exception is certainly in housing services. Expenditures on these services represent a bigger share of total current expenditures in the municipalities and towns where such infrastructures exist. Of course, the size of government is crucial in other spending areas, as well, but this is not so clear as in general public services. To have better evidences we did the mapping of local governments' functions for 2005-2009 years.

The analysis showed that the current expenditure part of the local budgets, especially for the first level of LPA is created mainly from expenses for[58]:

- General local administration
- Enrolment in the army
- Education
- Culture, art, sport and youth activities
- Social protection (mainly social services delivery)
- Agriculture, fishing and forestry
- Housing and communal services
- Energy and fuel distribution

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[58] The healthcare function is under the compulsory medical insurance exercise. The local authorities are founder of the medical institution. The local budgets are supporting this function only through current and capital renovation. Service delivery is subject of the contract with territorial branch of the National company for medical insurance

The function for enrolment in the army does not appear in all LPA at the first level. Very small villages do not this function because of small number of population.

## ANALYSIS OF THE COST-EFFICIENCY AT THE FIRST TIER OF LOCAL PUBLIC ADMINISTRATION

Moldovan local governments have a relatively limited direct influence on local economic development. The only instruments at hand for stimulating investments and creating a competitive environment are setting local taxes and levies (with maximal threshold established by the Parliament), offering facilities, land or buildings, promoting strategies, or using planning and zoning tools. As the share of own local revenues in local budgets is small (10%), there is limited fiscal and financial decentralization and grants (transfers) from central government are conditional, i.e. have to be spent on delivering specific public services (education, social assistance etc.). This in part explains the rather weak correlation between the level of local revenues and municipalities' size (see Figure 5 and Figure 6).

FIGURE 5. CORRELATION BETWEEN OWN REVENUES AND MUNICIPALITY SIZE, RURAL AND URBAN SETTLEMENTS (CHIȘINĂU AND BĂLȚI EXCLUDED), YEAR 2009
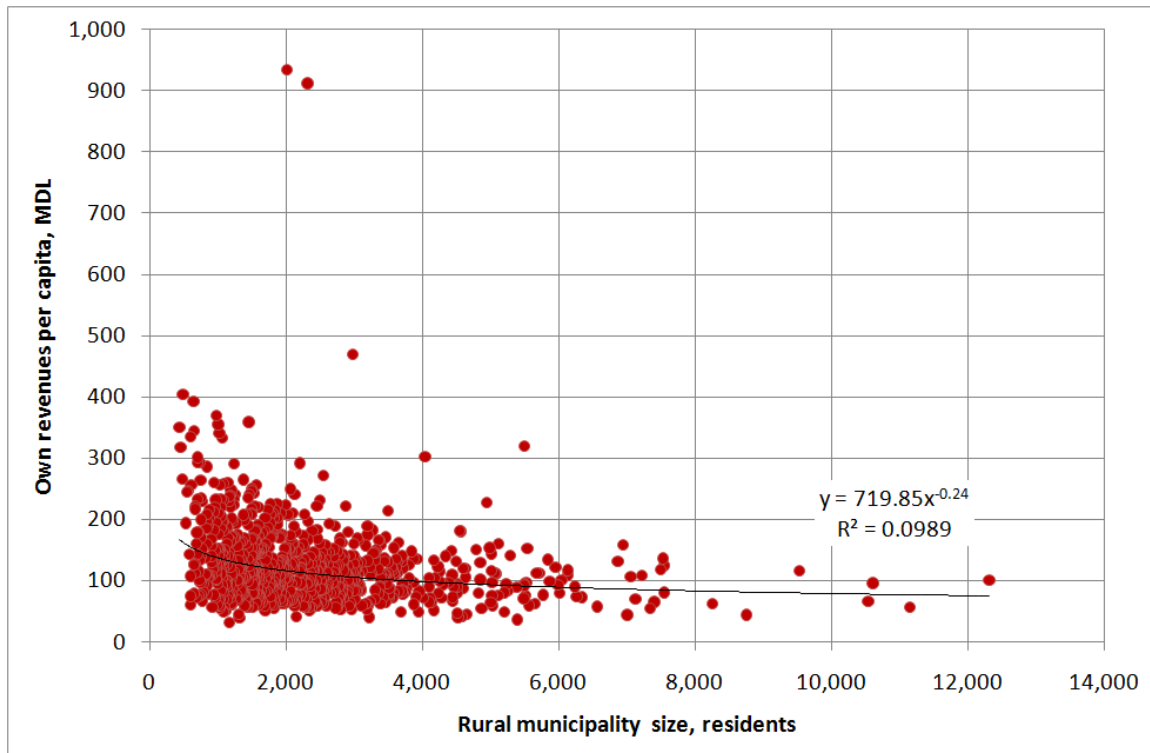


$y = 0.0008x + 130.17$
$R^2 = 0.0012$

*Source: authors' calculations based on Small Areas Deprivation Index Database 2008 and Ministry of Finance data;*

The chart shows:
- Y-axis: Own revenues per capita, MDL (0 to 1,000)
- X-axis: Rural municipality size, residents (0 to 14,000)
- Equation: $y = 719.85x^{-0.24}$
- $R^2 = 0.0989$

*Source: authors' calculations based on Small Areas Deprivation Index Database 2008 and Ministry of Finance data;*

However, the concept of scale economies as used in economic analysis is not entirely applicable to assessing local government performance as the price of public services is not determined by market forces. In Moldova, as in many other countries, some public services are delivered for free (e.g. education, parks, roads, libraries, cultural centers etc.) or for a subsidized price (e.g. kindergartens and vocational schools, sewer and water treatment, public transportation, street lighting, waste collection). Certain public services provided by local governments would not be adequately available from the private sector (social assistance, parks, roads, public safety etc.) because their delivery employs mostly a social than an economic rate of return. As opposed to private firms, local public authorities can be inefficient and still they survive without struggling to be competitive. In some cases the outputs of municipal services are not measurable or are not related to municipalities' size/performance measurements as they are not confined to one *primăria*'s jurisdiction only i.e. the catchment area of the service (e.g. local roads, schools) is beyond the size of the local government territory.

Given the abovementioned scaling constrains, it is sometimes argued that economies of size offer a more appropriate measure of local governments' performance[59], as it allows to calculate the average cost of a public service delivery per unit related to the size of municipality. While some European countries consider their local authorities as being service delivery institutions, for others municipalities are mainly political and representative institutions[60]. As sociological survey conducted for the purposes of this study has shown, in Moldova the representational role of the local government is the dominant one. This is mainly due to the limited mandate/scope of functions that local governments have and to the fact that the services they deliver are less capital-intensive. As many local governments are dependent on transfers from the central government, for many public services they act as agents/representatives of the central government. In most cases, capital-intensive public services (water

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[59] Fox and Gurley, 2006.
[60] Council of Europe, 2001.

supply, waste management) are directly managed by the staff of service's unit, local governments having a supervising and regulatory role (such as in case of some natural monopolies). Another public service that has a large share in local governments' budgets is education (about 70% on average per rural municipality). However, local governments cannot influence much the quality of education as *de facto* schools benefit from central government funding, local governments acting mostly as driving belts for funds flow. It is relevant to mention in this context that the on-going process of amalgamating rural school districts is centrally led by the Ministry of Finance and Ministry of Education[61], even though the local public authorities also play some role.

This leads us to the idea that in Moldova local governments are mostly labor-intensive types of services delivery organizations. In other words, public services delivery costs for rural municipalities are generally limited to wages for staff and operational expenditures. As there are not huge differences in terms of population size of rural municipalities (see Table 12), one can assume that there is a 'common basket' of basic public services that have a standard running cost. Indeed, in most of cases, the services of the local governments regard issuing to citizens/firms an act, certificate, authorization, building permission. Often these are once-in-a-year type of operations, or even a one in a life-time service (e.g. birth certificates), which was confirmed by our sociological survey. As the most of municipalities are within 500 – 5,000 range (see Table 12), and given the easy-to-comply with standards of these services, one may assume that the level of quality of these basic services delivery is pretty similar.

TABLE **14.** GENERAL OPERATIONAL COSTS OF THE LOCAL PUBLIC ADMINISTRATION IN **2005** AND **2009**

| Number of inhabitants | 2005 | | 2009 | |
|---|---|---|---|---|
| | MDL per resident | % of total expenditures | MDL per resident | % of total expenditures |
| <1,500 | 122.3 | 17.4 | 227.8 | 15.4 |
| 1,501-3,000 | 74.9 | 13.9 | 142.1 | 11.3 |
| 3,001-5,000 | 50.5 | 11.3 | 88.9 | 8.6 |
| 5,001-10,000 | 46.1 | 10.1 | 89.4 | 7.7 |
| >10,000 | 42.2 | 9.4 | 76.3 | 6.4 |

*Source: authors' calculations based on Small Areas Deprivation Index Database 2008 and Ministry of Finance data;*

The situation is helpful for objectively determining the extent to which larger municipalities would be able to provide public services at lower costs. Table 14 shows the average MDL per capita amounts spent on administration (mostly wages and running costs) in 844 rural municipalities and their share in total budget expenditures, for the years 2005 and 2009. Simply put, there is an about three times higher bureaucratic per unit burden on the budgets of small municipalities of up to 1,500 inhabitants, than on larger local governments of over 5,000 residents, and this gap is persisting in time.

Similarly, as Figure 7 shows, there is an obvious correlation between efficiency of local governments, expressed in per capita spending on administration and the municipalities' size. Administrative costs fall exponentially as the size of municipality increases; more than that, the municipal size is a statistically significant factor explaining the volume of administrative costs. The conclusion that budgets of smaller municipalities are dominated by administrative costs is also confirmed when calculating the share of the administrative costs in local budgets of rural municipalities (Figure 8 and Table 14). In 65 out of 236 small local governments (under 1,500) administrative spending represent over 20% of their local budgets. As spending on education amounts is another important part of the budgets, not much is left

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[61] See "Quality education in rural areas" project on www.edu.md (accessed on 25.08.2010).

for other purposes. Here it is interesting to note that the no increase in economic efficiency of the expenditures for education should be expected in result of the municipal amalgamation, as these probably more depend on the size of the school (and number of schools in a given municipality), rather on the size of the municipality per se (Figure 9). A similar conclusion is relevant in case of another important service, the social protection, which is not expected to become more efficient in result of municipal amalgamation only.

FIGURE 7. CORRELATION BETWEEN THE ADMINISTRATIVE COSTS PER RESIDENT AND SIZE OF THE RURAL MUNICIPALITIES, YEAR **2009**
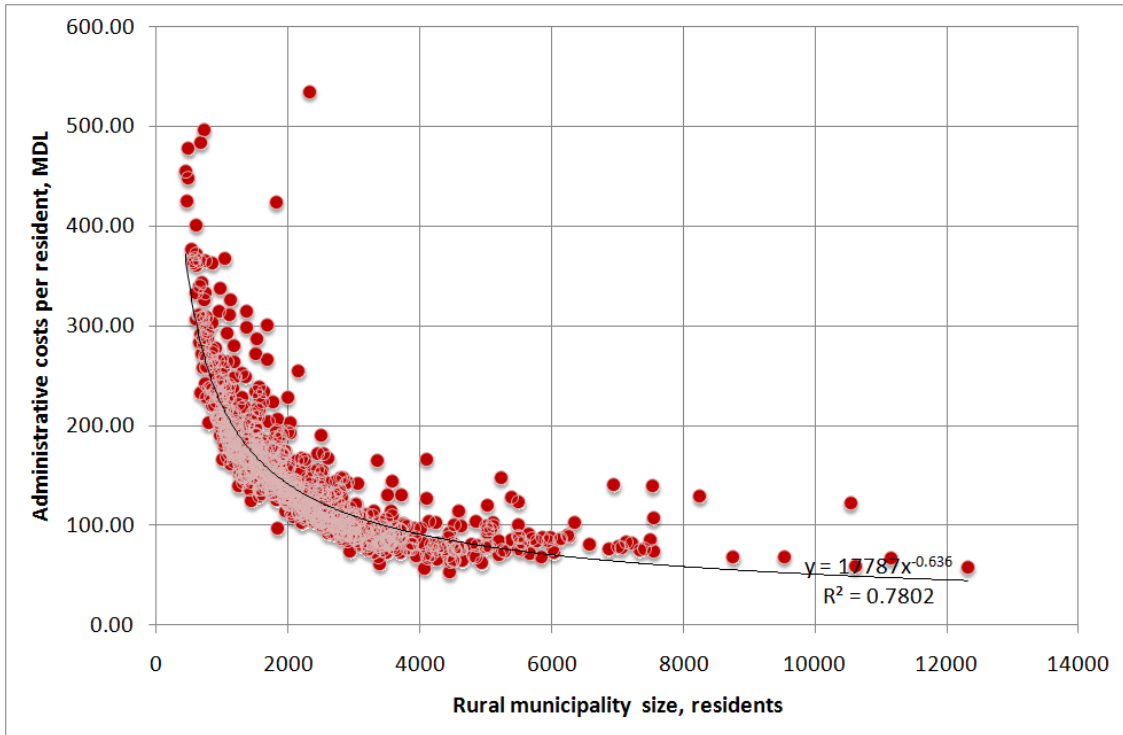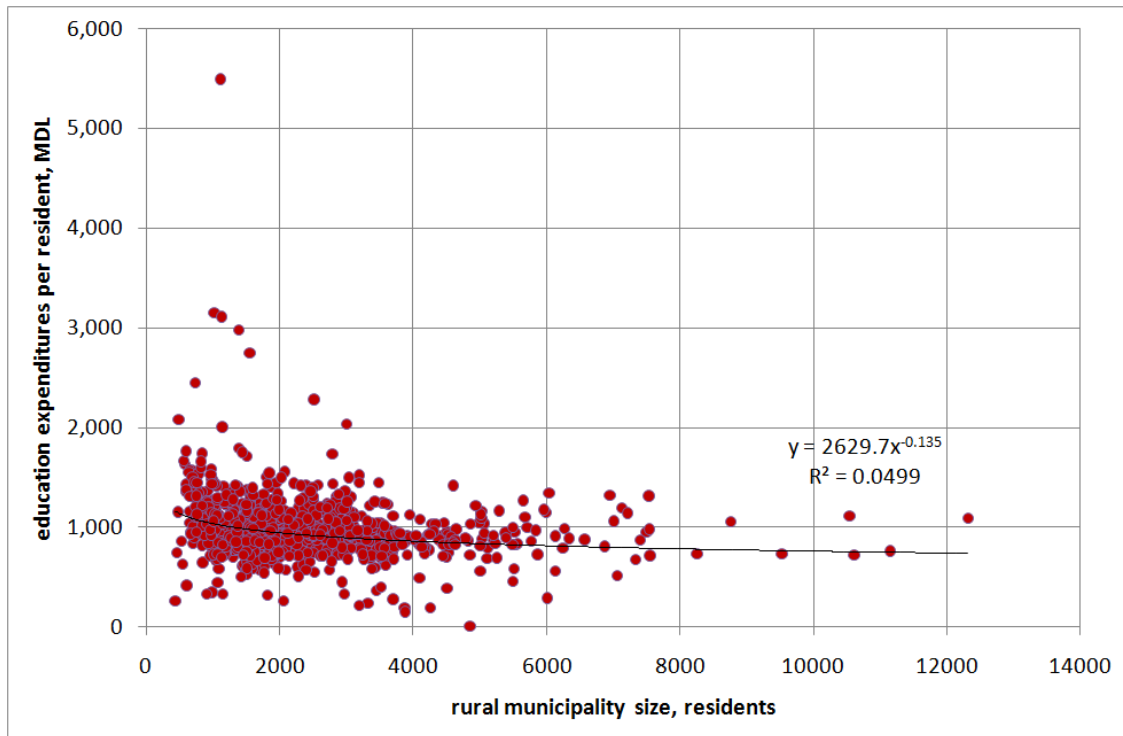


*Source: authors' calculations based on Small Areas Deprivation Index Database 2008 and Ministry of Finance data;*

FIGURE 8. CORRELATION BETWEEN THE SHARE OF ADMINISTRATIVE COSTS IN TOTAL BUDGET EXPENDITURES AND SIZE OF THE RURAL MUNICIPALITIES, YEAR **2009**



*Source: authors' calculations based on Small Areas Deprivation Index Database 2008 and Ministry of Finance data;*

*Source: authors' calculations based on Small Areas Deprivation Index Database 2008 and Ministry of Finance data;*

The picture is not much different when looking only at those municipalities that incorporate more than one settlement (376). The general conclusion is that as the size of municipalities increases, more services can be provided by the same local government at declining marginal cost.

Aside from this, there are several other economic arguments in favor of municipal amalgamation:

- Human resources: it is argued that there is a higher specialization of staff in larger municipalities;
- Financial resources: larger municipalities can mobilize (and concentrate) larger amounts of financial resources that would serve for the long-term development of the municipality (inter alia, bigger size will increase municipalities to more effectively meet the co-funding requirements of the EU Neighborhood Program, and other similar EU-sponsored programs);
- Hidden administrative costs: a large number of small local authorities generate also high administrative costs on central government.

## ANALYSIS OF THE COST-EFFICIENCY AT THE SECOND TIER

Moldova's territorial fragmentation is quite evident also at the second level. There are big discrepancies among the existing raions, without any clear economic reason why the administrative borders should have been drawn in such a disordered manner.

Below follow some figures proving this fragmentation and disordered territorial structure, with more details included in Table 16.

- At an average population per district of 77.3 thousand inhabitants (UTA Gagauzia and its three dolays not included), the district with the biggest population in Moldova (Orhei, 125.7 thousand inhabitants) has a population 4.2 times exceeding the tiniest district (Basarabeasca, only 29.6 thousand).

- For an average area of 890 sq.km., the largest district (Cahul, 1545 sq.km.) is 5.2 times larger as compared with smallest district (Basarabeasca, 290 sq.km).
- In terms of the number of residential settlements, the biggest district is Falesti, with 76 settlements, and the smallest is Basarabeasca with only 10 settlements.

This fragmentation has resulted in a waste of public resources on the second-level administrative-territorial units. Available statistics prove that the smaller the district, the higher the per inhabitant administrative expenditures, as shown in Figure 10. Calculations show that in the three smallest districts of Moldova (Basarabeasca, Soldanesti, Dubasari) the average per inhabitant budgetary total administrative expenditures are 2.6 times higher than in the three largest districts (Hancesti, Cahul, Orhei). The same correlations hold for the administration of specific public services, such as education (Figure 11) and social protection (Figure 12).

A simple economic simulation based on the equations included in Figure 10 shows that if Moldova would be territorially more homogeneous and with districts' population set at the level of about 260-270 thousand (the average size of the counties created in result of the 1999 reform), the today's cost of administration of the second level local public administration would be only about MDL 35 million, as compared to the MDL 84 million really spent. Under a different scenario, closer to the today's situation, if Moldova would be divided in 22 districts of about 110 thousand inhabitants each rather than 32 districts of different size, the administrative costs of this scheme would be about MDL 64 million, which is again less than current situation.

At the same time, the structure of expenditures in the budgets of the districts' authorities is evidently dominated by operational costs (called 'general destination state services'), which typically represent more than 1/3 of the total expenditures of the aggregate raions' budgets (Table 15). Maintaining such an expensive district administration providing a limited amount of public services is an example of extreme economic inefficiency.

TABLE 15. STRUCTURE OF THE AGGREGATE RAIONS BUDGET, % OF TOTAL (CHISINAU AND BALTI MUNICIPALITIES AND UTA GAGAUZIA DOLAYS NOT INCLUDED)

| | 2005 | 2006 | 2007 | 2008 | 2009 | Jan-Jun 2010 |
|---|---|---|---|---|---|---|
| General destination state services | 35.4 | 35.5 | 35.5 | 35.9 | 35.5 | 35.9 |
| Education | 24.1 | 23.7 | 24.0 | 23.1 | 22.8 | 22.6 |
| Culture, arts, sports and youth activities | 6.1 | 6.3 | 5.8 | 5.7 | 6.1 | 6.9 |
| Social protection and assistance | 11.3 | 11.0 | 11.5 | 12.0 | 12.7 | 13.5 |
| Agriculture, forestry, fishery, and water sector | 12.3 | 12.6 | 11.9 | 12.1 | 12.4 | 12.0 |
| Industry and constructions | 7.1 | 7.2 | 8.1 | 8.0 | 7.5 | 6.2 |
| Other services related to economic activity | 3.9 | 3.7 | 3.3 | 3.1 | 2.9 | 2.9 |
| Total | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |

*Source: authors' calculations based on Ministry of Finance data;*
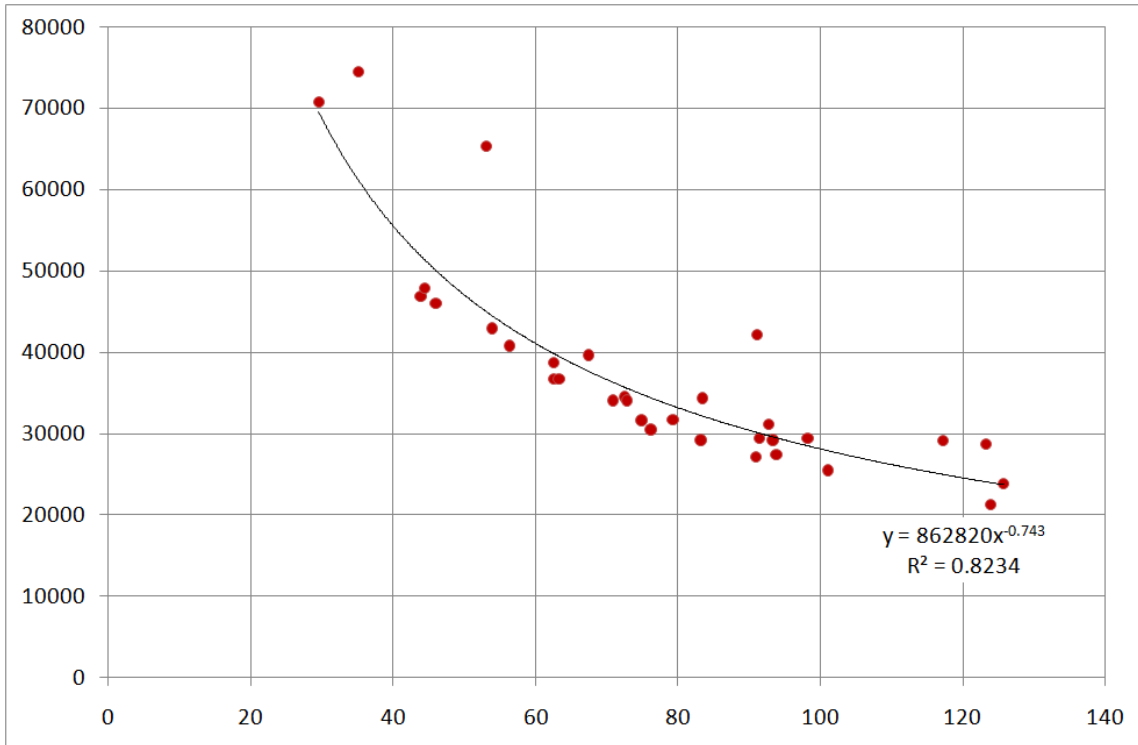
Source: *Ministry of Finance and authors' calculations;*

FIGURE **11.** CORRELATION BETWEEN THE PER RESIDENT ADMINISTRATIVE EXPENDITURES RELATED TO PROVISION OF EDUCATION SERVICES AT THE DISTRICT-LEVEL LOCAL PUBLIC AUTHORITIES AND DISTRICT POPULATION, YEAR **2009**
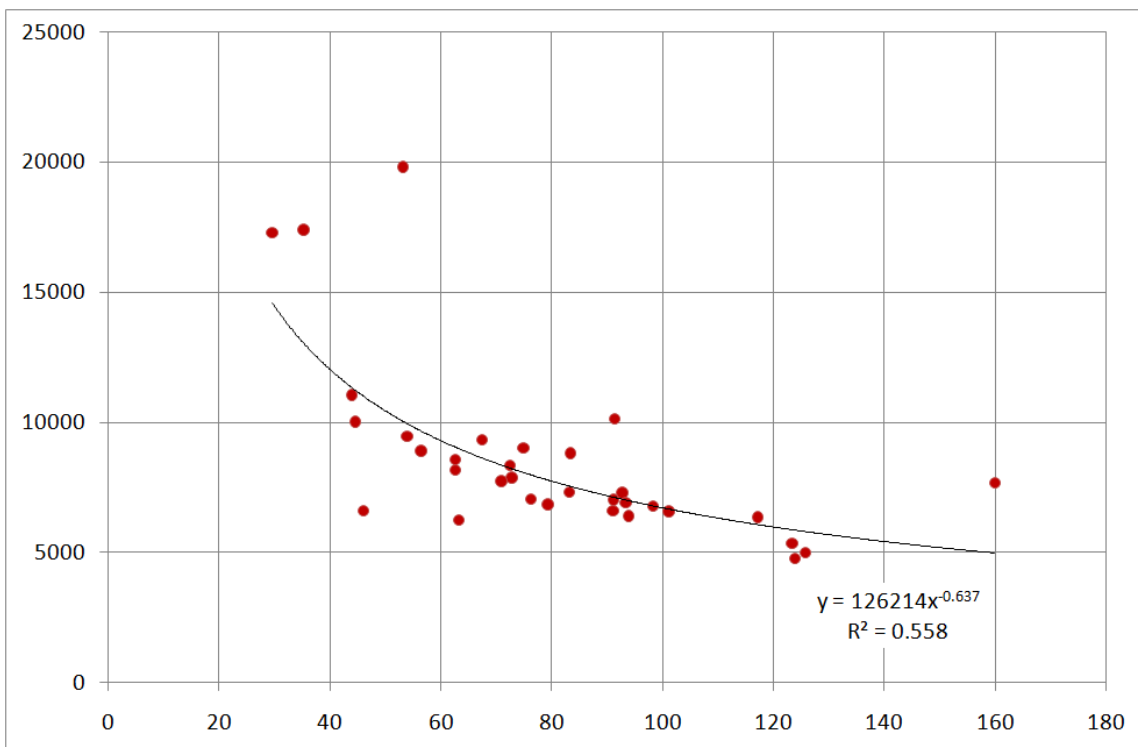


Source: *Ministry of Finance and authors' calculations;*

FIGURE 12. CORRELATION BETWEEN THE PER RESIDENT ADMINISTRATIVE EXPENDITURES RELATED TO PROVISION OF SOCIAL PROTECTION AND INSURANCE SERVICES AT THE DISTRICT-LEVEL LOCAL PUBLIC AUTHORITIES AND DISTRICT POPULATION, YEAR 2009



$y = 1.2829x^2 - 262.46x + 16758$
$R^2 = 0.8052$
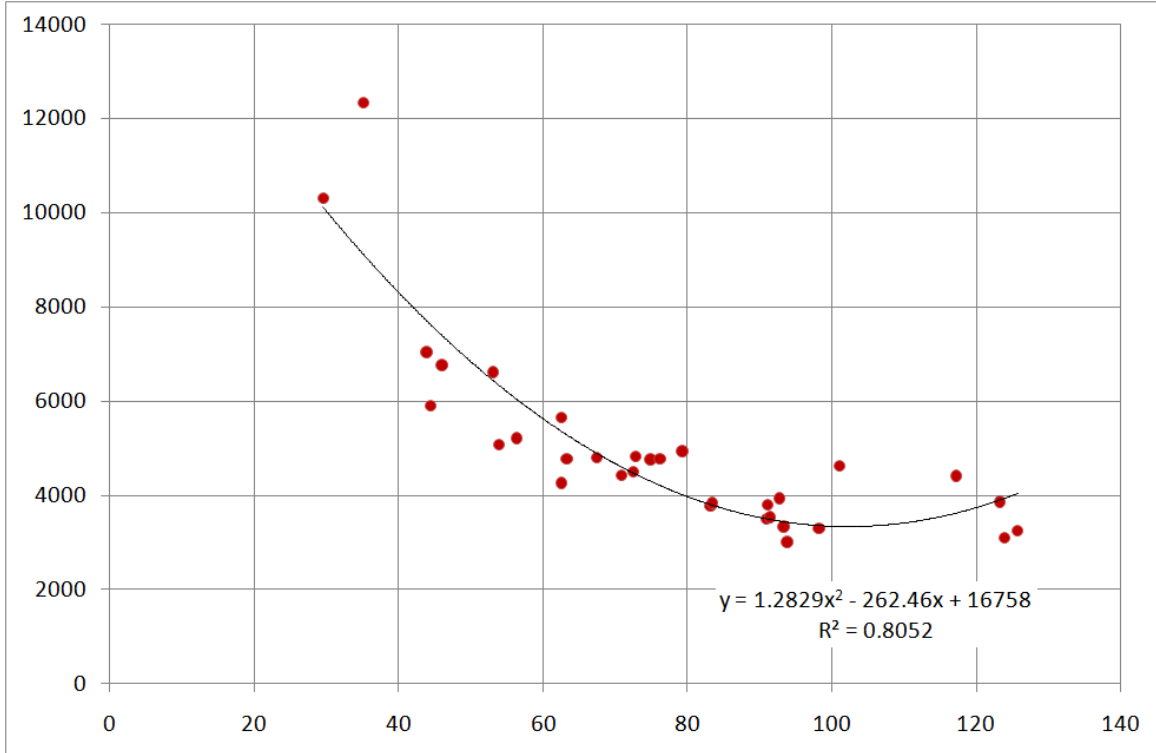
Source: Ministry of Finance and authors' calculations;

| | Municipalities / Cities | Localities part of the cities / municipalities | Villages-residences | Localities part of the rural communes | Total localities | Total population, thousand | Total area, sq.km |
|---|---|---|---|---|---|---|---|
| Republic of Moldova | **65** | **40** | **917** | **659** | **1681** | **4050.3** | **33800** |
| Chişinău municipality | 7 | 2 | 12 | 14 | 35 | 785.4 | 571.6 |
| Bălţi municipality | 1 | – | 2 | – | 3 | 148 | 72 |
| Bender municipality | 1 | – | 1 | – | 2 | 43.4 | 92.3 |
| Districts: | | | | | | | |
| Anenii-Noi | 1 | 5 | 25 | 14 | 45 | 83.2 | 892 |
| Basarabeasca | 1 | – | 6 | 3 | 10 | 29.6 | 294.5 |
| Briceni | 2 | – | 26 | 11 | 39 | 76.2 | 814 |
| Cahul | 1 | 1 | 36 | 17 | 55 | 123.9 | 1545 |
| Cantemir | 1 | – | 26 | 24 | 51 | 63.3 | 753.5 |
| Călăraşi | 1 | 1 | 27 | 15 | 44 | 79.3 | 870 |
| Căuşeni | 2 | 1 | 28 | 17 | 48 | 92.7 | 1163 |
| Cimişlia | 1 | 3 | 22 | 13 | 39 | 62.6 | 922.8 |
| Criuleni | 1 | 2 | 24 | 16 | 43 | 72.8 | 688 |
| Donduşeni | 1 | – | 21 | 8 | 30 | 46 | 645 |
| Drochia | 1 | – | 27 | 12 | 40 | 91.1 | 999.9 |
| Dubăsari | – | – | 11 | 4 | 15 | 35.2 | 302 |
| Edineţ | 2 | 4 | 30 | 13 | 49 | 83.4 | 932.9 |
| Făleşti | 1 | 1 | 32 | 42 | 76 | 93.3 | 1072.6 |
| Floreşti | 3 | – | 37 | 34 | 74 | 91 | 1108.2 |
| Glodeni | 1 | 1 | 18 | 15 | 35 | 62.6 | 754.1 |
| Hînceşti | 1 | – | 38 | 24 | 63 | 123.3 | 1483.4 |
| Ialoveni | 1 | – | 24 | 9 | 34 | 98.2 | 783 |
| Leova | 2 | 1 | 23 | 13 | 39 | 53.9 | 775 |
| Nisporeni | 1 | – | 22 | 16 | 39 | 67.4 | 629 |
| Ocniţa | 3 | – | 18 | 12 | 33 | 56.4 | 597 |
| Orhei | 1 | – | 37 | 37 | 75 | 125.7 | 1228 |
| Rezina | 1 | 3 | 24 | 13 | 41 | 53.1 | 621.8 |
| Rîşcani | 2 | 6 | 26 | 21 | 55 | 70.9 | 936.1 |
| Sîngerei | 2 | 1 | 24 | 43 | 70 | 93.8 | 1000 |
| Soroca | 1 | – | 34 | 33 | 68 | 101.1 | 598.4 |
| Străşeni | 2 | 2 | 25 | 10 | 39 | 91.4 | 1043 |
| Şoldăneşti | 1 | – | 22 | 10 | 33 | 43.9 | 998 |
| Ştefan Vodă | 1 | – | 22 | 3 | 26 | 72.5 | 729 |
| Taraclia | 1 | – | 14 | 11 | 26 | 44.5 | 674 |
| Teleneşti | 1 | 2 | 30 | 21 | 54 | 74.9 | 848.6 |
| Ungheni | 2 | 1 | 31 | 40 | 74 | 117.2 | 2913 |
| ATU Găgăuzia | 3 | 1 | 23 | 5 | 32 | 159.9 | 1083 |
| Administrative-territorial units on the left bank of Nistru | 10 | 2 | 69 | 66 | 147 | 439.2 | 2366.3 |

*Source: National Bureau of Statistics of Republic of Moldova;*

## DEMOCRATIC PARTICIPATION

Supporters of territorial fragmentation often point to the fact that smaller municipalities would stimulate greater participation of citizens in solving local problems thus contributing to development of local democracy. As discussed above, this is closely related to the perception that local government's task is rather to ensure the presence of public authority than to seek economic efficiency. Comparative evidence is trivial, some of the researchers finding a direct link between municipalities' size and the quality of local democracy. Others, on the contrary, provide evidence that the larger a local government territorial unit the more dynamic and participative is the democratic life (bigger means more social control, more NGOs, local newspapers etc).[62]

Traditionally, one of the most available indicators for measuring to what extent the quality of local democracy is related to local governments size is voter turnout. In most countries of the Council of Europe, there is a lower participation as the size of municipality grows. Moldova is not an exception, as Table 13, measuring voters' turnout in 2007 local elections, proves. As one can see, voters' turnout decreases with municipalities' size, especially in the 500 – 5,000 inhabitants range, which captures the most of municipalities. However, , when analyzing those municipalities that have four and more settlements only, which are more representative from the perspective of an amalgamation reform, the voters' turnout is even slightly higher than the general voters' turnout (about 52% in 2007 local elections). This means that turnout in municipalities with multiple settlements is higher than in many single-unit municipalities. This may be an argument which proves the fact that amalgamating municipalities would not significantly diminish the existing level of democratic participation.

FIGURE 13. RELATIONSHIP BETWEEN VOTERS TURNOUT AND MUNICIPALITIES SIZE, 2007
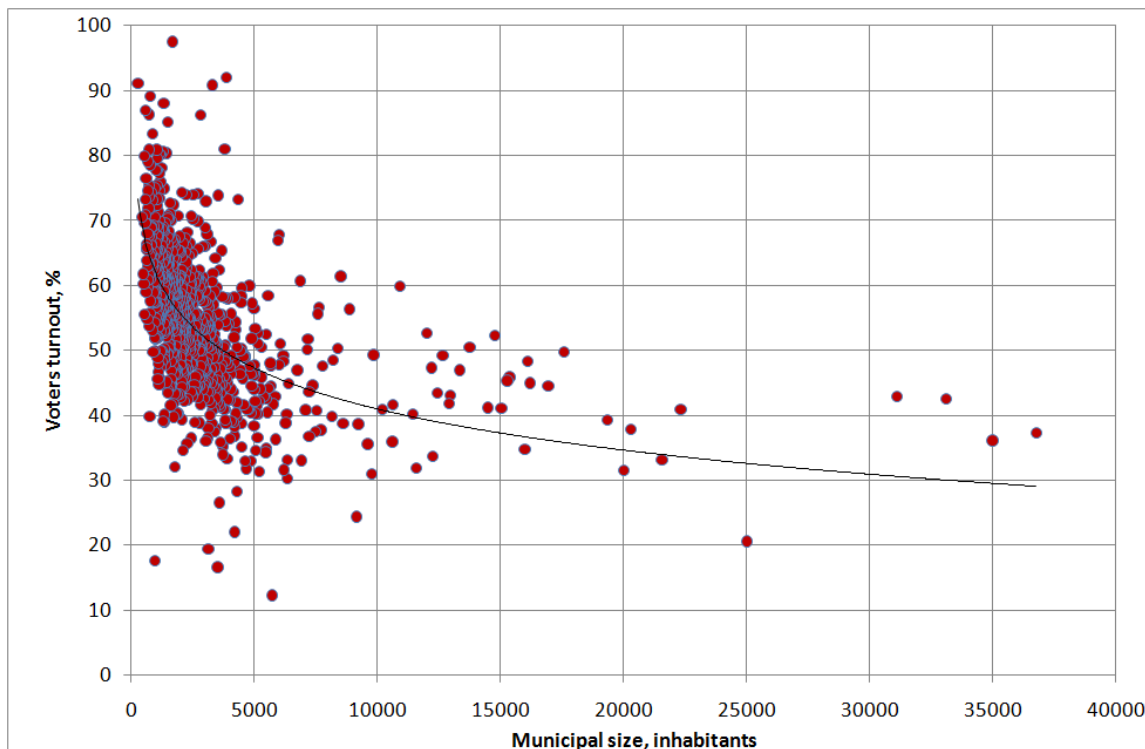


*Source: authors' calculations based on Small Areas Deprivation Index Database and Central Electoral Commission data;*

In order to compare this democratic participation indicator to economic efficiency data, average voters' turnout for groups of municipalities classified by size were calculated, as shown in Figure 14. There is a

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[62] Council of Europe, 2001; Swianiewicz, 2002.

dramatic fall on citizens' participation in local elections in municipalities larger than 9,000 inhabitants. On the first sight, one could assume that amalgamating municipalities beyond this point would damage democratic participation. However, currently the most of municipalities beyond this number are single-unit urban settlements (see Table 12) which are not the main contributors to territorial fragmentation. Also, as shown above, multi-settlement municipalities show a greater voters turnout than many single-settlement *primarias*. Thus, a 9,000 upper-threshold could be normally applied to amalgamation of rural settlements (with certain exceptions imposed by geographic conditions) without expecting it to be greatly detrimental to democratic participation.

FIGURE 14. RELATIONSHIP BETWEEN AVERAGE VOTERS TURNOUT AND GROUPS OF MUNICIPALITIES BY SIZE, 2007
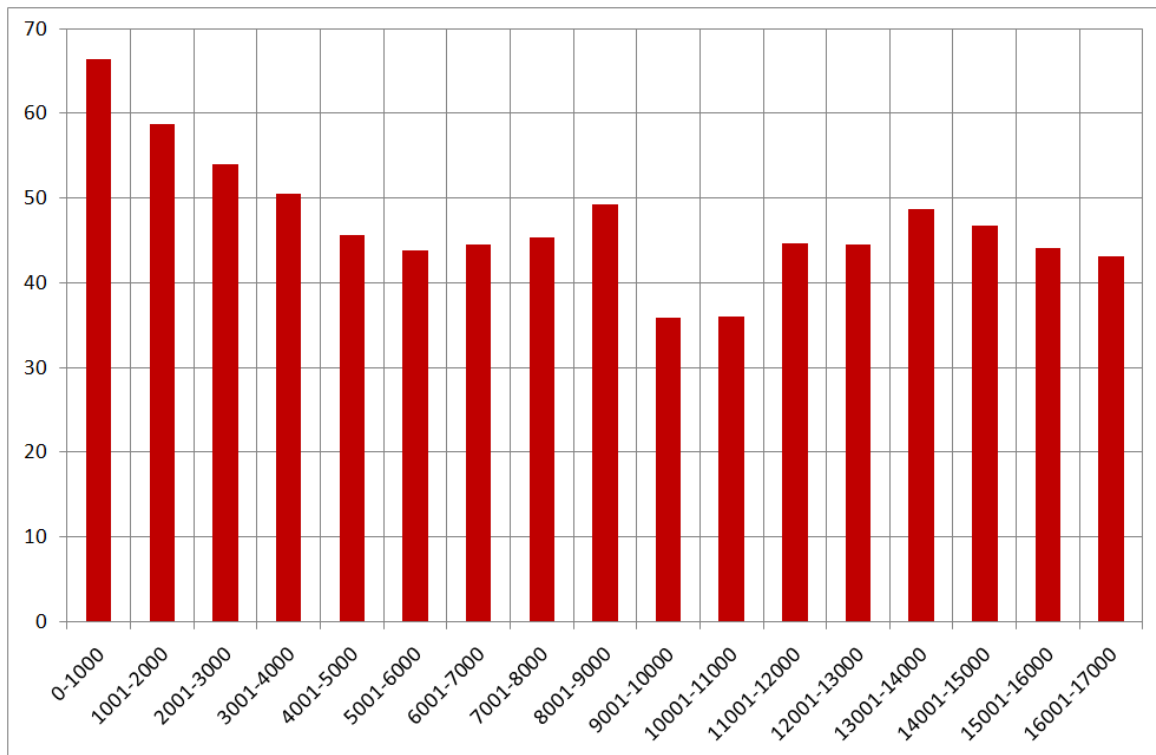


*Source: authors' calculations based on Small Areas Deprivation Index Database and Central Electoral Commission data;*

The argument that the democracy level does not depend on the act of voting only is also valid as citizens can influence politics in many other ways. One explanation for the results in Figure 13 is that in smaller municipalities, especially in those *primăria* that consist of one settlement only, local elected officials (councilors and mayors) are better known by citizens and thus a better connection between them exists. The number of local council members elected in each municipality depends on population size and is determined by the Law on Local Government (see Table 17).

Another explanation, though, would reside in the electoral system applied in local elections in Moldova. The proportional representation system used is simpler and cheaper and presents good outcomes where the density of population is high. However, within this system smaller territorial units (villages) from the same municipality might end up by not being represented in the local council. So, in some settlements of a municipality the level of representation may in fact be zero inhabitants per councilor. This flaw should be considered and eliminated from any model of the administrative-territorial division. Changing the electoral system would increase the democratic representation in possible amalgamated communities.

TABLE 17. NUMBER OF LOCAL COUNCILORS PER MUNICIPALITY AND CITIZENS REPRESENTATION IN LOCAL COUNCILS

| Municipal population | Councilors | Inhabitants per councilor | | |
|---|---|---|---|---|
| | | min | max | average |
| **<1500** | 9 | 32* | 167 | 106 |
| **1501 - 2500** | 11 | 136 | 227 | 182 |
| **2501 - 5000** | 13 | 192 | 385 | 288 |
| **5001 - 7000** | 15 | 333 | 467 | 400 |
| **7001 - 10000** | 17 | 412 | 588 | 500 |
| **10001 - 20000** | 23 | 435 | 870 | 652 |
| **20001 - 50000** | 27 | 741 | 1852 | 1296 |
| **50001 - 100000** | 33 | 1515 | 3030 | 2273 |
| **100001 - 200000** | 35 | 2857 | 5714 | 4286 |

*Note: * - Calculated based on the minimum population of a municipality in Moldova;*
*Source: authors' calculations based on Article 11 of the Local Government Law no. 436 from 28.12.2006;*

In terms of indirect representation, the number of inhabitants per local NGO would be a relevant indicator. Local NGOs are believed to strengthen citizens' influence on local public authorities.[63] There are certain constrains in collecting data on local NGOs, as they are registered with municipalities and the centralized registry does not offer up-to-date data. The Table 18 bellow shows the summarized data on a sub-sample of 170 municipalities from the South development region (which includes eight rayons). Under this indicator, the level of representation decreases with municipality size but is the most visible in the 1500-5000 inhabitants' range, which represent the most of existing municipalities. Over 5000, however, there is a sharp increase. It stays below 900 inhabitants per local NGO even if excluding larger towns from the sub-sample.

TABLE 18. INDIRECT REPRESENTATION OF CITIZENS BY LOCAL NGOS IN THE SOUTH DEVELOPMENT REGION

| Population | No. of inhabitants per NGO |
|---|---|
| **under 1500** | 966 |
| **1501-3000** | 999 |
| **3001-5000** | 1326 |
| **over 5000** | 655 |

*Source: authors' calculations based on: "Catalogue of Non-governmental Organizations from the South Development Region of the Republic of Moldova", Chisinau, 2008;*

The results of the national survey confirm, to some extent, the common rule that the democratic representation indicators decrease with increasing municipality size. However, overall, the lowest interest lies within the 5000-10000 range – which includes the most of the declining small towns and larger rural settlements (Figure 15). A cause may be the abovementioned electoral system applied in local elections. You may not feel very involved in the public life if you live in neighborhood of a small town or your village within a multi-settlement municipality is not represented by any local councilor. It is interesting that in the over 10000 category, which include the largest towns, mostly rayon centers, there is an almost equal average interest in local and regional public affairs. It may well be citizens from these municipalities perceive their town as a growth pole for a larger area. This could also mean they would not oppose an eventual merger of municipal and rayon authorities to deliver public services to the surrounding rural municipalities.

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[63] Swianiewicz, and Herbst, 2002.

One of the main axioms of local autonomy is that those tiers of local governments that are the closest to the citizens would be the most appropriate to be entrusted with basic public services delivery, as they are better placed to know in detail citizens' problems. Local democracy, though, is better perceived if measured against the level of satisfaction of citizens about the quality of public services delivery in smaller and larger municipalities. As one can see from the Figure 16, which shows an aggregated average response regarding the level of satisfaction with municipal public services (kindergartens, schools, healthcare, social assistance, water and sewage, waste management, local roads and transport, street lighting, green spaces and environment, local cultural and sports activities and others), the general trend is that citizens' satisfaction increases as the size of municipality increases. A rational explanation is that larger communities normally have a larger income base and hence more resources (and scale economies) to efficiently invest in citizen's well-being.

FIGURE 15. LEVEL OF INTEREST OF CITIZENS IN THE LOCAL AND REGIONAL PUBLIC LIFE BY MUNICIPALITY TYPE
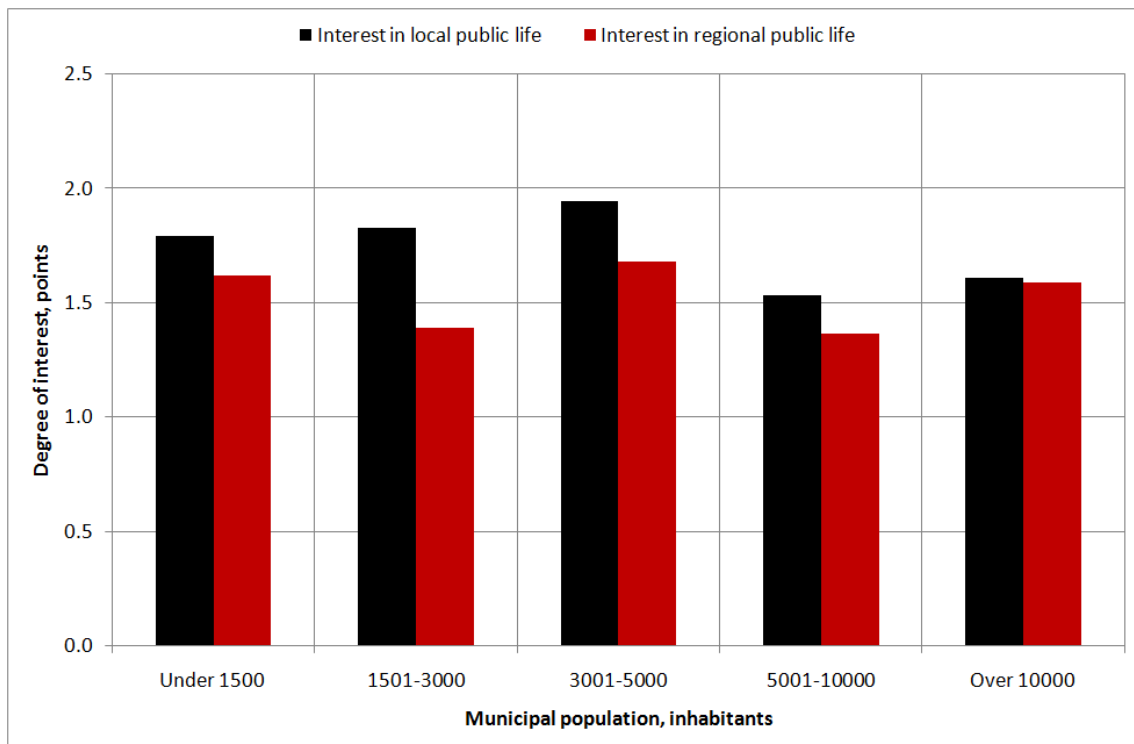


Note: average responses, 2,5 – high, 0 – no interest, Chisinau and Balti excluded;
Source: authors' calculations based on the national survey;
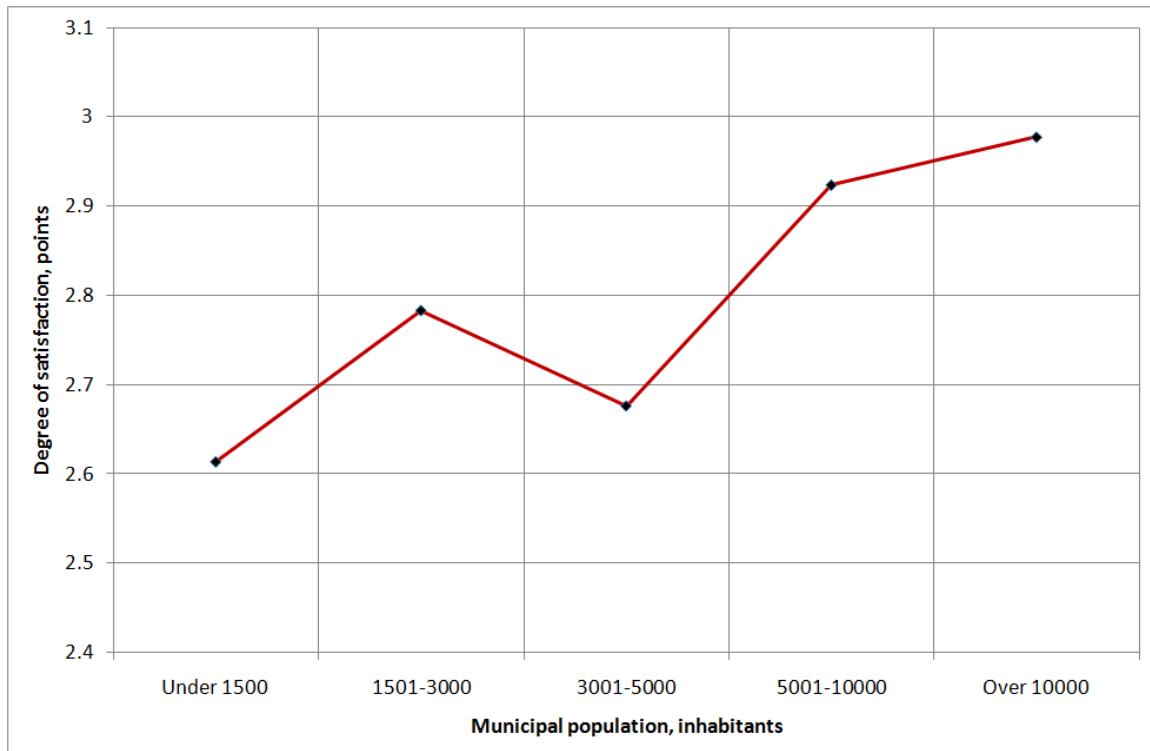
Note: average responses, 3,1 – high, 2,4 – low, Chisinau and Balti excluded
Source: authors' calculations based on the national survey;

## ADMINISTRATIVE-TERRITORIAL DIVISION AND LOCAL DEVELOPMENT

There is no compelling international evidence on links between the administrative-territorial division/size of the administrative-territorial units on the development of these units. However, the supposedly positive link between the size of the municipality/district/region and the economic activity in that administrative unit has been a constant argument used by supporters of larger municipalities/districts/regions in Moldova. The existing data on the situation of Moldovan administrative-territorial units do not confirm this hypothesis.

For instance, there is no correlation between the size of municipalities and unemployment rate (estimated at municipal level through number of registered unemployed divided by the number of the working age population, Figure 17). Not represented in the figure, there is equally no link between the size of municipality and entrepreneurial activity in that municipality. These two indicators show that efficiency of using human resources does not depend on the size of the settlement. Important to mention, no links appear when controlling for the type of settlement (rural/urban).
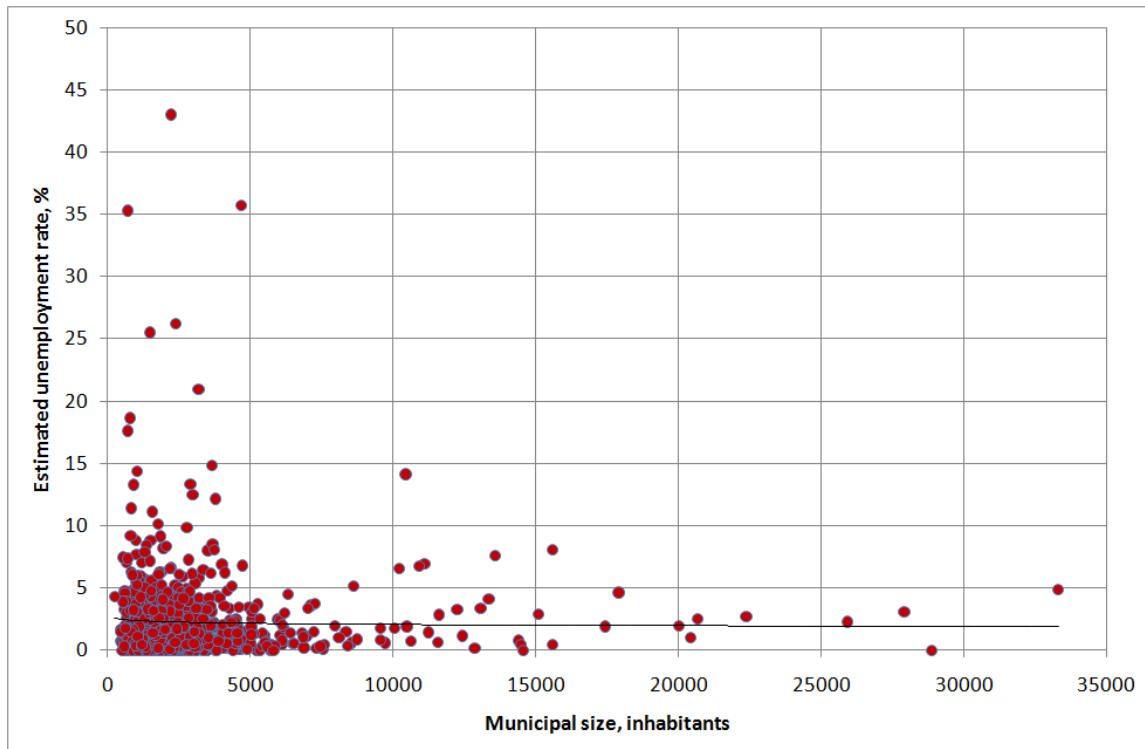
Note: * - unemployment rate was estimated as ratio between registered unemployment at Labor Employment Office and work-age population;
Source: authors' estimates based on Small Areas Deprivation Database 2008;

In line with the previous statement, when excluding Chisinau and Balti municipalities, the size of the municipality does not have any impact on the density of the non-agricultural enterprises in the corresponding municipality (Figure 18). However, existing data did not allow for a deeper analysis on performance indicators of enterprises and human resources. Size of the municipality (i.e. the size of the market) should have some positive influence on the growth/size of sales of enterprises, while existence of educational institutions is expected to have some positive impact on the labor productivity.
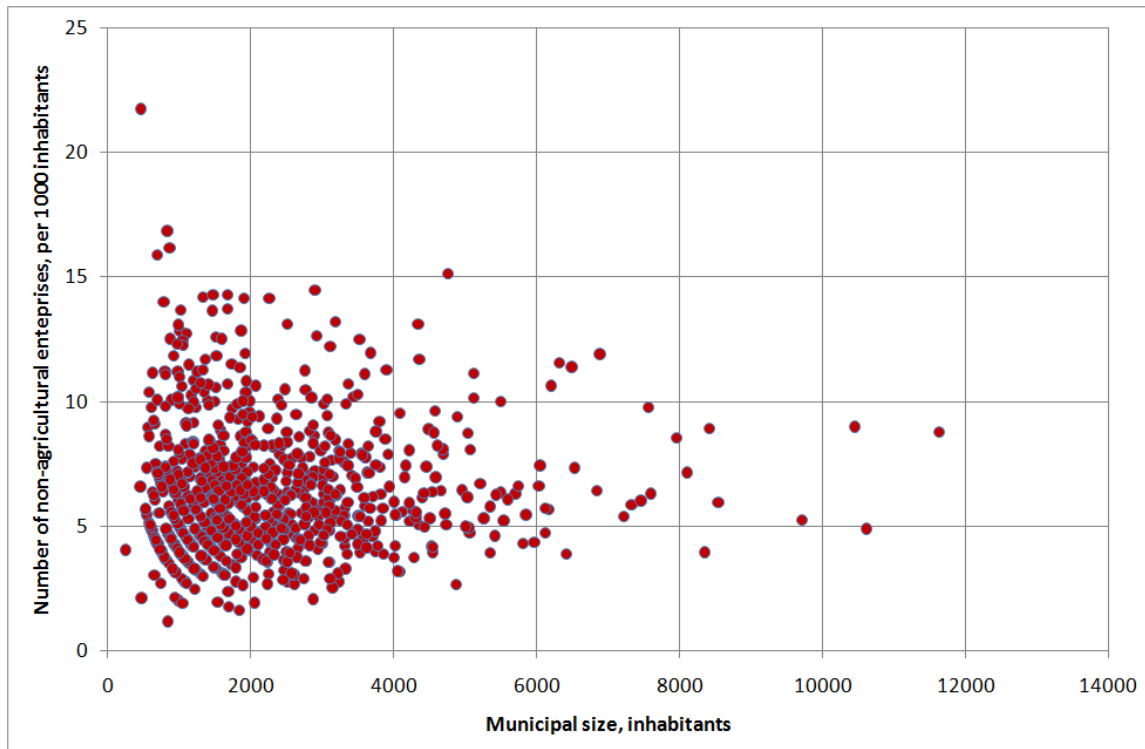
*Source: authors' estimates based on Small Areas Deprivation Database 2008;*

One hypothesis is that the link is missing because local governments are not the main players in formulating local and regional development policies. One cannot expect a mayoralty, either of a tiny or large municipality, to exert any influence on local economic development as due to a low level of decentralization it cannot, for example, offer significant tax deductions to become attractive to investors, or due to its size (and small budget) cannot provide co-funding for a large infrastructure development project.

At the same time, existing research suggests that administrative status of an (urban) settlement had an important role in driving its industrial development of territories in Soviet times, especially in case of the earlier 'created' towns[64]. Because in Soviet times the industry was the key to local development, the administrative status helped to trigger this factor. As the same research says, it seems that currently the administrative function is continuing the same role, this time using another engine of development – services.

The strong link between the level of development and administrative functions (raions' residences vs. towns without this function) make us suppose that the bigger the subordinated unit the higher the level of development. This hypothesis is confirmed by the experience of the great majority of the Eastern-European countries, in which the highest economic potential is concentrated in capitals and other cities with administrative power. Thus, our main purpose in the models to be developed is to create spatial units appropriate to the functions to be assigned and to their role in national settlement and economic development.

In addition, in Moldova the administrative functions have been concentrated in cities/towns, but the national settlements system includes many rural settlements – including very big - with central

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[64] Sirodoev, 2009.

functions, which facilitate the diffusion of the development potential in deep rural areas[65]. Such settlements, being entrusted with administrative competences, will provide the necessary long-term stimulus for their own and adjacent areas' development. Thus, the necessary development synergy will appear between municipal' residences and rural settlements.

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[65] Idem.

# 3. Models and criteria for an optimal administrative-territorial organization

## General country's context and its implications for the administrative-territorial organization

### Economic and financial context

Moldova is an economically weak country, with one of the lowest GPD / capita in Europe. In 2009, the GDP/capita expressed at Purchasing Power Parity was only USD 2842, as compared to with 4757 in Georgia, 9154 in Macedonia, 17110 in Latvia, 17908 in Estonia and 24093 in the Czech Republic. Its current economic situation is a combined result of structural disadvantages inherited from the Soviet system and of the inefficient economic reforms implemented after Moldova became independent in 1991. The evolution of the country's GDP over the last two decades and the late resumption of the economic growth are both a reflection and a result of the poorly implemented economic reforms (Figure 19). Economic growth resumed only in 2000 which allowed for a subsequent accelerated increase in the central and local governments expenditures expressed as share of GDP. The main part of the increased governmental expenditures is represented by the growing social commitments, which were possible to fulfill largely because the economic growth was based on private consumption, with indirect taxes linked to consumption (VAT and excises) covering more than 82% of the central and local government revenues.

FIGURE 19. EVOLUTION OF THE MOLDOVA'S GDP (1992=100%) AND GOVERNMENT EXPENDITURES (% OF GDP)
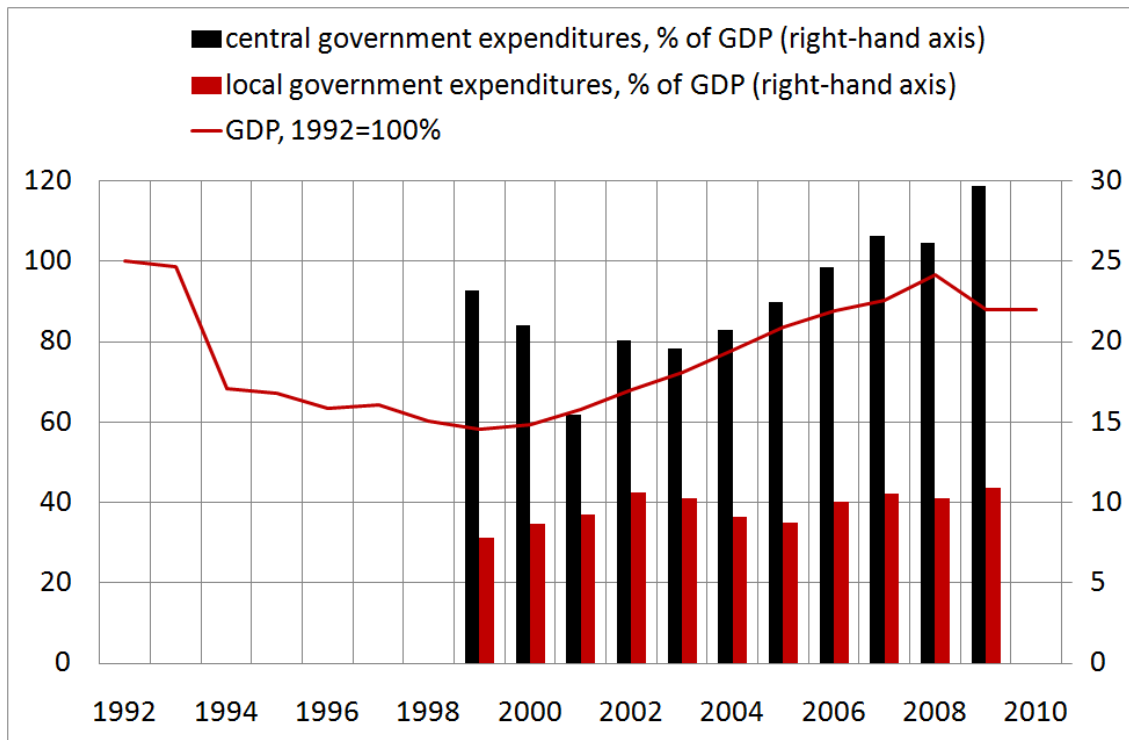


*Source: Ministry of Finance, National Bureau of Statistics and authors' calculations;*

At the same time, the economic growth in the recent decade has been very polarized in geographic terms, with the Chisinau municipality estimated to produce more than half of the country's GDP. In fact, Moldova displays the highest indicator of concentration of economic activity as compared to all other European countries for which statistical data were available (Figure 20). It is quite interesting to note the fact that Moldova is immediately preceded by other three comparator countries (Latvia, Estonia, and

Macedonia) which have been part of the analysis of the first chapter and which display high levels of economic concentration. However, the high level of economic polarization has not been an obstacle for introducing one-tier administrative-territorial systems in all three countries.
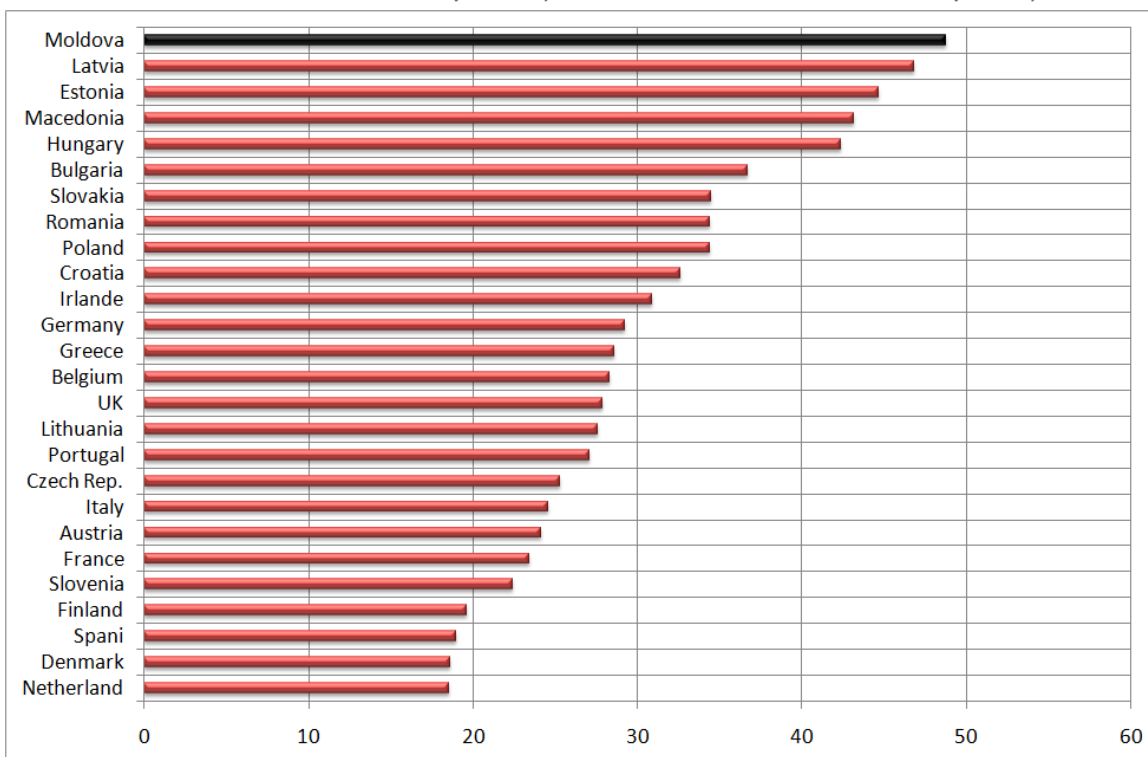
Source: Expert-Grup, 2010;

Another aspect of the economic polarization in Moldova is the very small density of business entities in peripheral regions of the country: according to the 2008 statistical data, in the capital city there were about 47 economic entities per 1000 people of economically active age, whereas in the rest of Moldova this indicator varied between 6.2 entities in the Southern region to 8.5 in Northern region and 10.5 in Gagauzia. Following this distribution of economic entities, the private capital investment (including foreign investments) is concentrated in Chisinau and in time this concentration has only strengthened: in 2003, the capital city area hosted 52% of the total private capital investment, while in 2008 its share went up to 67%.

In structural terms, the local economic bases in almost all regions except Chisinau, is represented by low added value agriculture and food and beverages industry. While agricultural sector currently employs about 28% of the total workforce, it contributes only 10% to the country GDP. Such low labor productivity pushes the labor force out of the rural area: in 2009 the workforce pool in agriculture was composed of 334 thousand people, as compared with 770 thousand in 2000. With very limited inter-sectorial labor flows, the most important part of the labor shed by the agriculture found employment abroad. According to the Labor Force Survey conducted by the National Bureau of Statistics, rural residents represent 70% out of the almost 300 thousand people working abroad, and 56% of the rural migrants are below 34 year old. This represents a significant loss of human resources for the rural communities, with detrimental impact on local development in long-run.

No surprise, because of the undiversified economic structure and loss of labor, the share of the own revenues in the total revenues of the local public authorities has decreased dramatically in only half-decade. In 2004 the share of own revenues accounted for more than 52% of the total revenues of the

local budgets, whereas in 2009 – only 24%. While shrinking own revenues has been also the result of some uninspired fiscal reforms (such as introducing the zero-rate income tax on the reinvested corporate income), it is clear that the weak economic base leaves little room for enhancing the autonomy of budgets of the local public administrations, unless significant changes are implemented in the local public finance system.
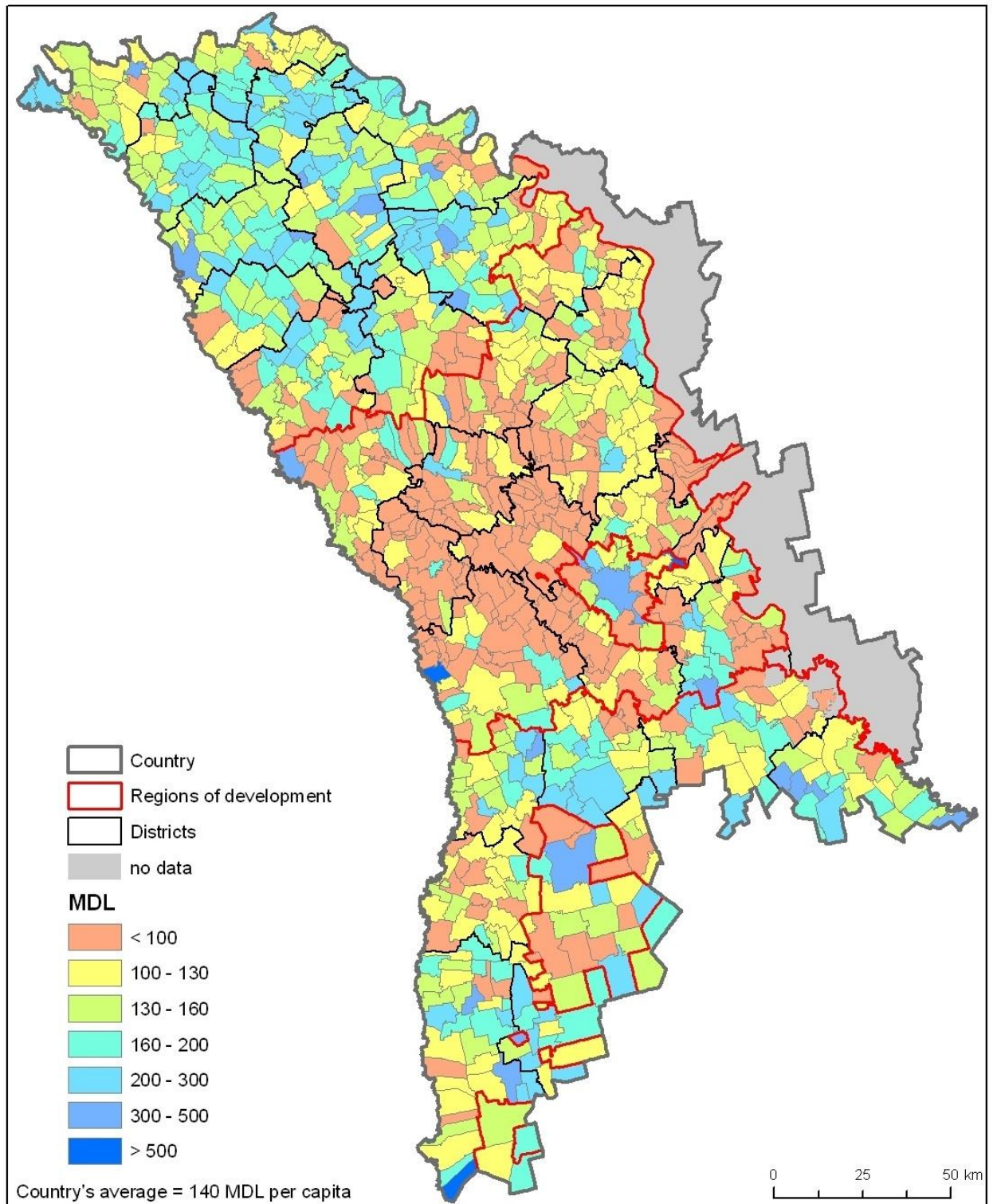
*Source: see 'Sources of information for maps' section;*

Map 8 illustrates clearly the difficult situation that most of the Moldovan local communities are presently facing, in terms of local own revenues. Surprisingly, the local communities from the Central

region are apparently under the hardest budget constraints, with own revenues representing less than MDL 100 per capita in most of these communities. This suggests that being geographically close to Chisinau is not necessarily an economic advantage, but it can be rather opposite, as the capital city seems more to aspirate economic resources than to irradiate economic development.

## GEOGRAPHIC CONTEXT

By European average, Moldova is a geographically small country, covering only 33.8 thousand square kilometers and hosting about 4.1 million people (Transnistrian region included). It fares a relatively high density of population (121.9 inhabitants/sq.km.), but at the same time Moldova is a heavily rural country, with apparently the biggest share of the rural population in total population (53.7%) in Europe. For the sake of comparison, the average share of rural population in the five comparator countries is 33.8%, with Georgia's 49.5% of population leaving in rural areas being the closest case to Moldova.

Out of the total 1681 settlements in Moldova, only 65 qualify as towns/cities (Transnistrian region included). The 2008 database on the Index of deprivation of small areas (covering only the right-bank Moldova) shows that 118 settlements (6.7%) have less than 100 inhabitants, while other 321 localities (19.1%) host between 101 and 500 inhabitants. A striking overall figure is that about 50% of the total population on the right-bank Moldova leaves in 1446 communities with less than 5000 inhabitants each. On the other extreme, there are a few rural settlements (villages) having more than 10 thousand inhabitants, a figure which is more appropriate for the Asian countries than European ones.

This reflects in the current administrative-territorial division of the country, as shown in the Map 9, illustrating first-tier administrative-territorial entities by size. Average size of the municipality in Moldova is 2850 people, which is more than in case of the Czech Republic (1600 residents), but much less than in Estonia (6100), Georgia (45000), Latvia (19000) and Macedonia (25150). Aside from this, the current system is far from perfect from the point of view of considering factor of remoteness. As shown in Map 10, presently as many as 214 villages out of the 621 villages not having administrative status (i.e. more than 35%) qualify as remote villages, meaning that they are part of a given rural municipality even though they are geographically closer to another rural municipality.

Relatively compact, with very small distances between the localities and with a more or less flat relief across Moldova, there are few natural barriers imposing constraints on the upper-size of the municipalities. Despite the quite low elevation, Moldova's territory has high vertical fragmentation, which, according to some authors, is similar to the figures characteristic just to mountainous regions[66]. Such areas are characteristic to the central part of the country (Codrii heights), where communes are valley-oriented and their administrative boundaries follow the watershed lines with quite a high fidelity. They do not represent unbreakable obstacles; however, there is a need of high investments in order to create an infrastructure, which would overcome these barriers.

Nonetheless, the most important factor limiting the scope of potential amalgamation of the municipalities is the ethnic one. Indeed, many rural communities have a dominant ethnic group which is different from the dominant ethnic group in an adjacent community. This factor is particularly strong in the south, where representatives of the Gagauzian and Bulgarian ethnic groups leave compactly.

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[66] Леваднюк А.Т., Мицул Е.З., Сыродоев Г.Н. и др., 1990.

Legend:
- Country
- Regions of development
- Districts
- no data
- towns
- <1500
- 1500 - 5000
- > 5000

Scale: 0    25    50 km
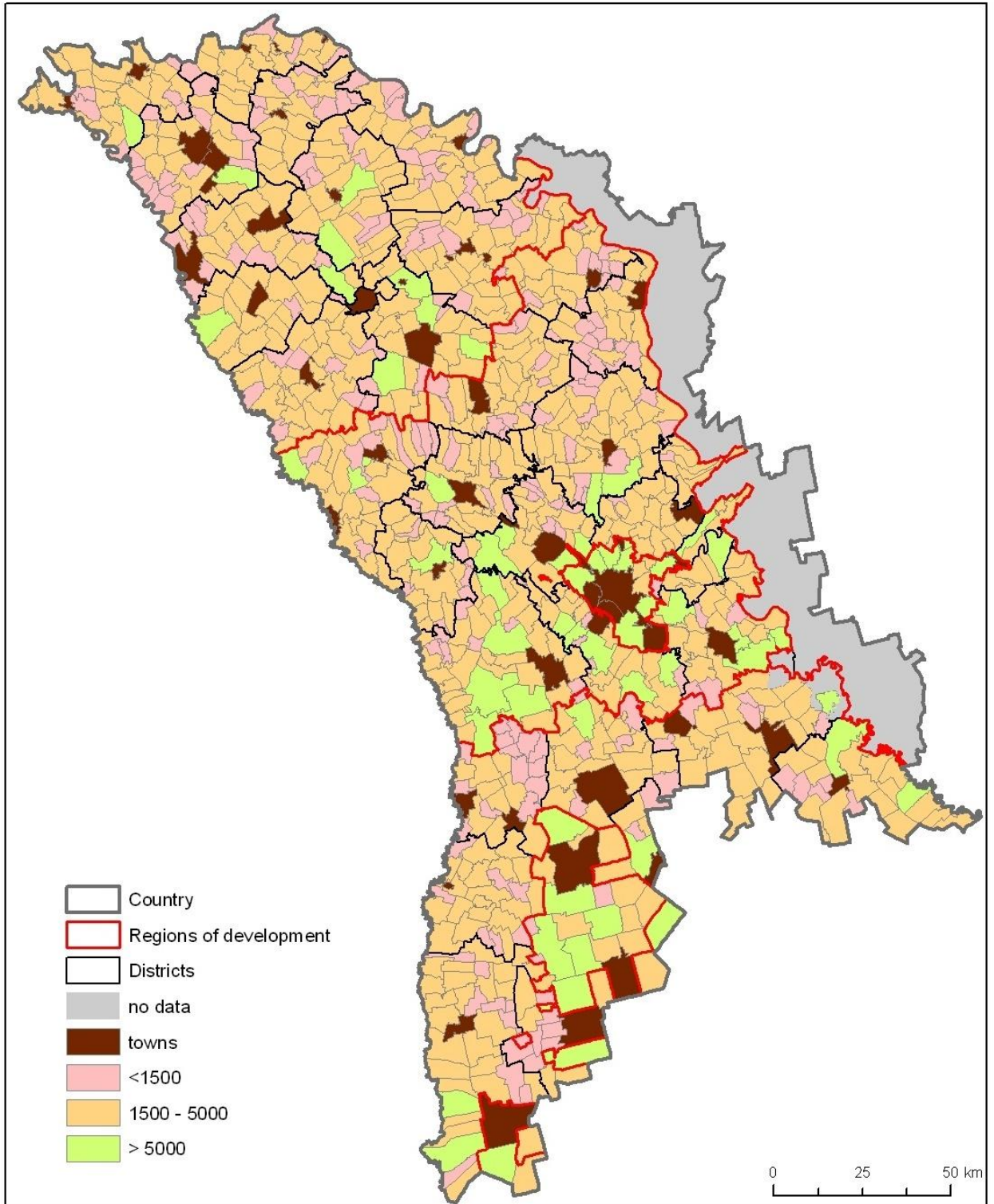
*Source: see 'Sources of information for maps' section;*

MAP 10. LOCATION OF THE REMOTE VILLAGES
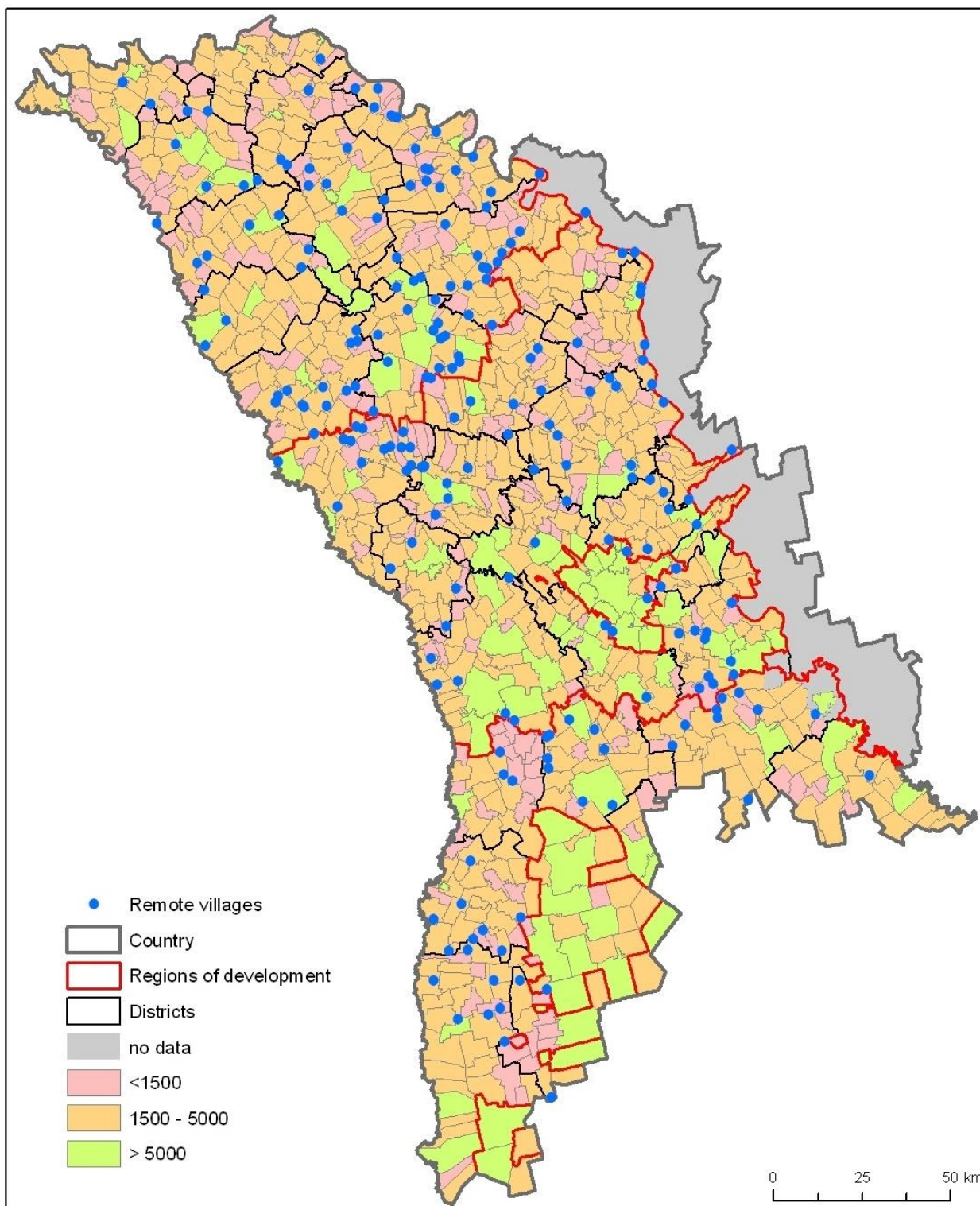


*Note: Remote villages are considered those located outside the Thiessen-Voronoi polygon created around the residence village of the commune where the remote village is included.*
*Source: see 'Sources of information for maps' section.*

## DEVELOPMENT OF PHYSICAL AND DIGITAL INFRASTRUCTURE

Moldova's economic development, particularly at local and regional level, is significantly constrained by the poor state of infrastructure, both physical and digital.

Roads are most often mentioned as the first problematic issue when discussing the physical infrastructure. Currently the official assessments say that density of the roads network in Moldova is

satisfactory for the fulfillment of the present economic needs in Moldova[67] (even though in long term Moldova will need to build more new roads in order to catch up with the other Central and Eastern European countries). Available data show also a pretty high density of the local roads across Moldova (Table 19). What is worrying, however, is the very poor quality of these roads. According to the same official estimates, in 2006 (no more recent data are available) only 7% of the total public roads network and only 2% of the local roads network was in 'fair quality' condition. Adding salt to wound, more than half of the local roads are inherently sub-standard, as they are paved with gravel or are not paved at all.

The development of physical infrastructure is not satisfactory either. The use of Internet by the local public administration is quite limited in scope, and only a very small number of public employees at municipal level are using the digital technologies (Table 19). This is compounded by the shallow penetration of the Internet in the private sector at regional and local level.

TABLE 19. SOME INDICATORS OF DEVELOPMENT OF PHYSICAL AND DIGITAL INFRASTRUCTURE BY RAIONS

| | Density of national roads, km/100 sq.km. | Density of local roads, km/100 sq.km. | Share of municipal public authorities with access to Internet | Share of employees in municipal public administration with access to Internet at their workplace |
|---|---|---|---|---|
| Mun. Chişinău | 12.4 | 5.6 | 23.5 | 4.7 |
| Mun. Bălţi | 33.5 | No data | 50.0 | 10.0 |
| Anenii Noi | 15.1 | 16.5 | 0.0 | 0.0 |
| Basarabeasca | 12.6 | 13.7 | 16.7 | 2.9 |
| Briceni | 8.7 | 30.5 | 21.4 | 3.9 |
| Cahul | 11.6 | 13.4 | 13.5 | 3.7 |
| Călăraşi | 16.4 | 17.6 | 21.0 | 13.1 |
| Cantemir | 11.4 | 19.3 | No data | No data |
| Căuşeni | 14.2 | 18.9 | 7.7 | 1.5 |
| Cimişlia | 10.0 | 21.6 | 13.0 | 2.2 |
| Criuleni | 14.9 | 19.4 | 4.2 | 0.9 |
| Donduşeni | 9.0 | 23.6 | 9.1 | 2.0 |
| Drochia | 10.4 | 16.4 | 10.7 | 8.2 |
| Dubăsari | 7.6 | 27.7 | No data | No data |
| Edineț | 6.7 | 28.3 | 16.7 | 3.57 |
| Făleşti | 10.7 | 23.0 | 6.1 | 1.9 |
| Floreşti | 11.8 | 21.0 | 21.4 | 5.2 |
| Glodeni | 9.6 | 21.6 | 33.3 | 2.6 |
| Hînceşti | 9.4 | 14.4 | 20.5 | 9.8 |
| Ialoveni | 15.0 | 20.6 | 9.1 | 8.5 |
| Leova | 10.0 | 17.2 | 66.7 | 20 |
| Nisporeni | 9.9 | 22.3 | 59.1 | 14.6 |
| Ocniţa | 15.1 | 20.3 | 21.1 | 6.2 |
| Orhei | 9.5 | 17.6 | 5.3 | 1.0 |
| Rezina | 6.4 | 27.1 | 4.4 | 0.8 |
| Rîşcani | 14.4 | 20.1 | 0.0 | 0.0 |
| Sîngerei | 9.9 | 24.7 | 12.0 | 2.1 |

[67] Government of Republic of Moldova, Strategy for Development of Land Transport Infrastructure for 2007-2015.

| | Density of national roads, km/100 sq.km. | Density of local roads, km/100 sq.km. | Share of municipal public authorities with access to Internet | Share of employees in municipal public administration with access to Internet at their workplace |
|---|---|---|---|---|
| **Şoldăneşti** | 7.7 | 25.7 | 0.0 | 0.0 |
| **Soroca** | 9.2 | 28.2 | 17.1 | 4.6 |
| **Ştefan Vodă** | 7.1 | 19.4 | 26.1 | 8.9 |
| **Străşeni** | 17.3 | 19.4 | 11.1 | 1.9 |
| **Taraclia** | 10.2 | 20.9 | 20.0 | 3.1 |
| **Teleneşti** | 9.0 | 20.8 | 7.4 | 2.0 |
| **Ungheni** | 9.7 | 24.7 | 11.8 | 10.2 |
| **UTA Găgăuzia** | 10.8 | 11.7 | 25.0 | 4.0 |
| **Total** | 11.0 | 19.9 | No data | No data |

*Source: NBS, Ministry of Information Development and Telecommunications and our estimates for the roads density indicators;*

Obviously, underdeveloped physical and digital infrastructure is an essential argument against amalgamation of the administrative-territorial units. If the decentralization reform results in an inefficient system requiring frequent interactions between local authorities and citizens then it will not get the necessary support from the local stakeholders. This is because poor roads would increase the financial and time costs of citizens interacting with local public authorities, as these authorities become geographically more remote. A more streamlined set of communication and petition procedures (allowing for a wider official use of post and email) and a more customary use of modern technologies from the part of the citizens and public servants would substitute the need of citizens' personally meeting the public authorities.

## TRADITIONS AND CULTURE

Traditionally, even the small communities in Moldova would have a local public authority, either elected or nominated. But presently, only three 3 in 5 localities are run by a primaria (mayoralty) located in the same locality. In the recent two decades the social and cultural realities changed to a big extent. People are leaving Moldova looking for the economic opportunities abroad and therefore the 'local patriotism' is getting weaker. As people are presently looking for better public services rather than for being merely represented, we expect that an amalgamation of municipalities accompanied by compensatory/transitory measures would not engender negative social consequences. At the same time, in order to alleviate this risk, the remote/small communities should be fairly represented in the municipal elected and executive bodies.

## PURPOSES OF THE ADMINISTRATIVE-TERRITORIAL REFORM

Analysis has shown that the present administrative-territorial division is not economically efficient, particularly because of the high share and volume of administrative expenditures. In the rural communities of up to 1500 inhabitants the average administrative costs per resident are three times larger than the average for the communities having more than 5000 inhabitants. At the same time, the quality and quantity of the single most important public service provided by the local public administration (education) is not directly dependent on the local public administration but rather on the central government.

Another weakness of the current administrative-territorial organization (which is linked to the previous one) is represented by the low incentives for good human resources to enter the local public service. In small municipalities it is very difficult to find and hire well-trained specialists. Salaries paid are very

small, and working conditions are poor. The financial means saved in result of the reorganization of the system would allow increasing the attractiveness of this sector for the good specialists.

A 'sparser' public administration will also allow for the development of the private sector, because many services will have to be outsourced. For instance, provision of the food to the schools can be easily outsourced to specialized catering companies serving bigger municipalities.

At the same time, the administrative-territorial organization should not result in a weakened local democracy. Even the smallest and remotest localities of the bigger municipalities should be adequately represented at the municipal level, while the increased efficiency and quality of the public services provided should compensate the eventual losses in democratic representation.

## *ONE-TIER MODEL OF ADMINISTRATIVE-TERRITORIAL ORGANIZATION*

### BASIC ELEMENTS
One should assume that the existence of a local government tier is determined by the fact whether it is strengthened by electoral legitimacy, i.e. it has an elected council and an executive body. Other tiers that may exist, as we saw in Georgia's case, for example, are rather territorial extensions of the central government with oversight functions and centrally appointed officials.

A one-tier system of local government is quite hard to achieve. It seems to suit better to small countries where municipalities are connected to a large urban growth pole, usually the capital city, which overshadows the need for an additional planning layer at regional level. As shown in the comparative chapter, this is the case of the three Baltic States, Bulgaria, Cyprus, Luxemburg, Malta and Slovenia. Understandably larger territories need additional tiers for a better coordination. The main feature of a single-tier system is that municipalities are entrusted a significant amount of public services. For that reason they have to be large enough to produce scale economies and capacity to efficiently manage the decentralized services.

### DESCRIPTION OF THE MODEL
The process of elaborating the new administrative-territorial division with a single tier followed a three-step approach:

- At the **first step** threshold criteria were developed:
    - Residential settlement of the municipality (town or village) to have more than 1500 inhabitants;
    - Maximal travel distance from any locality to the residential settlement to be around 20 km;
    - Own incomes per capita of the eventual residential village to be more than the country's average;
    - Using population dynamics for the past 20 years as a proxy for choosing the residential settlement of best perspective;
    - This step ends by appointing possible residential settlements;
    - Settlement with different dominant nations should not be unified in one municipality[68];
- At the **second step** the boundaries were traced taking in consideration:

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[68] This criterion was taken in consideration in the southern part of the country in order to keep administrative boundaries of UTA Gagauzia untouched; possible ethnicity-based tensions are shown on the 'ethnic tension' maps.

- o Natural obstacles (relief, rivers, etc.);
- o Spatial coherence of the proposed units
  - ▪ more or less central position of the residential village/town within the unit;
  - ▪ good road connectivity of the settlements within the unit with residential village/town;
- o Economic power of the possible residential villages represented through Index of economic deprivation (extracted from the IDAM database of the Ministry of Economy);
- o Units coordinated by a developed town (so called "urban municipalities") were made larger than those coordinated by villages ("rural municipalities"). The reason is that a town is much more powerful in the organization of space and has enough capacity to administrate a larger unit with bigger population. At the same time, these larger units have better human potential and can serve as development poles and centers.
- **On the third step** we tested, adjusted and provided justification for the new schema of administrative-territorial division.

Tracing the boundaries was made bottom-up by aggregating present administrative-territorial units of the first level. The fact that the newly proposed boundaries coincide with current raions is explained by strong influence of the natural conditions (by vertical fragmentation of relief, by watersheds and rivers) as well as by inertia of the settlement system that follows the paths traced by Soviet administrative-territorial structure.

*In result of applying these criteria, the number of municipalities under the one tier model equaled 113 units, including units, including Transnistria and Bender municipality as two separate entities. The resulting one-tier model of the model of the administrative-territorial division of the Republic of Moldova is represented in the Map 11. The relative majority of the new municipalities (47%) will have 10-20 thousand inhabitants, while those of 20-30 thousand will represent 21% (Figure 21). Because of the geographic conditions, an important part of the municipal settlements will have less than 5 thousand people with most of municipalities being composed of 15 to 20 settlements (Map 12). Some of the new municipalities will cut the borders of the today's development regions, and would result in adjustments to the Law on Regional Development. The proposed model tried to consider the ethnic composition of the population so that the resulting municipalities are as homogeneous as possible (*

Map 13).

FIGURE 21. DISTRIBUTION OF MUNICIPALITIES BY DEMOGRAPHIC SIZE, THOUSAND PERSONS
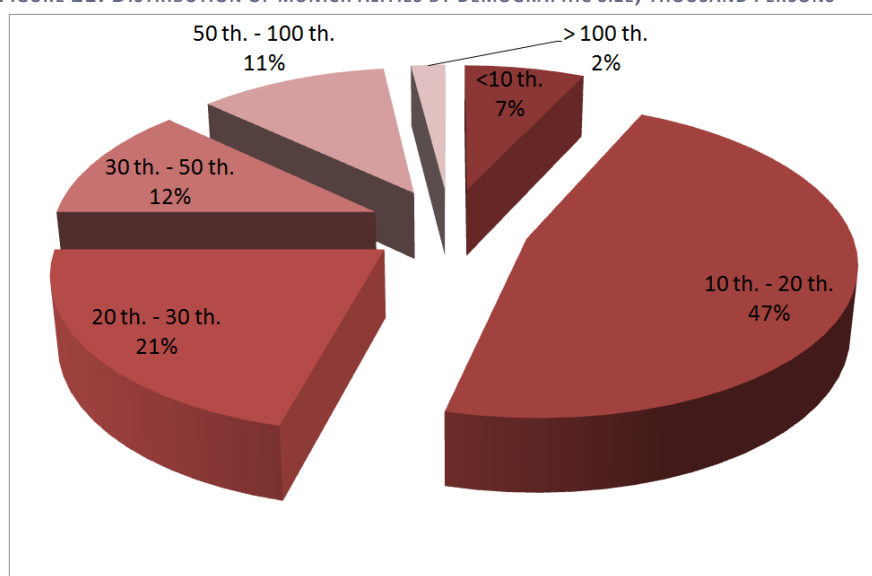


*Source: authors calculations;*

Source: see 'Sources of information for maps' section;

**Demographic size
of residential settlements
thou. pers.**

- ·   < 5
- •   5 - 10
- •   10 - 20
- •   20 - 30
- •   30 - 40
- •   > 100

☐   National boundary
☐   Regions of development

**Number of settlements
in municipality**

- 1 - 5
- 6 - 10
- 11 - 14
- 15 - 20
- 21 - 40
- 41 - 45
- no data

0   12.5   25      50 km

*Source: see 'Sources of information for maps' section;*

Share of Moldavians

- < 40%
- 40 - 70%
- 70 - 80%
- 80 - 90%
- 90 - 95%
- > 95%

Share of other nationals > 40%

- ukrainians
- russians
- gagauzians
- bulgarians

- no data

- National boundary
- Regions of development

Notes. Numeric figures are for reference only
Moldavians are presented by newly proposed units.
Other nationals are given by current units

0    12.5    25         50         75 km
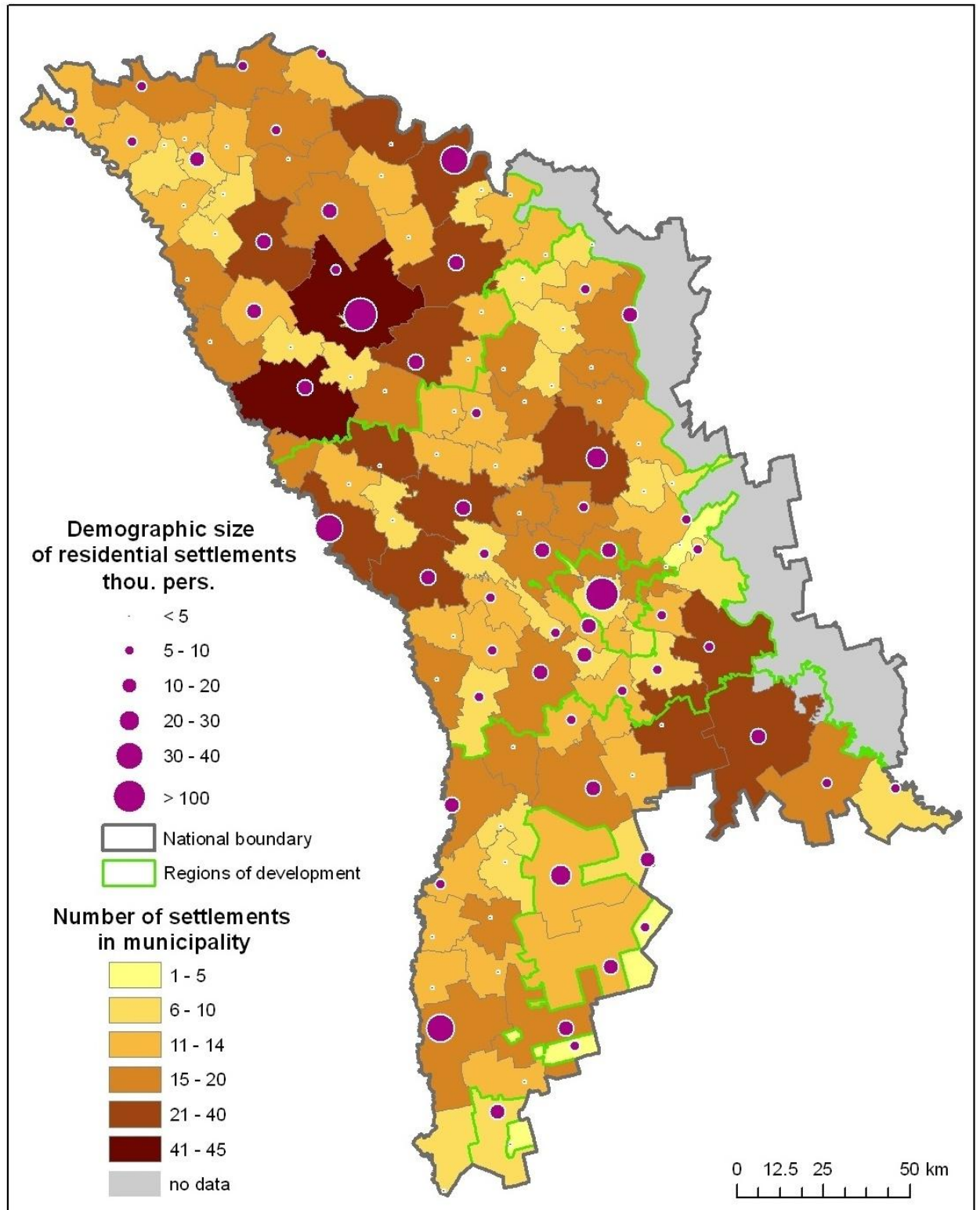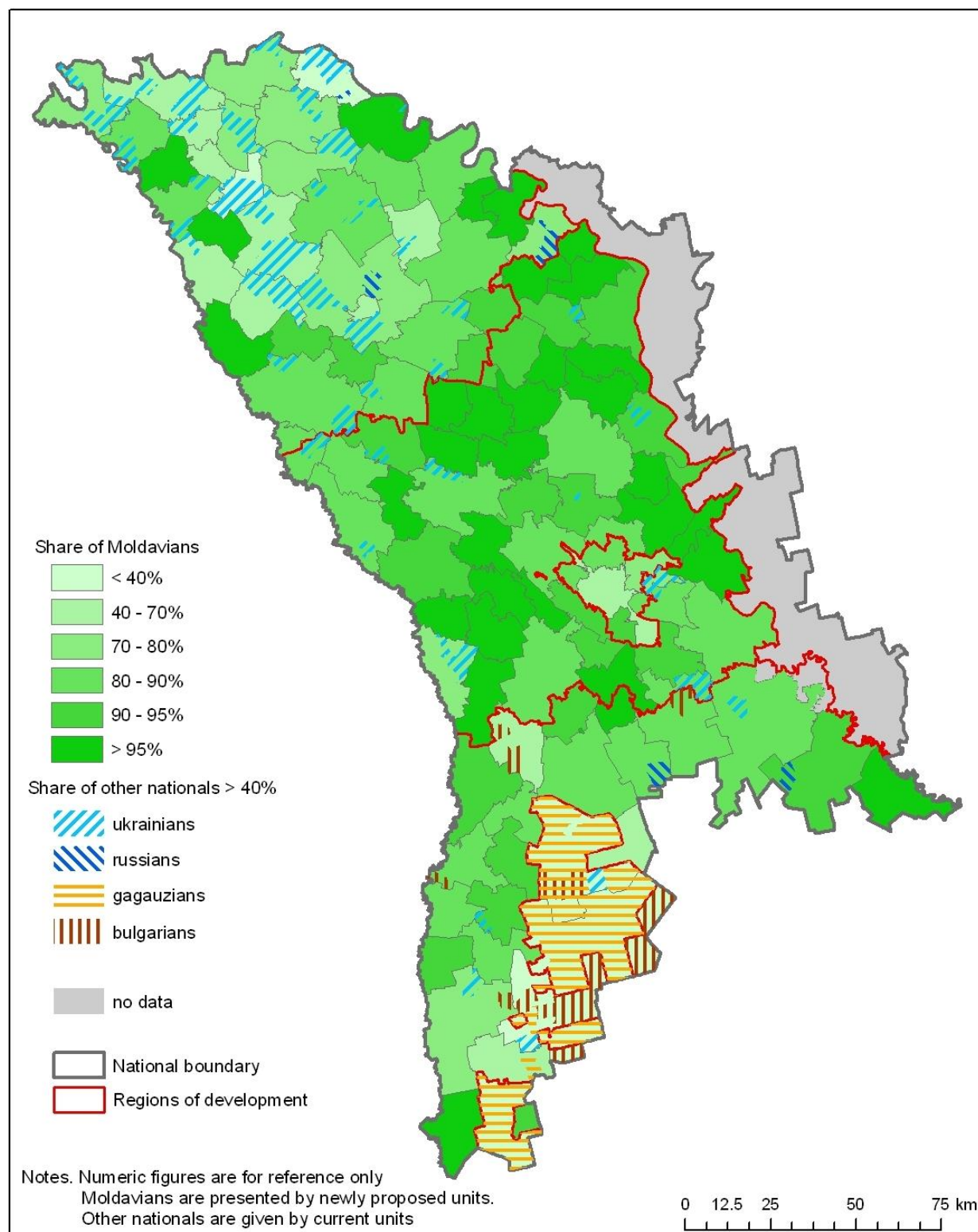
*Source: see 'Sources of information for maps;*

## PROPOSED FUNCTIONAL DESIGN

In broad terms, for Moldova a single-tier system would mean a radical decrease in number of municipalities. Basically there will be two types of municipalities: *(i) rural* – with several villages surrounding a larger rural settlement, and, *(ii) townships* – with rural settlements amalgamated in a municipality around a town. They would have elected councils and mayors but electoral system will have to be changed so that every settlement within a municipality is represented in the local council.

Also, mayoralties' staff should be organized so that there is a permanent link between residents of settlements and local public authorities and services are brought as close as possible to citizens. Generally, the new system should allow that inhabitants do not have to move to the settlement-residence of the mayoralty/town hall more often than they are moving now: according to the results of the sociological survey, about 45% of the population visited in the last 12 months the primaria, with an average number of visits of 3.3 times. In the ideal case, they actually should be moving less, to maintain the total private costs of interactions with public administration largely unchanged.

There would be a standard set of functions that applies to all local governments (type I, see the list below) and another list of functions that implies provision of services that require larger catchment areas, which would be assigned to larger towns only (type II). This does not necessarily mean raions would disappear. They would continue to exist, in a smaller number, as districts for centrally deconcentrated services. This choice allows for the constitutional provisions to be observed.

***Own functions for all local governments – type I***

- Urban planning and local green spaces management
- Building and maintenance of kindergartens, elementary and vocational schools
- Social protection
- Water supply/sewage
- Waste collection/management
- Local public transport
- Streets, local roads
- Streets lighting
- Development of local heating and gas supply networks
- Agricultural market and commercial spaces maintenance and management
- Local cultural, youth, sport, recreational events and infrastructure
- Cemeteries

Inter-communal cooperation will be legally encouraged as well as integration and regionalization of infrastructure maintenance units – water supply, waste, gas supply, roads and others.

***Own functions for all local governments – type II***

- Regional roads and infrastructure
- Social assistance and social care institutions
- General healthcare institutions
- Upper-secondary education (pre-university education)
- Emergency services

These functions will be carried out for a cluster of municipalities around a major town by the local government of the *townships* municipalities. The relationship between the *township* and the surrounding municipalities is of cooperation nature and does not imply subordination.

## Proposed financial design

***Local taxes and fees system***

One tier model could use the existing structure of **local taxes**. The Tax Code Title VII allows local authorities to use each of local tax within approved list at the rate but not more than is indicated. Also,

local councils could add tax exemptions to those foreseen in the mentioned Code. The biggest problem here is with the list of the taxes that local public authorities cannot influence, even in situations when there is certainly a case for a new local tax. Therefore, it would be right for the national legislation to accept local public authorities as subjects allowed to come up with legislative initiatives in areas of their interest.

As for the *local fees*, the local public administration should be entitled to approve fees for the local service delivery, their levels based on cost-benefit analysis and conditions for collecting them.

*Other own revenues* (private tax, payroll tax), is currently decided by the central government. The reform should allow local authorities to influence more these taxes, in special, when it comes to tax exemptions which may happen to be unilaterally approved by the government without consulting local authorities (a relevant example is introduction of a zero-rate tax on corporate reinvested income in January 2008, a decision which has dramatically weakened the local authorities' tax base).

## Shared revenues

The list of shared revenues should be updated. Now only income tax and road tax are shared revenues. If the government will include in this list VAT or excises, we may expect the lower level of transfers from the state level and bigger share of these revenues in local budgets.

## Fiscal equalization

The decentralization steps implemented during the past years in different countries (and Moldova's own experience) emphasizes the importance of adequate fiscal equalization in administrative reform. Stricter sets of budgetary rules tend to discipline national fiscal policies and limit the discretionary role of central government while responding to the needs of local governments with financial difficulties.

The reform should be oriented towards two areas of intergovernmental fiscal relations, vertical equalization and horizontal one.

### Vertical equalization

Equalization is needed for managing vertical imbalances between expenditure and revenues among different levels of government. By means of this equalization the first tier local authorities are insured with sufficient resources for service delivery which are commensurate with the approved own and delegated responsibilities. The overall sum of local revenues should be in line with the functions managed locally. More specifically, local governments with different functions (for example, large urban municipalities vs. rural municipalities) should have access to different revenues.

These conditions could be met via **revenue equalization**. This means that the equalization scheme should target the differences in the revenue capacity (base) of different local governments. The complicated work here is related to the identification of the revenue type which needs to be incorporated into the equalization scheme. There are some requirements that need to be managed while establishing such a system:

- To take as many local revenues as possible into the scheme; this will make the model very comprehensive;
- All these revenues should represent the local own source revenues proportionally, which determine the standard or average revenue;

- If the local authority is below the standard revenue (national threshold) it should be compensated. The problem is at which extend should it be compensated – either the entire difference or only a part of it (could be established as a percentage to the average). Otherwise, the local authority will be forced to levy taxes at least at the average level in order to compensate the difference;
- The effect will be seen if the local governments will have discretion over the tax rates for own revenues.

International practice shows that VAT is the best candidate for equalization despite the fact that local governments have no discretion over the tax rate. In some Balkan countries small business tax, simplified profit tax, vehicle tax, property taxes are part of the national threshold.

*Horizontal equalization*

Horizontal imbalance appear when the differences in expenditure needs and revenue-raising capacity varies across similar types of local governments. Usually this is a subject of **expenditure equalization.**

Here as well several conditions need to be met:

- The necessity to provide the minimum level of mandatory public services;
- The necessity to justly identify differences in the functions; and
- The need to correctly determine the unit cost.

Indeed, the local governments operate in different conditions such as geographic specific, in the less populated area, in more remote communities etc. These specific conditions should be compensated for higher spending needs. More resources are needed for additional services or for specific factors which are not common to every local public authority. This is particularly important for a country like Moldova, where the most local governments are rural establishments and is characterized by big differences in the real unit costs. Also specific compensations may be needed for the big cities that provide services for the neighboring local authorities.

At the same time there are other factors which should not be taken into consideration during the design of fiscal equalization schemes. Management inefficiency should not be compensated (a relevant example is the secondary education in Moldova, with some settlements having the ratio teacher/ child close to 1:1). Differences in local service preferences and divergent local service management capacities should not be compensated by the equalization transfers. Variations in administration costs could influence the amalgamation of smaller mayoralties. It could cause the improvement of service delivery at better quality with lower price. The smaller the share of administration costs, the bigger the amount left for fulfillment of other functions of local governments, including investment into the communities development.

Consequently, the equalization in a country with many local governments suffering of low economic capacities could be done via revenue equalization in combination with expenditure equalization. Revenue equalization formula should support the development of local economic development (perhaps will include the changes in income tax levies). From another side, the expenditure formula should foresee the spending for the delegated functions and new approach to the per capita costs.

*Access to the capital market*

The leading role in community development stays with investments. The new legal framework should allow the local governments to borrow from the bank system under very clear procedures. The current provisions should be extended to the lower level of public administration, in special, when it comes to issuing of the municipal bonds.

SWOT ANALYSIS OF THE PROPOSED ONE-TIER MODEL OF ADMINISTRATIVE-TERRITORIAL ORGANIZATION

| Advantages of the proposed model | Disadvantages of the proposed model |
|---|---|
| <ul><li>A clearer division of competences between local and national authorities;</li><li>Simpler 'vertical' decision making will be possible to implement at local level, as all decisions will be taken by a single (municipal) authority, and not by two authorities (raions and primaria), which is often the case today;</li><li>The proposed one-tier model has a significant positive fiscal impact, as it directly reduces 3 times the operational costs of the local public administration: from MDL 320 million (effective) to MDL 100 million (simulated) for 2008;</li><li>Additional direct savings (difficult to estimate) will be achieved by 'reconversion' of the current districts into districts of deconcentrated services;</li><li>Indirect savings will be achieved by reducing costs of interactions between the relevant central level authorities (such as Ministry of Finance) and local authorities;</li><li>Larger municipalities, endowed with better human and technical resources, will have more capacities in planning and driving local development, and attracting and managing external funds (coming from national and international donors);</li></ul> | <ul><li>Larger distances to the municipal center will increase (estimate, by 4 times) the private costs of interacting with local public administration;</li><li>There will arise more difficult horizontal political negotiations within the municipality;</li><li>The new model may weaken local democracy, with decreased participation in local elections and lower level of interest of people on local and regional politics;</li><li>Women will be more affected than men by the changes, as women represent a bigger share of local public servants;</li><li>Reduction in number of local public offices will result in reduction of jobs in the public sector, which may not find immediately occupations in the private sector;</li><li>New model can result in lower quality of services in remote/small communities, especially in case of labor-intensive services (such as police, cadastre);</li><li>As the proposed model 'takes primaria away' from the citizens, initially there will be social opposition against the new administrative-territorial reform, mainly in the settlements losing administrative status;</li></ul> |
| Opportunities | Risks |
| <ul><li>Savings accumulated as result of implementing the new model (almost MDL 1 billion for a four year mandate of local elected officials), can be used to increase the salaries of the local public servants and thus to increase the attractiveness of the public service;</li><li>Another opportunity of using the accumulated savings is to make grants to the communities amalgamating voluntarily to be invested in local projects, with</li></ul> | <ul><li>Similarly, there can be a corporate resistance from local elected officials that will lose their positions, with political consequences;</li><li>If no inter-communal cooperation is developed, there will less or no benefits from scale economies, externalities and redistributed revenues;</li><li>If no changes are made to the Electoral Code, the proposed one-tier model can result in political underrepresentation of</li></ul> |

| | |
|---|---|
| priority being given to the projects improving intra-municipal connectivity (local roads, buses, telecommunications, Internet);<br>• Larger budgets will increase municipalities borrowing power as well as their capacity to provide co-funding for large community-based infrastructure development projects;<br>• The model will strongly facilitate developing of the spirit of independency among local authorities and civil society; | the small and remote communities in the municipal bodies;<br>• Increased distances and weaker sense of affinity can result in lower level of public responsibility of the mayors and councilors;<br>• Successfulness of the model is highly sensitive to the level of development of the e-government (the share of services provided remotely);<br>• Unclear differentiation between the functions of type I and type II, without appropriate financing, can highly increase the inequalities in the level of development of the newly created units;<br>• Poor quality of road infrastructure and inappropriate organization of public transportation can lead to the failure of the reform; |

## TWO-TIER MODEL OF ADMINISTRATIVE-TERRITORIAL ORGANIZATION

### BASIC ELEMENTS

The second tier of any administrative-territorial system performs functions that require a larger catchment area (e.g. healthcare, regional roads and infrastructure), i.e. those services that are characterized by economies of scale and externalities,[69] while municipalities have responsibilities of a local nature. The most of EU Member States have opted for a two or a multi-tier system.

The often mentioned advantage of two-tier systems is that they may help to achieve a better balance between economies of scale and externalities on the one hand, and redistribution of income and accountability, on the other hand.[70] The disadvantages are that in a single tier system there is only one political body to make taxing and spending decisions. Thus there would be less accountability in a two-tier system and it would slow down the decision-making process which brings delays in implementing development projects. Another criticism which is often mentioned comes from duplication of functions among different tiers of local government.

Besides larger countries, which in most cases apply a multi-tier system for a better coordination, this system is suitable for a situation where municipalities are quite weak to immediately undertake a significant burden of responsibilities and their territorial consolidation is not a feasible solution for the moment. Again, as in the single-tier model, the catchment areas for the deconcentrated services of the central government may or may not be the same as the second level administrative-territorial units.

### DESCRIPTION OF THE TWO-TIER MODEL

Criteria used for establishing new boundaries of the administrative-territorial units of the first level for the two-tier model were the following:

- Demographic criteria
  - Minimal size of the municipality – 5000 inhabitants

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[69] When residents of a jurisdiction benefit from a service of a different jurisdiction.
[70] This is possible if the upper-level is entitled to levy taxes from municipalities; see Slack, 2003.

- o Maximal size of the municipality created by amalgamation – 10 000 inhabitants;
- o Minimal size of the municipality's residence settlement – 1500 inhabitants;
- Distance threshold
  - o Maximal distance between residence settlement and the most distant village in the given municipality should not exceed 10 km;
- Ethnic criterion
  - o Settlement with different dominant nations should not be unified in one municipality[71];

The resulting division of the country under the two-tier model is presented in the Map 14. A detailed correspondence between the current administrative-territorial units of the first level and the newly created under the proposed model is provided in Annex 2.

For ethnic, geographic and connectivity reasons it was not possible to apply uniformly the demographic criteria, but the share of exceptions was minimized to 11% of the total municipalities. Also, the ethnic criteria were applied only to those cases that are expressly stipulated in the Constitution. They were not applied in those other cases where demographic and economic efficiency criteria did not allow for, such as in case of some areas in the Northern region, where Ukrainian and Moldovan villages are compactly intertwined. In any case, we expect that the final division – if this model is accepted – will be an outcome of the political negotiations between the central government and local stakeholders. The Map 15 spots potential areas of tensions between representatives of different ethnic groups.

As for the second tier, no specific criteria have been considered, but the existing Development Regions are proposed to become administrative regions. (At the same time, small revisions of the administrative borders of the regions will be necessary in order to reflect the changes occurred as result of amalgamating localities belonging to different development regions in a single new municipality).

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[71] This criterion was taken in consideration just in the southern part of the country in order to keep administrative boundaries of UTA Gagauzia untouched; in other parts of the country we suppose negotiations on the case-to-case base. Possible cases of this kind are shown on the 'ethnic tension' maps.

The list of the new units is given in Annex 2

*Source: see 'Sources of information for maps' section;*

Share of Moldavians

- < 20%
- 20 - 50%
- 50 - 80%
- 80 - 95%
- > 95%

Share of other nationals > 40%

- ukrainians
- russians
- gagauzians
- bulgarians

- no data

- National boundary
- Regions of development

Notes. Numeric figures are for reference only
Moldavians are presented by newly proposed units.
Other nationals are given by current units

0    12.5   25          50          75 km
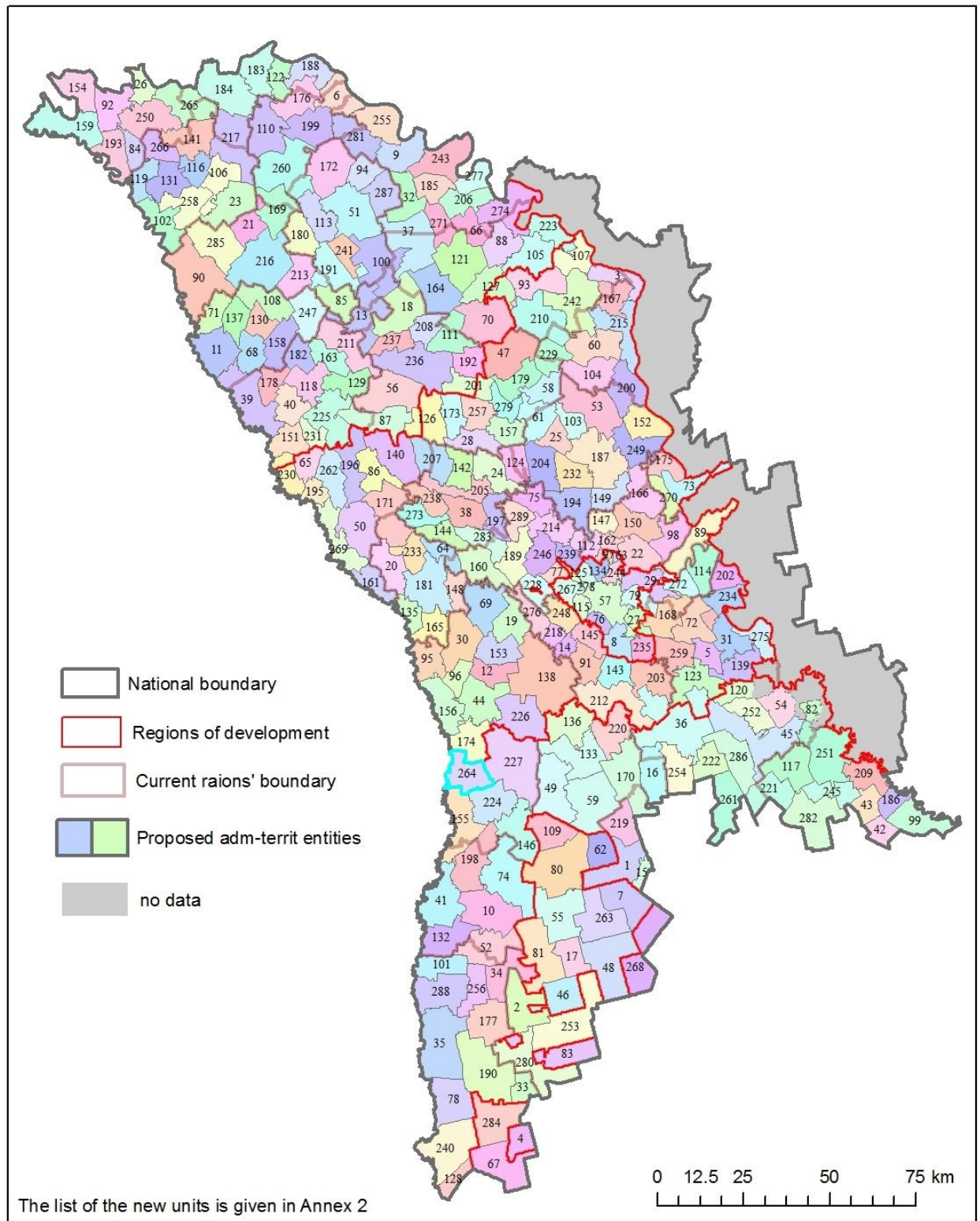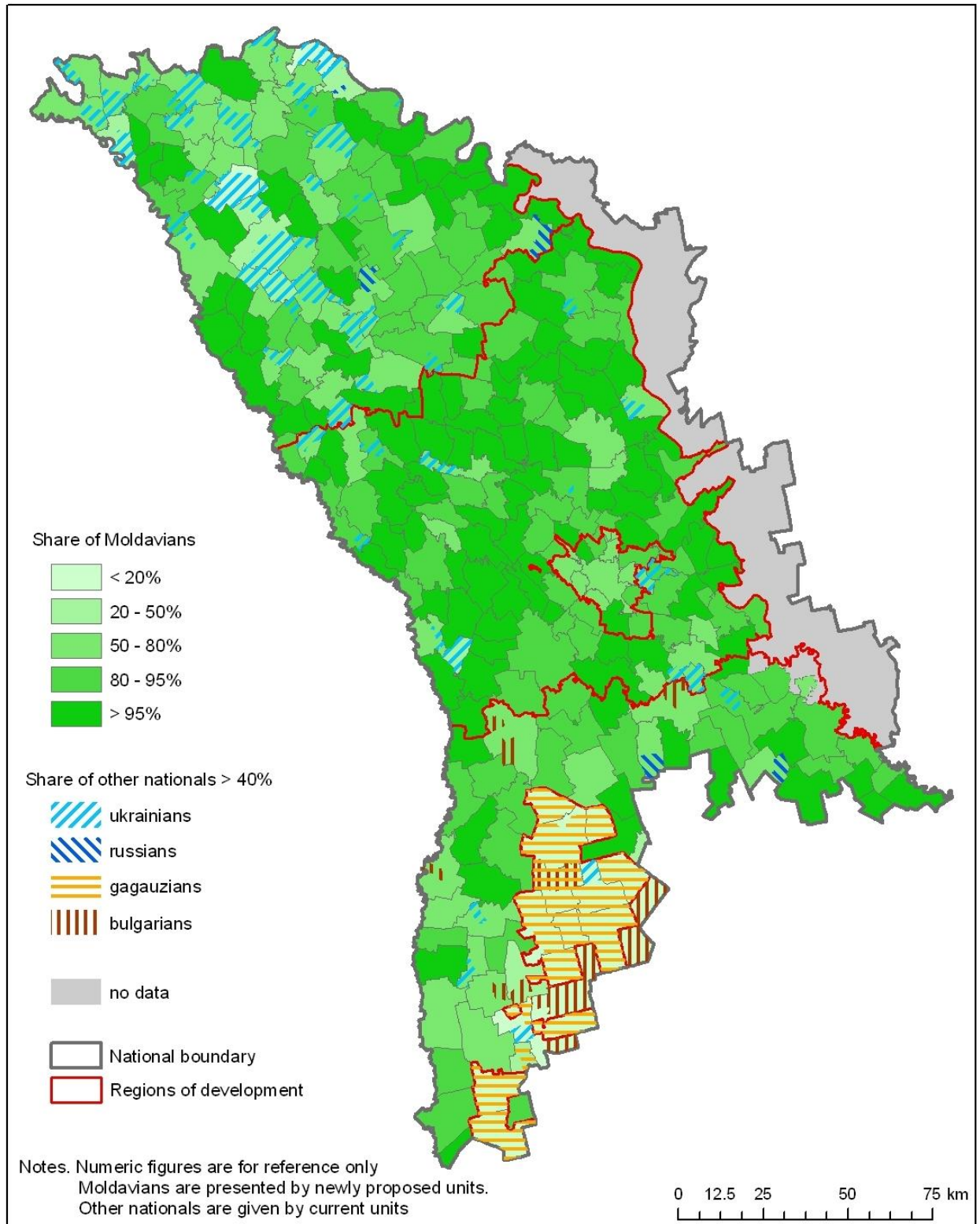
*Source: see 'Sources of information for maps' section;*

In result of modeling this administrative-territorial division (not covering Transnistrian and Bender municipality), 289 municipalities emerged with the average size of a municipality of 11850 residents (Table 20). The average size of the rural municipality is about 7300 residents. As shown in Table 21, most of the municipalities would fall in the category of 6-8 thousand residents.

TABLE 20. AVERAGE SIZE OF THE MUNICIPALITIES UNDER THE TWO-TIER MODEL

| Average population per municipality | residents |
|---|---|
| total population (Balti and Chisinau included) | 11849 |
| total population (Balti and Chisinau excluded) | 9281 |
| rural population | 7298 |

*Source: authors' calculations;*

TABLE 21. AVERAGES POPULATION BY GROUPS OF MUNICIPALITIES UNDER THE TWO-TIER MODEL

| Population groups, thou. pers. | number of municipalities | average total population, pers. | average rural population, pers. |
|---|---|---|---|
| < 4 | 12 | 3437 | 3451 |
| 4 - 5 | 21 | 4565 | 4493 |
| 5 - 6 | 47 | 5533 | 5533 |
| 6 - 8 | 74 | 6852 | 6834 |
| 8 - 10 | 44 | 8785 | 8584 |
| 10 - 12 | 45 | 10781 | 9949 |
| 12 - 20 | 28 | 15303 | 8300 |
| 20 - 50 | 16 | 28712 | 8619 |
| > 100 | 2 | 380314 | 8158 |

*Source: authors' calculations;*

TABLE 22. DISTRIBUTION OF MUNICIPALITIES BY NUMBER OF SETTLEMENTS UNDER THE TWO-TIER MODEL

| number of settlements per municipality | number of municipalities |
|---|---|
| 1 | 21 |
| 2-3 | 77 |
| 4-5 | 73 |
| 6-7 | 60 |
| 8-9 | 27 |
| 10-14 | 27 |
| 15 and more | 4 |
| total | 289 |

*Source: authors' calculations;*

TABLE 23. DISTRIBUTION OF MUNICIPALITIES BY AREA UNDER THE TWO-TIER MODEL

| area, sq km | number of municipalities | average total population, pers. | average rural population, pers. |
|---|---|---|---|
| < 50 | 22 | 7516 | 6060 |
| 50 - 70 | 48 | 6863 | 5473 |
| 70 - 90 | 57 | 6962 | 6172 |
| 90 - 110 | 48 | 8503 | 7030 |
| 110 - 130 | 39 | 24791 | 7500 |
| 130 - 150 | 26 | 16151 | 9273 |
| 150 - 200 | 37 | 13265 | 9732 |
| > 200 | 12 | 20590 | 10357 |

*Source: authors' calculations;*

On average, each new municipality would incorporate 5.4 existing municipalities (see more details in Table 22). The average territorial size of the new municipalities will be around 104 sq.km., with only 22 municipalities spanning areas smaller than 50 sq.km (Table 23).

PROPOSED FUNCTIONAL DESIGN

On the institutional design, both levels of local governance would need to have elected local and respectively regional councils as well as executive bodies. It is highly recommended that the electoral

system is designed in such a way that ensures representation of all municipalities in the regional council and of all settlements in the local council.

The key decision to make with respect to this model of local governance is to efficiently allocate responsibilities among the two tiers. It is proposed that the main rule for distribution of functions should be as follows. If a function involves income redistribution, externalities and economies of scale, it should be assigned to the upper tier. If it provides local benefits only – the lower tier should be responsible.[72] According to this principle, the following allocation of own responsibilities and subsequently of expenditure is proposed:

*Municipality level*

- Urban planning and local green spaces management
- Building and maintenance of kindergartens, primary and lower-secondary schools (gymnasiums)
- Primary social protection services
- Local public transport
- Streets, local roads, bridges, sidewalks
- Streets lighting
- Development of local heating and gas supply networks
- Agricultural market and commercial spaces maintenance and management
- Local cultural, youth, sport, recreational events and infrastructure
- Cemeteries

*Regional level*

- Regional roads and infrastructure
- Regional public transport
- Upper-secondary education (lyceums, vocational schools, colleges)
- Emergency services
- Water supply/sewage
- Waste collection/disposal
- Regional land use planning
- Regional tourism
- Regional economic development

The two-tier model as proposed above suits better to Moldova's current stage of local governments development. As in a short term it will be difficult to achieve large enough municipalities, there is a need for the second tier. As mentioned above, it is proposed that the development regions as designed by the Law on regional development from December 2006 (Center, North, South, Chisinau, ATU Gagauzia and Transnistria) are assigned the responsibilities of the second level. Thus, duplication of planning and development efforts as well as waste of additional resources will be avoided. The three regions – Center, North and South may be labeled *raions,* so that the constitutional provisions are observed. On the decision of the central government, the districts for deconcentrated services provision could be enlarged and even reach the size of the six development regions.

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[72] Slack, 2003.

The two tier model foresees sharing the responsibilities between both of local public administration levels. In this model is very important to delegate functions which need to be covered with financial support from one level to another level. Also, it is highly important to establish a clear list of budgetary revenues and expenditures generated/spent at each level of local public administration.

### *Local taxes and fees system*

Two-tier model could use the existing structure of the **local taxes**. The problem here is that the second level of local public administration does not generate revenues. This situation usually is solved via equalization mechanisms between level one and level two (see below) and level two and central government.

Regarding the **local fees** – the legislation should foresee in what budget level each fee is paid. The law should allow both levels to approve fees for the local service delivery.

**Other own revenues** tax base (private tax, payroll tax) should remain only with the first level. The law should allow local authorities to influence more these taxes, in special tax exemptions.

### *Shared revenues*

The list of shared revenues should be updated. Now only income tax and road tax are shared revenues. These taxes should be shared between first and second level of local public administration. The VAT or excises should be shared between second level of local public administrations and central government. In this case all own revenues generated at the first level remains there.

### *Fiscal equalization*

The services deconcentrated from the central level should be financed from funds received via equalization. The central level government should foresee **earmarked 'gap-filling' transfers** if shared revenues are not sufficient. These transfers are only *for the second level of local public administration*. The expenditures will be calculated based on individual decision for each of appropriation line. The revenue, from another side, will be forecasted separately, based on current legal framework. As a result formula will be almost the same that is in place now:

$$Transfer = Expenses - Revenues$$

*For the first level of local public administration* the equalization will have a separate financial design. The calculations need to be done in the same manner as for the one tier model – general grant and revenue equalization.

The general grants should provide for:

- Local decisions on expenditures levels. All expenditures should be accepted, so that Revenues + Grants = Expenditures
- Autonomy for LPA to generate and withhold revenues

This type of grants provide bigger autonomy in local budget expenditure planning and create incentives for local own revenue rising. Under this model grants are allocated from the central level via service-related indicators and there are no limitations on local spending.

Indicators used for general grants calculations should include: number of population, age groups, beneficiaries or users of the local services, etc.

***Access to the capital market***

The provisions from the Law on local public finance[73] allow both local public administration levels to borrow funds from the upper budget level and private bank sector and issue securities. The problem is with assurance the revenue side of the budget. They have not sufficient funds for guaranteeing its obligations. If the new legal framework allows local authorities to increase their revenues base, the problems with access to the capital market will be less severe or disappear.

SWOT ANALYSIS OF THE PROPOSED TWO-TIER MODEL OF ADMINISTRATIVE-TERRITORIAL ORGANIZATION

| Advantages | Disadvantages |
|---|---|
| <ul><li>The proposed model of municipal amalgamation will result in savings of about 50% in operational costs at first level of local public administration: from MDL 320 million (effective) to 170 million (simulated for 2008);</li><li>Replacement of the current system of raions with the Development Regions (proposed to be named raions for the constitutional provisions to be observed) with administrative competences will result in a reduction of operational costs at second level of about 5-6 times: from MDL 83 million (effective) to MDL 17 million (simulated for 2008);</li><li>The proposed two-tier system is more adequate than the one-tier model to achieve a better balance between economies of scale and externalities on the one hand, and redistribution of income and accountability, on the other hand;</li><li>The two-tiers model is more suitable to provide the necessary coordination of the regional development as Moldova municipalities are administratively and financially weak to undertake more responsibilities;</li><li>The increased financial capacity at regional and local level will attract better human resources and graduate students of regional universities may chose to remain in the region;</li><li>Three times increasing the size of</li></ul> | <ul><li>The system will be more cumbersome and thus slowing decision-making and implementation;</li><li>The level of public responsibility of the elected and executive bodies at regional level will be lower than in case of raions;</li><li>The local authorities will be more dependent on state subsidies and will be less successful at attracting and administrating external funds;</li><li>The local authorities will not have enough capacity to negotiate with regional economic actors;</li></ul> |

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[73] Art. 13-17, Law on local public finance nr.397-XV dated October 16, 2003 with all approved changes, published in Official Monitor nr.248-253/996 dated December 19, 2003.

| Opportunities | Risks |
|---|---|
| municipalities at the first tier represent a balance between economic efficiency and proximity of local authorities to the people. This model is also close to the optimal values of our econometric analysis; | |

| Opportunities | Risks |
|---|---|
| • A milder reduction in number of primarias (three-fold) than in case of the one-tier model and smaller distances between the municipality residential settlements and other settlements will engender less social and political resistance;<br>• Bigger second-tier administrative-territorial units will make Moldova eligible for participation in a number of European Union regional programs and will make the Moldovan regions to be same-level partners for cross-border initiatives with Romania and Ukraine;<br>• The possibilities to benefit from scale economies generated as a result of regionalization of public services that were previously carried out at small municipality or rayon scale will encourage private investments in public services and will develop public-private partnerships<br>• Dividing the country's territory in few administrative-territorial entities at the second tier will allow creating of the poles of development counter-balancing the capital city. In such a way, the model will contribute to diminishing the discrepancies between the capital and the rest of the country; | • It will be difficult to avoid the duplication of functions among the three-tiers of governance (national, regional, local);<br>• If no clear criteria is provided, redistribution of revenues among municipalities of the bigger raion may become a highly politicized exercise; If too much power is concentrated at the upper tier of local governance, one may encounter a tendency for recentralization at the regional level and a decrease in local autonomy at the municipality level;<br>• If the territorial reform is not accompanied by a functional decentralization of state functions to the first level, the social pressure will increase as the new system will generate more private costs for travelling to the regional centre;<br>• Resistance of the local elites against amalgamation in certain cases can be more successful due to quite small difference between old and new units;<br>• Less radical changes in administrative-territorial division can result in inappropriate redistribution of functions;<br>• Due to relatively small size of the municipalities at the 1$^{st}$ tier the idea of creating self-sufficient local communities is highly threatened that can lead to dissatisfaction in the reform; |

## INTER-MUNICIPAL (INTER-COMMUNAL) COOPERATION

### BASIC ELEMENTS

Inter-municipal cooperation (IMC) means association of two and more municipalities for a shared provision of public services. It is an alternative remedy to territorial fragmentation in countries where there is a strong resistance to municipal amalgamation reforms. The need for such an initiative could arise from the financial constrains and limited capacity of small municipalities to efficiently provide public services that employ scale economies or generate externalities (education, health, water supply, waste management, culture, emergency services, public order, environmental protection, tourism and many others). The advantage of the IMC is that it allows for local autonomy to be preserved, especially in relation to expenditure and taxation. The most fragmented administrative-territorial systems in Europe featured in the first chapter (Czech Republic, France, Hungary, Slovak Republic) felt the pressure

to try various models of IMC. In a way, IMC is a hidden and incomplete form of amalgamation. It could be only perceived as a particular model of local governance in territorially fragmented countries where amalgamation reforms for the time being seem unimaginable.

## POTENTIAL FORMS OF INTER-MUNICIPAL COOPERATION

The fact that IMC is often perceived as a solution to territorial fragmentation does not necessarily mean it occurs between small municipalities only. Quite often large municipalities may also have significant benefits from such cooperation. Amalgamation and inter-municipal cooperation are not mutually exclusive. For Moldova, in either of the two possible situations: implementation of one of the abovementioned models (a single or a two-tier system of local governance) or preservation of the *status quo*, ICM should be strongly encouraged. It may prove to be a difficult task though. Although recommended and promoted by donors, voluntary IMC has never been a widespread phenomena. In particular, the post-soviet space does not feature highly successful examples of IMC. Among other factors, an indispensable precondition for IMC is mutual trust among the involved municipalities, which seem to be a problem for the most of Central and Eastern European countries.[74]

Incentives for IMC could be either voluntary and stimulated or bottom-up and top-down. As Moldova does not have established traditions of IMC, leaving the incentive for cooperation at the total discretion of municipalities may not be a wise decision. For example, traditionally it is considered and legally allowed that every municipality should have its own municipal enterprise on water supply. Evidently, this does not allow benefiting from scale economies if within a very close distance there are several municipalities with their own water supply enterprises, everyone having their own management units and staff and being financially insolvable.

Definitely, there should be an IMC-friendly legislative framework that stimulates establishment of inter-municipal unions. However, it should be noted that although clear rules and guidelines may help avoid conflicts and encourage successful models based on best practices, overregulation and restrictive legal framework could be harmful to freedom of municipalities to enter common service provision agreements. It is therefore recommended that any legal provision that may presumably be essential for the success of IMC is preventively tested by means of pilot projects.

The multitude of IMC forms could be divided into two large groups that capture the essence of this cooperation:

- *Service agreements* – where a municipality provides public services for a larger catchment area including geographically adjacent municipalities (this model is described in the one-tier model section). For example, a municipality can extend its waste management service to the neighboring local government in exchange of a per user fee;
- *Joint enterprise* – where several municipalities form an enterprise – legal person – to provide a certain type of services for its founders. Normally, every founding municipality should have a share in the enterprise.

Within these groups the IMCs can be single or multi-purpose and may be a onetime project-based initiative or a long-term agreement between geographically adjacent municipalities. Other forms of IMC are mostly informal and may be created, for example, for experience and best practices exchange of

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[74] Swianiewicz, 2010, in Swianiewicz (ed.), 2010.

information. In some cases, were legislation is restrictive, it may be judicious to create an NGO that would provide a specific service (a social care house, for example) for several local governments.

### POTENTIAL DIVISION OF ADMINISTRATIVE COMPETENCIES

As pointed out by researchers, the interest of local politicians on involving in IMC initiatives often depends on the level of decentralization.[75] In other words, whenever the local governance system is centralized, even small municipalities may not have convincing reasons for initiating cooperation with neighboring communities, simply because the amount of functions assigned to local governments does not allow this. Whether a decentralization reform is implemented, and the local autonomy increases, local governments may start feeling the pressure of the need for larger capital investments in services infrastructure, which have previously been carried on by upper levels of local government or even by the central government. This pressure determines local governments to seek for a better return of investments and thus to look for alternative ways of a better use of limited budgetary resources, being that inter-municipal cost and equipment sharing (e.g. school buses, waste management vehicles, water pipelines etc.) or benefiting from collaborative scale economies. Services that typically feature significant scale economies are listed under the functions to be performed by the upper level of local governance in the two-tier model described above.

As the Moldovan local governments perform mostly representative functions, the models of IMC that are based on shared administrative services should be closely examined. These models allow constituent municipalities to retain their identity and local autonomy, while merging administrative staff and resources for providing services for a larger area (for example, administrative-paper issuance services, notary, public procurements, accounting, HR management, licensing and authorizations issuance etc.). Such collaborative initiatives would have joint boards or inter-municipal councils and common steering committees. Understandably, competencies of these cooperation mechanisms may not exceed the functions assigned to the founding local government, except for the cases expressly provided by law.

There are three important aspects to consider when determining the functional design of IMC. First, the multiple IMC models are not mutually exclusive.[76] Local governments should not be limited in choosing from this multitude, thus allowing for early identification of the best organizational frameworks suitable for Moldovan municipalities. Secondly, local governments should be flexible in choosing their partners and the number of IMC initiatives they can participate in. Participation of a local government in an IMC should be based on its real needs. For example, the same local government can have a services agreement with the neighboring town on water supply, can participate in a joint enterprise on waste collection and disposal with other eight municipalities and can be part of a common tourism project limited two three (not necessarily neighboring) communities. Thirdly, possible shortcomings of IMC models such as duplication of functions and limited accountability should be addressed so that collaborative initiatives do not make things worse by putting more pressure on weak local governments and increasing corruption.

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[75] Idem.
[76] UNDP, 2006, page 26.

From the financial management point of view the process of inter-municipal associations should be based on following pillars:

## *Type of partnership*

The association could be created: (a) at one administrative level; and (b) between two different administrative levels (ex. mayor office of the Ungheni town with raion council Ungheni). The international experience shows[77] that the central government is more willing to allocate financial resources directly to the associations when its members are different types of partners (from different levels of government).

If in the country exists only one tier of public administration, than the association could be created between private and public cooperation. In this case some of the functions are transferred to the association. As example in waste management: association is responsible for recycling, composting and treatment of waste and municipality is responsible for waste collection and charge for it.

## *Function coverage by the association*

Associations could be all-purpose, multi-purpose or single-purpose. Each type has its advantages and disadvantages. Each of these has different geographical fits. The type of association will depend on which service makes sense from an economic point of view to be developed in association. It should take into consideration relevant socio-demographic features and monitoring capacity of the association. Therefore, whatever type is chosen, consistency should be ensured between the purposes of the association and the territory that the public service is to cover.

## *Manageability and control*

Usually cost-efficiency is a driver to set up multi-purpose organizations or to integrate new services into existing organizations. The other researches[78] propose during such reform to take into consideration that once these organizations are in full operation, issues of manageability and control arise. In the first place, the more services are integrated into one organization, the more difficult it is to manage the organization as a whole, to coordinate and create synergy between the different services and to manage the separate services adroitly. In the second place, big multi-purpose organizations sometimes prove to be a threat to the very municipalities that established them. As a conclusion the process should be very well described in the legal framework and accountability of each of involved parties.

## *Accountability*

The question of financing is important not only in baking the capacity for service delivery but also in showing co-responsibilities among members of association. A special role here will have an audit process. The audit will be oriented towards legal and financial accountability: info about the performance of local services delivered under inter-municipal cooperation, the services outputs.

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[77] Parrado Diez, 2006.
[78] EGPA, 2007.

_**Legal framework regarding to resource regulation**_

Legal framework for this type of activity which involves local public authority should be regulated by laws which regulate local public administration as well local public finance. The law on local public decentralization should expressly allow local public authorities to associate and from another side the law on local public finance should foresee the funds flow for such type of activity.

Funds flow could be ensured by:

- Contributions from the participating parties budgets via direct grants;
- Grants from the upper budget level;
- Fee for service delivery, and
- International grants (in special EU).

A special law on the IMC may prove to be necessary to be developed, to allow the associations to establish fees for delivered services. If municipal association is chosen as an option for service delivery, financial incentives seem to work far better than compulsory legislation without financial compensation or incentives.

Finally, while drafting the statutes or the legal founding document of the association, apart from defining the scope of the association, parties should also clearly identify functions and responsibilities of partners, determine performance expectations, circulate trustworthy information among partners, and establish managerial structures and accountability lines – including mechanisms for joint evaluation of results. They should also design an adequately manage reporting procedures to partners, donors and citizens.

## SWOT ANALYSIS OF THE INTER-MUNICIPAL COOPERATION MODEL

| Advantages | Disadvantages |
|---|---|
| <ul><li>Being seen as a (temporary) alternative to the municipal amalgamation, the IMC has the important advantage of not giving rise to any political or social resistance;</li><li>IMC preserves local autonomy and does not directly affect the quality of local democracy;</li><li>When started, the IMC reinforces mutual trust among the municipalities involved and thus can contribute to preparing local political elites and civil societies for potential amalgamation;</li><li>IMC is possible under different types of agreements and for different types of projects;</li></ul> | <ul><li>Lack of trust among communities may serve as a significant hurdle against promoting IMC;</li><li>Difficult process of decision-making within any IMC arrangement for protection of local interest is another significant disadvantage;</li><li>Legitimacy of the new informal units and civil control on them can turn to be very weak;</li><li>Implementing this model will require allocation of significant resources for training and exchange of experience of the local public authorities;</li><li>IMC does not solve the greatest problem of the current administrative-territorial structure – excessive fragmentation that is confirmed by other countries' experience;</li></ul> |

| Opportunities | Risks |
|---|---|
| • This model can be actually part of any of the other two models of administrative-territorial organizations proposed above (either one- or two-tiers), but can also be implemented on its own;<br>• If the legal framework is IMC friendly and a capacity building exercise is performed, many local communities can try the various multitude of IMC types and within a short time those models that are suitable for Moldova can be identified. Then the best practices can be applied for other municipalities;<br>• The model will create the spirit of voluntary cooperation between the communities and will facilitate networking in solving their problems, which are highly sought in EU practices; | • IMC is a very complex model of local public service provision, with very few success stories being registered so far in the post-soviet area;<br>• Promoting IMC will require significant communication and promotion efforts from the central government, with no guarantees that IMC will turn into a sustainable pattern;<br>• In time, IMC initiatives may become less accountable to the founding local governments and especially to citizens and thus favor corruption;<br>• This model requires changing current legislation in the way new to the public authorities that increases the risks of its successfulness; |

## 4. CONCLUSIONS AND RECOMMENDATIONS

In the last half century, the general trend in Europe was to reduce the number of local public administrations by amalgamating the settlements in larger municipal units. Most often, this amalgamation was not a one-off event but rather a process extended in time. However, in many countries the amalgamation of municipalities in larger units was done relatively fast, with governments seeking to increase the efficiency in public services delivery and optimizing the administrative costs of the system. Currently, the average size of the municipalities varies greatly in EU, ranging from 1510 inhabitants in Cyprus to over 150 thousand in UK, with an average size of an EU municipality of 5,530 inhabitants as of 2009.

Growing regional units are another feature of the European countries. They are necessary to effectively provide the public services which generate scale economies and externalities and to comply with the EU requirements regarding the demographic size for the regions to benefit of some European structural funds.

In the EU-27 there are three basic models of organizing the sub-national government: the one-tier model which is common especially among the geographically small European countries (Cyprus, Estonia, Lithuania, Latvia, Luxemburg, Malta, Slovenia, but also Bulgaria and Finland); the two-tier model is numerically predominant in the EU27 and is common for the mid-sized countries (Austria, Czech Rep., Denmark, Greece, Hungary, Ireland, Netherlands, Portugal, Romania, Slovakia, Sweden); as for the three tiers model, it is common especially among geographically large or culturally/ethnically divided countries (Belgium, France, Germany, Italy, Poland, Spain, United Kingdom). In order to study the experience related to administrative-territorial organization five relevant case studies have been selected: Czech Republic, Estonia, Georgia, Latvia and Macedonia.

The experience of the five countries in the implementation and impact of administrative-territorial reforms varies greatly. In *Czech Republic* the sub-national government is organized in two tiers. Contrary to the prevailing trend in Europe, after the country became independent, a spontaneous process of territorial fragmentation took place, raising the number of municipalities by more than 50% in less than five years. This has been accompanied by a thriving process of inter-municipal cooperation. The largest portion of municipalities' revenues in Czech Republic comes from the allotted share of national taxes and local authorities have little discretion in influencing local tax revenues. From one hand the system is very centralized, from another it allows a great local autonomy in spending money. Another positive feature is the important competences that local authorities have in managing local property. As a result, there is big number of development projects, such as technology parks, initiated by sub-national government. The projects often involve co-operation and close ties between the local authority, the business community and local institutions, such as universities.

*Estonian* local public administration is based on a one-tier model to which it switched in 1993 and the existing 15 counties are not a tier of the local public administration but rather a lower level of the central government. While Estonia effectively dissolved the intermediary level of the local public administration and empowered municipalities with higher competences, their number has not decreased too much in the recent two decades. As many local governments are quite strong, and population density is quite low, this makes it difficult to provide convincing arguments of scale economies that would encourage existing municipalities to amalgamate. Also, inter-municipal cooperation has not become a large scale phenomenon in Estonia. One the reasons for this scarce inter-

municipal cooperation is related to the legal obstacles for local governments to become shareholders in joint commercial legal persons. However, in other terms of the local public finance, the municipalities in Estonia have large autonomy, for instance they are allowed to establish local taxes within legal framework and to borrow. Another interesting feature is that sales tax (similarly to the VAT) is considered as local tax. The equalization is made based on income rather than on expenses.

*Georgia* is a typical example where geography and geopolitics create significant constraints affecting administrative-territorial division of the country. Due to internal conflicts, Georgia maintained a highly centralized multi-tier system of local government in order to prevent the country's further disintegration. Before the 2003 'Rose Revolution', Georgia featured a four-tier system of local governance, including the autonomous republics. The first large scale territorial reform started in 2005 when the Parliament passed a new Local Government Law. On the lower level it authorized amalgamation of the 1033 municipalities into 64 larger local governments (agglomerations of rural and urban settlements) mainly based on former raions. On average, municipalities in Georgia host about 44,000 inhabitants, but rough terrain and poor infrastructure makes it very difficult to efficiently and qualitatively delivering public services. This problem is only compounded by the relatively low level of decentralization and autonomy for the local authorities. The Georgian financial system of local public administration is very centralized. Transfers depend a lot on political decisions. All shared taxes first go to the raion level and are then distributed to budgets according to the normative acts approved by the raion council, which also involves a lot of political bargaining. The vast majority of small local self-government units had no own revenues, and their only source of income was subsidies from the districts' budgets. The local share in the personal income tax is minimal, since it is paid to the respective local government according to the location of the job and not by residence. This regulation favors large cities with many commuters from surrounding municipalities. A low level of revenues from own sources is also related to the numerous tax exemptions granted by the central government.

*Latvia* is blessed with flat terrain and a high level of urbanization which makes it possible for two thirds of the municipalities to be organized around towns. In 2009 Latvia moved from a two-tier to one-tier system of local public administration. The 26 district governments were abolished as they did not play any relevant role in the country's development. The number of the municipalities decreased drastically, from 525 to 118, with about 70% of them having more than 5,000 inhabitants. A number of relevant criteria have been considered to conduct this amalgamation, such as: existence of a long-term and balanced strategy of development, existence of the infrastructure required for the performance of the tasks of a local government, the number of permanent residents on the given territory, maintaining the accessibility of the services provided by the local government. In broad terms, Latvian local governments have a wide scope of functions. Local authorities may also voluntarily carry out their initiatives with respect to any matter if it is not within the exclusive competence of another public authority.

*Macedonia* is an interesting case of a country going firstly through territorial fragmentation and then through territorial amalgamation: the number of local governments increased from 30 to 123 in 1995, but was reduced to 84 after the new administrative-territorial division in 2005. One reason for this was that small local governments did not have enough capacities to cope with the new functions as part of the decentralization process that started in 2002. Quite an interesting feature, taking its roots in the country's complicated ethnic structure, is that law provides for sub-municipal forms of self-government, such as neighborhoods. Macedonian municipalities have a general competence in all local matters, but they can also perform any other activity of local interest within their territory that does not fall under

competence of state authorities. Another striking feature is that the competences of the local public authorities are explicitly stated in the country's Constitution. As result of the 2002 local government reform, the municipalities in Macedonia also have more policy tools to influence local economic development. *Inter alia*, these municipalities manage freely local property, can associate with other governments for services provision, are entitled to raise their own taxes and fees, and are allowed to borrow financial resources for development projects.

What lessons can Moldova draw from the general European and the five countries' experience in administrative-territorial organization?

- In most of the European countries the administrative-territorial reform eventually were outcomes of political bargaining. However, the economic and geographic conditions have been largely taken into consideration. While we expect the same political bargaining to take place in Moldova, the alternative models proposed below are based on thourough consideration of economic and geographic factors at local level. Choosing one or other model will be a political decision, but when the model is decided it would be rational to apply criteria and exceptions' rules that we used in this paper.

- Smaller European countries tend to adopt simpler models of the administrative-territorial organizations, the one-tier system being the most common (as featured by such countries as Bulgaria, Macedonia, Estonia, Latvia, Lithuania, and Malta). Therefore, if Moldova adopts a single-tier model of administrative-territorial organization, that would be in line with the trend prevailing among the small European countries. At the same time, as Macedonian and Georgian cases highlight, such a model will have to consider the ethnic factor while amalgamating the municipalities and to provide for the autonomy of the Gagauzian and Transnistrian regions. A single-tier model would also require municipalities to be entrusted with providing a significant amount of public services and a much higher level of fiscal autonomy. As a one-tier administrative model implies much bigger competencies and institutional/administrative capacities from the local governments, applying such a model in Moldova would require amalgamation of the small communities into larger municipalities. The proposed one-tier model requires reduction in number of municipalities from 900 in present to 111. This will result in a dramatic – three-fold – reduction of operational costs. Analysis shows that no significant losses are expected in quality of public services provided by local public authorities. However, such a model requires exceptional political will and determination and public communication abilities from the central government, because a significant reduction in number of municipalities is set to engender social dissatisfaction and political tensions between different levels of government. At the same time, the existing evidence suggests that – if current system of local public finance remains in place - mergers per se would not result in significant increase in own revenues of merging the smallest municipalities, at least in short term. Therefore, significant changes will be necessary to the local finance system, including adopting bigger and more stable shares accruing to local public authorities from the shared state revenues.

- Over the last twenty years, the general trend regarding upper levels of governance in the EU countries with two-tier administrative-territorial organization was to strengthen, reorganize or recreate the regional level while simultaneously expanding regional governments' competencies. If Moldovan government opts for a review of the two-tier administrative-territorial organization as proposed in this study, it will have to fundamentally review the criteria of drawing administrative borders of the upper tier. Moldova is relatively uniform in

terms of relief, that allows for relatively uniform administrative-territorial division of the country (which is not presently the case). These administrative units will have to be large enough and to exercise more than formal competences in order to effectively have an impact on regional and local development. The two-tier model we propose abolishes the current raions system and transforms the existing Development Regions in administrative regions, while naming them 'raions' in order to stick to Constitutional provisions. Having a larger size is also important for these units to effectively engage in international cooperation and to be eligible for European Union development funds. Existence of the region-level public administration allows for a milder reduction in number of municipalities, from 900 to 289. In Moldova a two-tier model will meet less resistance from the concerned public authorities of municipal level, but much more resistance from the raion authorities which will lose their jobs under such a model. At the same time, the two-tier model will render less financial savings (estimated at 40-45% less than currently) than the one-tier model.

- In any case, both one-tier and two-tiers models of administrative-territorial organization will require some changes in electoral legislation to guarantee that there are minimal losses for the quality of local democracy and participation and that each settlement is represented in the elected bodies of the new municipality and (for the two-tier model) each municipality is represented in the raion-level elected bodies. At the same time, both models can incorporate inter-municipal cooperation as an intrinsic feature. While in this study the inter-municipal cooperation is proposed as a separate model, it is clear that this option is only a temporary alternative for amalgamation of municipalities for better provision of different public services. This model involves many complex features related to coordination, protection of local interests, and budgetary adjustments.

- The most feasible scenario of implementation of either the one-tier or two-tiers model includes the following options:
  o Before the local elections in 2011:
    - Option 1. Implement the mandatory legal requirement of 1500 inhabitants for a settlement to become a rural primaria, which will result in a reduction of number of primarias to about 660.
    - Option 2. Implement a first stage of the two-tier model by reducing number of primarias and preparing replacement of the 32 tiny raions with the three development region-level raions (plus Chisinau, ATU Gagauzia and Transnistria as separate regions).
  o After the local elections in 2011:
    - Phase of voluntary amalgamations: financial bonuses for the voluntary amalgamations, encouraging inter-municipal cooperation;
    - Phase of compulsory amalgamation: end of mandate in 2015.

- It should be mentioned that disregarding the chosen model of administrative-territorial reorganization, there is a set of no-regret measures which have to be implemented in any case in order to increase the efficiency of the local public authorities. These measures include:
  o Streamlined procedures of civil petitioning, including via phone, post and email;
  o Wider use of e-services at regional and local level;
  o Wider use of electronic technologies as a means to streamline communication between different levels of the government;

- Solutions for bringing services even closer to citizens than it is today (working days weekly working days for civil servants in remote villages, permanently detached employees, IT solutions)
- More advanced budgeting procedures at local level;

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# 6. Sources of information for maps

Primary information for maps came from various sources:

- State boundaries and administrative boundaries of the countries taken as case studies were obtained from the web site of the Global Administrative Areas Project (gadm.org); Moldova's administrative boundaries were developed by S.E. Ingeocad (ingeocad.md).
- Relief of the countries is represented on the Digital Elevation Models (DEMs) provided by NASA through Shuttle Radar Topography Mission (SRTM) (www2.jpl.nasa.gov) and enhanced by Environmental Systems Research Institute (ESRI) (esri.com).
- Moldova's population data were obtained from the National Bureau of Statistics (statistica.md).
- Ethnic structure was taken from the 2004 Population Census. Vol. I. Demographic, Ethnic, Linguistic, and Cultural Characteristics. National Bureau of Statistics, Chisinau, 2006
- Financial information was provided by the Ministry of Finance.

One-tier and two-tier models of the administrative-territorial division were developed by Expert-Grup for this analytical study.

Maps were prepared by Igor Sîrodoev, with the help of Tatiana Stînga (Institute of Ecology and Geography, Moldavian Academy of Sciences).

# 7. Annexes

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| *1* | *ALEXANDRU IOAN CUZA* | | |
| | Alexandru Ioan Cuza | Cahul | Alexandru Ioan Cuza |
| *2* | *ANENII NOI* | | |
| | Anenii Noi | Anenii Noi | Anenii Noi |
| | Botnaresti | Anenii Noi | Anenii Noi |
| | Bulboaca | Anenii Noi | Anenii Noi |
| | Calfa | Anenii Noi | Anenii Noi |
| | Ciobanovca | Anenii Noi | Anenii Noi |
| | Cobusca Noua | Anenii Noi | Anenii Noi |
| | Cobusca Veche | Anenii Noi | Anenii Noi |
| | Gura Bicului | Anenii Noi | Anenii Noi |
| | Hirbovat | Anenii Noi | Anenii Noi |
| | Roscani | Anenii Noi | Anenii Noi |
| | Telita | Anenii Noi | Anenii Noi |
| | Tintareni | Anenii Noi | Anenii Noi |
| | Varnita | Anenii Noi | Anenii Noi |
| *3* | *BADICENI* | | |
| | Badiceni | Soroca | Badiceni |
| | Cremenciug | Soroca | Badiceni |
| | Criscauti | Donduseni | Badiceni |
| | Darcauti | Soroca | Badiceni |
| | Holosnita | Soroca | Badiceni |
| | Iarova | Soroca | Badiceni |
| | Oclanda | Soroca | Badiceni |
| | Septelici | Soroca | Badiceni |
| | Solcani | Soroca | Badiceni |
| | Tatarauca Veche | Soroca | Badiceni |
| | Teleseuca | Donduseni | Badiceni |
| | Visoca | Soroca | Badiceni |
| *4* | *BAIMACLIA* | | |
| | Baimaclia | Cantemir | Baimaclia |
| | Chioselia | Cantemir | Baimaclia |
| | Ciietu | Cantemir | Baimaclia |
| | Cisla | Cantemir | Baimaclia |
| | Costangalia | Cantemir | Baimaclia |
| | Enichioi | Cantemir | Baimaclia |
| | Lingura | Cantemir | Baimaclia |
| | Tartaul | Cantemir | Baimaclia |
| *5* | *BALATINA* | | |
| | Balatina | Glodeni | Balatina |
| | Chetris | Falesti | Balatina |
| | Ciuciulea | Glodeni | Balatina |
| | Cobani | Glodeni | Balatina |
| | Cuhnesti | Glodeni | Balatina |
| | Viisoara | Glodeni | Balatina |
| *6* | *BALTI* | | |
| | Balti | mun. Balti | Balti |
| *7* | *BĂLȚI* | | |
| | Alexandreni | Singerei | Pelinia |
| | Bilicenii Noi | Singerei | Pelinia |
| | Biruinta | Singerei | Pelinia |
| | Corlateni | Riscani | Pelinia |
| | Cubolta | Singerei | Pelinia |
| | Dobrogea Veche | Singerei | Pelinia |
| | Elizaveta | mun. Balti | Pelinia |
| | Fundurii Vechi | Glodeni | Pelinia |
| | Grinauti | Riscani | Pelinia |
| | Hasnasenii Mari | Drochia | Pelinia |
| | Hasnasenii Noi | Drochia | Pelinia |
| | Heciul Nou | Singerei | Pelinia |
| | Moara de Piatra | Drochia | Pelinia |
| | Natalievca | Falesti | Pelinia |
| | Pelinia | Drochia | Pelinia |
| | Pirlita | Falesti | Pelinia |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Rautel | Falesti | Pelinia |
| | Sadovoe | mun. Balti | Pelinia |
| | Singureni | Riscani | Pelinia |
| | Sturzovca | Glodeni | Pelinia |
| | Tambula | Singerei | Pelinia |
| *8* | *BASARABEASCA* | | |
| | Abaclia | Basarabeasca | Basarabeasca |
| | Basarabeasca | Basarabeasca | Basarabeasca |
| | Bascalia | Basarabeasca | Basarabeasca |
| | Carabetovca | Basarabeasca | Basarabeasca |
| | Iordanovca | Basarabeasca | Basarabeasca |
| *9* | *BRATUSENI* | | |
| | Bratuseni | Edinet | Bratuseni |
| | Chetrosica Noua | Edinet | Bratuseni |
| | Gaspar | Edinet | Bratuseni |
| | Sofrincani | Edinet | Bratuseni |
| | Stolniceni | Edinet | Bratuseni |
| *10* | *BRAVICEA* | | |
| | Bravicea | Calarasi | Bravicea |
| | Ghetlova | Orhei | Bravicea |
| | Meleseni | Calarasi | Bravicea |
| | Putintei | Orhei | Bravicea |
| | Saseni | Calarasi | Bravicea |
| | Tibirica | Calarasi | Bravicea |
| *11* | *BRICENI* | | |
| | Balcauti | Briceni | Briceni |
| | Berlinti | Briceni | Briceni |
| | Briceni | Briceni | Briceni |
| | Bulboaca | Briceni | Briceni |
| | Cepeleuti | Edinet | Briceni |
| | Colicauti | Briceni | Briceni |
| | Corestauti | Ocnita | Briceni |
| | Cotiujeni | Briceni | Briceni |
| | Grimancauti | Briceni | Briceni |
| | Marcauti | Briceni | Briceni |
| | Tabani | Briceni | Briceni |
| | Trebisauti | Briceni | Briceni |
| *12* | *BUJOR* | | |
| | Balauresti | Nisporeni | Bujor |
| | Bujor | Hincesti | Bujor |
| | Calimanesti | Nisporeni | Bujor |
| | Cateleni | Hincesti | Bujor |
| | Marinici | Nisporeni | Bujor |
| | Miresti | Hincesti | Bujor |
| | Siscani | Nisporeni | Bujor |
| | Zberoaia | Nisporeni | Bujor |
| *13* | *BURLACENI* | | |
| | Alexanderfeld | Cahul | Burlaceni |
| | Burlaceni | Cahul | Burlaceni |
| | Gavanoasa | Cahul | Burlaceni |
| | Iujnoe | Cahul | Burlaceni |
| | Pelinei | Cahul | Burlaceni |
| | Vinogradovca | Taraclia | Burlaceni |
| *14* | *BURLACU* | | |
| | Borceag | Cahul | Burlacu |
| | Burlacu | Cahul | Burlacu |
| | Chioselia Mare | Cahul | Burlacu |
| | Doina | Cahul | Burlacu |
| | Huluboaia | Cahul | Burlacu |
| | Taraclia de Salcie | Cahul | Burlacu |
| | Tataresti | Cahul | Burlacu |
| *15* | *CAHUL* | | |
| | Andrusul de Sus | Cahul | Cahul |
| | Bucuria | Cahul | Cahul |
| | Cahul | Cahul | Cahul |
| | Colibasi | Cahul | Cahul |
| | Crihana Veche | Cahul | Cahul |
| | Lebedenco | Cahul | Cahul |
| | Lopatica | Cahul | Cahul |
| | Lucesti | Cahul | Cahul |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Manta | Cahul | Cahul |
| | Moscovei | Cahul | Cahul |
| | Rosu | Cahul | Cahul |
| | Tartaul de Salcie | Cahul | Cahul |
| | Vadul lui Isac | Cahul | Cahul |
| *16* | *CAINARI* | | |
| | Baimaclia | Causeni | Cainari |
| | Cainari | Causeni | Cainari |
| | Chircaiestii Noi | Causeni | Cainari |
| | Cirnatenii Noi | Causeni | Cainari |
| | Ciuflesti | Causeni | Cainari |
| | Coscalia | Causeni | Cainari |
| | Gangura | Ialoveni | Cainari |
| | Ochiul Ros | Anenii Noi | Cainari |
| | Pervomaisc | Causeni | Cainari |
| | Salcuta | Causeni | Cainari |
| | Taraclia | Causeni | Cainari |
| | Zolotievca | Anenii Noi | Cainari |
| *17* | *CALARASI* | | |
| | Bahmut | Calarasi | Calarasi |
| | Buda | Calarasi | Calarasi |
| | Cabaiesti | Calarasi | Calarasi |
| | Calarasi | Calarasi | Calarasi |
| | Frumoasa | Calarasi | Calarasi |
| | Hirjauca | Calarasi | Calarasi |
| | Horodiste | Calarasi | Calarasi |
| | Niscani | Calarasi | Calarasi |
| | Paulesti | Calarasi | Calarasi |
| | Peticeni | Calarasi | Calarasi |
| | Pirjolteni | Calarasi | Calarasi |
| | Pitusca | Calarasi | Calarasi |
| | Raciula | Calarasi | Calarasi |
| | Sipoteni | Calarasi | Calarasi |
| | Temeleuti | Calarasi | Calarasi |
| | Tuzara | Calarasi | Calarasi |
| | Valcinet | Calarasi | Calarasi |
| *18* | *CANTEMIR* | | |
| | Antonesti | Cantemir | Cantemir |
| | Cania | Cantemir | Cantemir |
| | Cantemir | Cantemir | Cantemir |
| | Cirpesti | Cantemir | Cantemir |
| | Larguta | Cantemir | Cantemir |
| | Pleseni | Cantemir | Cantemir |
| | Porumbesti | Cantemir | Cantemir |
| | Stoianovca | Cantemir | Cantemir |
| *19* | *CARPINENI* | | |
| | Carpineni | Hincesti | Carpineni |
| | Mingir | Hincesti | Carpineni |
| | Negrea | Hincesti | Carpineni |
| | Voinescu | Hincesti | Carpineni |
| *20* | *CAUSENI* | | |
| | Baccealia | Causeni | Causeni |
| | Causeni | Causeni | Causeni |
| | Chircaiesti | Causeni | Causeni |
| | Cirnateni | Causeni | Causeni |
| | Copanca | Causeni | Causeni |
| | Ermoclia | Stefan-Voda | Causeni |
| | Firladeni | Causeni | Causeni |
| | Gradinita | Causeni | Causeni |
| | Grigorievca | Causeni | Causeni |
| | Hagimus | Causeni | Causeni |
| | Opaci | Causeni | Causeni |
| | Plop-Stiubei | Causeni | Causeni |
| | Popeasca | Stefan-Voda | Causeni |
| | Saiti | Causeni | Causeni |
| | Tanatari | Causeni | Causeni |
| | Tanatarii Noi | Causeni | Causeni |
| | Tocuz | Causeni | Causeni |
| | Ucrainca | Causeni | Causeni |
| | Ursoaia | Causeni | Causeni |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Zaim | Causeni | Causeni |
| 21 | *CAZANESTI* | | |
| | Brinzenii Noi | Telenesti | Cazanesti |
| | Cazanesti | Telenesti | Cazanesti |
| | Chitcanii Vechi | Telenesti | Cazanesti |
| | Negureni | Telenesti | Cazanesti |
| | Ordasei | Telenesti | Cazanesti |
| | Pistruieni | Telenesti | Cazanesti |
| | Tirsitei | Telenesti | Cazanesti |
| 23 | *CHIPERCENI* | | |
| | Biesti | Orhei | Chiperceni |
| | Chiperceni | Orhei | Chiperceni |
| | Crihana | Orhei | Chiperceni |
| | Podgoreni | Orhei | Chiperceni |
| | Pohrebeni | Orhei | Chiperceni |
| | Zahoreni | Orhei | Chiperceni |
| 24 | *CHISCARENI* | | |
| | Bursuceni | Singerei | Chiscareni |
| | Chiscareni | Singerei | Chiscareni |
| | Ciuciuieni | Singerei | Chiscareni |
| | Coscodeni | Singerei | Chiscareni |
| | Dumbravita | Singerei | Chiscareni |
| | Iezarenii Vechi | Singerei | Chiscareni |
| | Pietrosu | Falesti | Chiscareni |
| | Taura Veche | Singerei | Chiscareni |
| 25 | *CHISINAU* | | |
| | Chisinau | mun. Chisinau | Chisinau |
| | Codru | mun. Chisinau | Chisinau |
| | Condrita | mun. Chisinau | Chisinau |
| | Durlesti | mun. Chisinau | Chisinau |
| | Singera | mun. Chisinau | Chisinau |
| | Vatra | mun. Chisinau | Chisinau |
| 26 | *CHISTELNITA* | | |
| | Chistelnita | Telenesti | Chistelnita |
| | Meseni | Rezina | Chistelnita |
| | Nucareni | Telenesti | Chistelnita |
| | Scorteni | Telenesti | Chistelnita |
| | Tintareni | Telenesti | Chistelnita |
| 27 | *CIMISLIA* | | |
| | Cenac | Cimislia | Cimislia |
| | Cimislia | Cimislia | Cimislia |
| | Ciucur-Mingir | Cimislia | Cimislia |
| | Ecaterinovca | Cimislia | Cimislia |
| | Gradiste | Cimislia | Cimislia |
| | Ialpugeni | Cimislia | Cimislia |
| | Javgur | Cimislia | Cimislia |
| | Sadaclia | Basarabeasca | Cimislia |
| | Topala | Cimislia | Cimislia |
| | Valea Perjei | Cimislia | Cimislia |
| 28 | *CIUCIULENI* | | |
| | Bobeica | Hincesti | Ciuciuleni |
| | Ciuciuleni | Hincesti | Ciuciuleni |
| | Dragusenii Noi | Hincesti | Ciuciuleni |
| | Secareni | Hincesti | Ciuciuleni |
| | Stolniceni | Hincesti | Ciuciuleni |
| 29 | *CIUTULESTI* | | |
| | Casunca | Floresti | Ciutulesti |
| | Ciutulesti | Floresti | Ciutulesti |
| | Domulgeni | Floresti | Ciutulesti |
| | Prodanesti | Floresti | Ciutulesti |
| | Stefanesti | Floresti | Ciutulesti |
| 30 | *CNEAZEVCA* | | |
| | Bestemac | Leova | Cneazevca |
| | Ceadir | Leova | Cneazevca |
| | Cneazevca | Leova | Cneazevca |
| | Colibabovca | Leova | Cneazevca |
| | Covurlui | Leova | Cneazevca |
| | Orac | Leova | Cneazevca |
| | Sarateni | Leova | Cneazevca |
| | Saratica Noua | Leova | Cneazevca |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Tomaiul Nou | Leova | Cneazevca |
| | Vozneseni | Leova | Cneazevca |
| 31 | *COCIERI* | | |
| | Cocieri | Dubasari | Cocieri |
| | Corjova | UTA din Stinga Nistrului | Cocieri |
| | Molovata Noua | Dubasari | Cocieri |
| 33 | *COPCEAC* | | |
| | Carbalia | UTA Gagauzia | Copceac |
| | Copceac | UTA Gagauzia | Copceac |
| 34 | *CORJEUTI* | | |
| | Balasinesti | Briceni | Corjeuti |
| | Bogdanesti | Briceni | Corjeuti |
| | Caracusenii Vechi | Briceni | Corjeuti |
| | Constantinovca | Edinet | Corjeuti |
| | Corjeuti | Briceni | Corjeuti |
| | Pererita | Briceni | Corjeuti |
| | Tetcani | Briceni | Corjeuti |
| | Trinca | Edinet | Corjeuti |
| 35 | *CORNESTI* | | |
| | Boghenii Noi | Ungheni | Cornesti |
| | Condratesti | Ungheni | Cornesti |
| | Cornesti | Ungheni | Cornesti |
| | Cornesti | Ungheni | Cornesti |
| | Hircesti | Ungheni | Cornesti |
| | Magurele | Ungheni | Cornesti |
| | Sinesti | Ungheni | Cornesti |
| | Tescureni | Ungheni | Cornesti |
| 36 | *COSNITA* | | |
| | Cosnita | Dubasari | Cosnita |
| | Dorotcaia | Dubasari | Cosnita |
| | Pirita | Dubasari | Cosnita |
| 38 | *COSTESTI* | | |
| | Braniste | Riscani | Costesti |
| | Camenca | Glodeni | Costesti |
| | Costesti | Ialoveni | Costesti |
| | Costesti | Riscani | Costesti |
| | Duruitoarea Noua | Riscani | Costesti |
| | Galaseni | Riscani | Costesti |
| | Hansca | Ialoveni | Costesti |
| | Petruseni | Riscani | Costesti |
| | Pojareni | Ialoveni | Costesti |
| | Saptebani | Riscani | Costesti |
| | Varatic | Riscani | Costesti |
| | Zimbreni | Ialoveni | Costesti |
| 39 | *COTIUJENII MARI* | | |
| | Cobilea | Soldanesti | Cotiujenii Mari |
| | Cotiujenii Mari | Soldanesti | Cotiujenii Mari |
| | Dobrusa | Soldanesti | Cotiujenii Mari |
| | Pohoarna | Soldanesti | Cotiujenii Mari |
| 40 | *CRICOVA* | | |
| | Ciorescu | mun. Chisinau | Cricova |
| | Cricova | mun. Chisinau | Cricova |
| | Drasliceni | Criuleni | Cricova |
| | Ghidighici | mun. Chisinau | Cricova |
| | Gratiesti | mun. Chisinau | Cricova |
| | Hrusova | Criuleni | Cricova |
| | Magdacesti | Criuleni | Cricova |
| | Pascani | Criuleni | Cricova |
| | Stauceni | mun. Chisinau | Cricova |
| | Zaicana | Criuleni | Cricova |
| 41 | *CRIULENI* | | |
| | Boscana | Criuleni | Criuleni |
| | Cosernita | Criuleni | Criuleni |
| | Criuleni | Criuleni | Criuleni |
| | Cruglic | Criuleni | Criuleni |
| | Hirtopul Mare | Criuleni | Criuleni |
| | Izbiste | Criuleni | Criuleni |
| | Onitcani | Criuleni | Criuleni |
| | Slobozia-Dusca | Criuleni | Criuleni |
| | Ustia | Dubasari | Criuleni |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| **42** | *CUIZAUCA* | | |
| | Busauca | Rezina | Cuizauca |
| | Cogilniceni | Rezina | Cuizauca |
| | Cuizauca | Rezina | Cuizauca |
| | Ghiduleni | Rezina | Cuizauca |
| | Horodiste | Rezina | Cuizauca |
| | Lalova | Rezina | Cuizauca |
| | Mincenii de Jos | Rezina | Cuizauca |
| | Otac | Rezina | Cuizauca |
| | Pereni | Rezina | Cuizauca |
| **43** | *CUNICEA* | | |
| | Cuhurestii de Jos | Floresti | Cunicea |
| | Cuhurestii de Sus | Floresti | Cunicea |
| | Cunicea | Floresti | Cunicea |
| | Japca | Floresti | Cunicea |
| | Napadova | Floresti | Cunicea |
| | Sanatauca | Floresti | Cunicea |
| **44** | *DONDUSENI* | | |
| | Cernoleuca | Donduseni | Donduseni |
| | Climauti | Donduseni | Donduseni |
| | Corbu | Donduseni | Donduseni |
| | Donduseni | Donduseni | Donduseni |
| | Donduseni | Donduseni | Donduseni |
| | Elizavetovca | Donduseni | Donduseni |
| | Horodiste | Donduseni | Donduseni |
| | Mosana | Donduseni | Donduseni |
| | Pivniceni | Donduseni | Donduseni |
| | Plop | Donduseni | Donduseni |
| | Rediul Mare | Donduseni | Donduseni |
| | Sudarca | Donduseni | Donduseni |
| | Taul | Donduseni | Donduseni |
| **45** | *DROCHIA* | | |
| | Antoneuca | Drochia | Drochia |
| | Baroncea | Drochia | Drochia |
| | Chetrosu | Drochia | Drochia |
| | Dominteni | Drochia | Drochia |
| | Drochia | Drochia | Drochia |
| | Drochia | Drochia | Drochia |
| | Gribova | Drochia | Drochia |
| | Miciurin | Drochia | Drochia |
| | Nicoreni | Drochia | Drochia |
| | Ochiul Alb | Drochia | Drochia |
| | Pervomaiscoe | Drochia | Drochia |
| | Petreni | Drochia | Drochia |
| | Sofia | Drochia | Drochia |
| | Suri | Drochia | Drochia |
| | Tarigrad | Drochia | Drochia |
| **46** | *DUBASARII VECHI* | | |
| | Balabanesti | Criuleni | Dubasarii Vechi |
| | Corjova | Criuleni | Dubasarii Vechi |
| | Delacau | Anenii Noi | Dubasarii Vechi |
| | Dubasarii Vechi | Criuleni | Dubasarii Vechi |
| | Puhaceni | Anenii Noi | Dubasarii Vechi |
| | Serpeni | Anenii Noi | Dubasarii Vechi |
| | Speia | Anenii Noi | Dubasarii Vechi |
| **47** | *EDINET* | | |
| | Cupcini | Edinet | Edinet |
| | Edinet | Edinet | Edinet |
| **48** | *FALESTI* | | |
| | Albinetul Vechi | Falesti | Falesti |
| | Bocani | Falesti | Falesti |
| | Calinesti | Falesti | Falesti |
| | Calugar | Falesti | Falesti |
| | Ciolacu Nou | Falesti | Falesti |
| | Egorovca | Falesti | Falesti |
| | Falesti | Falesti | Falesti |
| | Falestii Noi | Falesti | Falesti |
| | Hincesti | Falesti | Falesti |
| | Iscalau | Falesti | Falesti |
| | Logofteni | Falesti | Falesti |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Musteata | Falesti | Falesti |
| | Navirnet | Falesti | Falesti |
| | Pinzareni | Falesti | Falesti |
| | Pruteni | Falesti | Falesti |
| | Risipeni | Falesti | Falesti |
| | Sarata Veche | Falesti | Falesti |
| | Scumpia | Falesti | Falesti |
| 49 | *FLORESTI* | | |
| | Alexeevca | Floresti | Floresti |
| | Bahrinesti | Floresti | Floresti |
| | Ciripcau | Floresti | Floresti |
| | Cosernita | Floresti | Floresti |
| | Floresti | Floresti | Floresti |
| | Ghindesti | Floresti | Floresti |
| | Ghindesti | Floresti | Floresti |
| | Gura Cainarului | Floresti | Floresti |
| | Gura Camencii | Floresti | Floresti |
| | Lunga | Floresti | Floresti |
| | Marculesti | Floresti | Floresti |
| | Marculesti | Floresti | Floresti |
| | Prajila | Floresti | Floresti |
| | Putinesti | Floresti | Floresti |
| | Radulenii Vechi | Floresti | Floresti |
| | Rogojeni | Soldanesti | Floresti |
| | Rosietici | Floresti | Floresti |
| | Varvareuca | Floresti | Floresti |
| 50 | *FRUMUSICA* | | |
| | Cainarii Vechi | Soroca | Frumusica |
| | Frumusica | Floresti | Frumusica |
| | Iliciovca | Floresti | Frumusica |
| | Izvoare | Floresti | Frumusica |
| | Sevirova | Floresti | Frumusica |
| | Trifanesti | Floresti | Frumusica |
| 51 | *GIURGIULESTI* | | |
| | Brinza | Cahul | Giurgiulesti |
| | Cislita-Prut | Cahul | Giurgiulesti |
| | Giurgiulesti | Cahul | Giurgiulesti |
| | Slobozia Mare | Cahul | Giurgiulesti |
| | Valeni | Cahul | Giurgiulesti |
| 52 | *GLINJENI* | | |
| | Catranic | Falesti | Glinjeni |
| | Glinjeni | Falesti | Glinjeni |
| | Marandeni | Falesti | Glinjeni |
| | Pompa | Falesti | Glinjeni |
| 53 | *GLODENI* | | |
| | Cajba | Glodeni | Glodeni |
| | Danu | Glodeni | Glodeni |
| | Dusmani | Glodeni | Glodeni |
| | Fundurii Noi | Glodeni | Glodeni |
| | Glodeni | Glodeni | Glodeni |
| | Hijdieni | Glodeni | Glodeni |
| | Iabloana | Glodeni | Glodeni |
| | Petrunea | Glodeni | Glodeni |
| 54 | *GOTESTI* | | |
| | Ciobalaccia | Cantemir | Gotesti |
| | Gotesti | Cantemir | Gotesti |
| | Plopi | Cantemir | Gotesti |
| | Tiganca | Cantemir | Gotesti |
| 55 | *GURA GALBENEI* | | |
| | Albina | Cimislia | Gura Galbenei |
| | Gura Galbenei | Cimislia | Gura Galbenei |
| | Hirtop | Cimislia | Gura Galbenei |
| | Ivanovca Noua | Cimislia | Gura Galbenei |
| | Lipoveni | Cimislia | Gura Galbenei |
| 56 | *HINCESTI* | | |
| | Bardar | Ialoveni | Hincesti |
| | Bozieni | Hincesti | Hincesti |
| | Buteni | Hincesti | Hincesti |
| | Caracui | Hincesti | Hincesti |
| | Firladeni | Hincesti | Hincesti |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Fundul Galbenei | Hincesti | Hincesti |
| | Hincesti | Hincesti | Hincesti |
| | Loganesti | Hincesti | Hincesti |
| | Mereseni | Hincesti | Hincesti |
| | Sarata-Galbena | Hincesti | Hincesti |
| *57* | *HLINAIA* | | |
| | Halahora de Sus | Briceni | Hlinaia |
| | Hincauti | Edinet | Hlinaia |
| | Hlinaia | Edinet | Hlinaia |
| | Mihaileni | Briceni | Hlinaia |
| | Rotunda | Edinet | Hlinaia |
| *58* | *IALOVENI* | | |
| | Bacioi | mun. Chisinau | Ialoveni |
| | Danceni | Ialoveni | Ialoveni |
| | Ialoveni | Ialoveni | Ialoveni |
| | Malcoci | Ialoveni | Ialoveni |
| | Milestii Mici | Ialoveni | Ialoveni |
| | Nimoreni | Ialoveni | Ialoveni |
| | Sociteni | Ialoveni | Ialoveni |
| | Suruceni | Ialoveni | Ialoveni |
| *59* | *IARGARA* | | |
| | Baius | Leova | Iargara |
| | Borogani | Leova | Iargara |
| | Iargara | Leova | Iargara |
| | Tigheci | Leova | Iargara |
| *60* | *LAPUSNA* | | |
| | Balceana | Hincesti | Lapusna |
| | Boghiceni | Hincesti | Lapusna |
| | Lapusna | Hincesti | Lapusna |
| | Pascani | Hincesti | Lapusna |
| | Pervomaiscoe | Hincesti | Lapusna |
| | Sipoteni | Hincesti | Lapusna |
| | Sofia | Hincesti | Lapusna |
| *61* | *LEOVA* | | |
| | Cazangic | Leova | Leova |
| | Cupcui | Leova | Leova |
| | Filipeni | Leova | Leova |
| | Hanasenii Noi | Leova | Leova |
| | Leova | Leova | Leova |
| | Romanovca | Leova | Leova |
| | Sarata Noua | Leova | Leova |
| | Sarata-Razesi | Leova | Leova |
| | Sirma | Leova | Leova |
| | Toceni | Cantemir | Leova |
| | Tochile-Raducani | Leova | Leova |
| | Tomai | Leova | Leova |
| *62* | *LEUSENI* | | |
| | Calmatui | Hincesti | Leuseni |
| | Cioara | Hincesti | Leuseni |
| | Cotul Morii | Hincesti | Leuseni |
| | Crasnoarmeiscoe | Hincesti | Leuseni |
| | Dancu | Hincesti | Leuseni |
| | Ivanovca | Hincesti | Leuseni |
| | Leuseni | Hincesti | Leuseni |
| | Nemteni | Hincesti | Leuseni |
| | Obileni | Hincesti | Leuseni |
| | Onesti | Hincesti | Leuseni |
| | Poganesti | Hincesti | Leuseni |
| *63* | *LIPCANI* | | |
| | Beleavinti | Briceni | Lipcani |
| | Coteala | Briceni | Lipcani |
| | Criva | Briceni | Lipcani |
| | Drepcauti | Briceni | Lipcani |
| | Hlina | Briceni | Lipcani |
| | Larga | Briceni | Lipcani |
| | Lipcani | Briceni | Lipcani |
| | Medveja | Briceni | Lipcani |
| | Sirauti | Briceni | Lipcani |
| | Slobozia-Sirauti | Briceni | Lipcani |
| *64* | *LOZOVA* | | |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Bursuc | Nisporeni | Lozova |
| | Dolna | Straseni | Lozova |
| | Lozova | Straseni | Lozova |
| | Micleuseni | Straseni | Lozova |
| | Sadova | Calarasi | Lozova |
| | Vorniceni | Straseni | Lozova |
| 65 | *MASCAUTI* | | |
| | Holercani | Dubasari | Mascauti |
| | Jevreni | Criuleni | Mascauti |
| | Marcauti | Dubasari | Mascauti |
| | Mascauti | Criuleni | Mascauti |
| | Raculesti | Criuleni | Mascauti |
| | Trebujeni | Orhei | Mascauti |
| 66 | *MERENI* | | |
| | Bubuieci | mun. Chisinau | Mereni |
| | Chirca | Anenii Noi | Mereni |
| | Cimiseni | Criuleni | Mereni |
| | Floreni | Anenii Noi | Mereni |
| | Maximovca | Anenii Noi | Mereni |
| | Mereni | Anenii Noi | Mereni |
| | Merenii Noi | Anenii Noi | Mereni |
| 67 | *MIHAILOVCA* | | |
| | Batir | Cimislia | Mihailovca |
| | Iserlia | Basarabeasca | Mihailovca |
| | Mihailovca | Cimislia | Mihailovca |
| | Satul Nou | Cimislia | Mihailovca |
| | Selemet | Cimislia | Mihailovca |
| | Suric | Cimislia | Mihailovca |
| | Troitcoe | Cimislia | Mihailovca |
| 68 | *MILESTI* | | |
| | Balanesti | Nisporeni | Milesti |
| | Ciutesti | Nisporeni | Milesti |
| | Milesti | Nisporeni | Milesti |
| | Radenii Vechi | Ungheni | Milesti |
| | Vinatori | Nisporeni | Milesti |
| 69 | *MINDRESTI* | | |
| | Cisla | Telenesti | Mindresti |
| | Ciulucani | Telenesti | Mindresti |
| | Ghiliceni | Telenesti | Mindresti |
| | Mindresti | Telenesti | Mindresti |
| | Zgardesti | Telenesti | Mindresti |
| 70 | *NISPORENI* | | |
| | Barboieni | Nisporeni | Nisporeni |
| | Bolduresti | Nisporeni | Nisporeni |
| | Boltun | Nisporeni | Nisporeni |
| | Cioresti | Nisporeni | Nisporeni |
| | Cristesti | Nisporeni | Nisporeni |
| | Grozesti | Nisporeni | Nisporeni |
| | Iurceni | Nisporeni | Nisporeni |
| | Macaresti | Ungheni | Nisporeni |
| | Nisporeni | Nisporeni | Nisporeni |
| | Seliste | Nisporeni | Nisporeni |
| | Soltanesti | Nisporeni | Nisporeni |
| | Valea-Trestieni | Nisporeni | Nisporeni |
| | Varzaresti | Nisporeni | Nisporeni |
| 71 | *OBREJA VECHE* | | |
| | Hiliuti | Falesti | Obreja Veche |
| | Ilenuta | Falesti | Obreja Veche |
| | Limbenii Noi | Glodeni | Obreja Veche |
| | Limbenii Vechi | Glodeni | Obreja Veche |
| | Obreja Veche | Falesti | Obreja Veche |
| | Ustia | Glodeni | Obreja Veche |
| 72 | *OCNITA* | | |
| | Birnova | Ocnita | Ocnita |
| | Clocusna | Ocnita | Ocnita |
| | Dingeni | Ocnita | Ocnita |
| | Frunza | Ocnita | Ocnita |
| | Girbova | Ocnita | Ocnita |
| | Hadarauti | Ocnita | Ocnita |
| | Lencauti | Ocnita | Ocnita |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Lipnic | Ocnita | Ocnita |
| | Mihalaseni | Ocnita | Ocnita |
| | Naslavcea | Ocnita | Ocnita |
| | Ocnita | Ocnita | Ocnita |
| | Ocnita | Ocnita | Ocnita |
| *73* | *OLANESTI* | | |
| | Antonesti | Stefan-Voda | Olanesti |
| | Caplani | Stefan-Voda | Olanesti |
| | Carahasani | Stefan-Voda | Olanesti |
| | Crocmaz | Stefan-Voda | Olanesti |
| | Olanesti | Stefan-Voda | Olanesti |
| | Palanca | Stefan-Voda | Olanesti |
| | Purcari | Stefan-Voda | Olanesti |
| | Tudora | Stefan-Voda | Olanesti |
| *74* | *ORHEI* | | |
| | Bolohan | Orhei | Orhei |
| | Braviceni | Orhei | Orhei |
| | Cucuruzeni | Orhei | Orhei |
| | Isacova | Orhei | Orhei |
| | Ivancea | Orhei | Orhei |
| | Malaiesti | Orhei | Orhei |
| | Mitoc | Orhei | Orhei |
| | Morozeni | Orhei | Orhei |
| | Neculaieuca | Orhei | Orhei |
| | Orhei | Orhei | Orhei |
| | Pelivan | Orhei | Orhei |
| | Piatra | Orhei | Orhei |
| | Pohorniceni | Orhei | Orhei |
| | Seliste | Orhei | Orhei |
| | Step-Soci | Orhei | Orhei |
| | Vatici | Orhei | Orhei |
| | Zorile | Orhei | Orhei |
| *75* | *OTACI* | | |
| | Arionesti | Donduseni | Otaci |
| | Briceni | Donduseni | Otaci |
| | Calarasovca | Ocnita | Otaci |
| | Mereseuca | Ocnita | Otaci |
| | Otaci | Ocnita | Otaci |
| | Pocrovca | Donduseni | Otaci |
| | Rudi | Soroca | Otaci |
| | Sauca | Ocnita | Otaci |
| | Unguri | Ocnita | Otaci |
| | Valcinet | Ocnita | Otaci |
| *76* | *PECISTE* | | |
| | Chipesca | Soldanesti | Peciste |
| | Fuzauca | Soldanesti | Peciste |
| | Gauzeni | Soldanesti | Peciste |
| | Ignatei | Rezina | Peciste |
| | Peciste | Rezina | Peciste |
| | Pripiceni-Razesi | Rezina | Peciste |
| | Raspopeni | Soldanesti | Peciste |
| | Samascani | Soldanesti | Peciste |
| *77* | *PEPENI* | | |
| | Balasesti | Singerei | Pepeni |
| | Banesti | Telenesti | Pepeni |
| | Pepeni | Singerei | Pepeni |
| | Prepelita | Singerei | Pepeni |
| *78* | *PERESECINA* | | |
| | Donici | Orhei | Peresecina |
| | Isnovat | Criuleni | Peresecina |
| | Micauti | Straseni | Peresecina |
| | Miclesti | Criuleni | Peresecina |
| | Peresecina | Orhei | Peresecina |
| | Radeni | Straseni | Peresecina |
| | Riscova | Criuleni | Peresecina |
| | Romanesti | Straseni | Peresecina |
| | Samananca | Orhei | Peresecina |
| | Teleseu | Orhei | Peresecina |
| *79* | *PIRLITA* | | |
| | Agronomovca | Ungheni | Pirlita |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Alexeevca | Ungheni | Pirlita |
| | Bumbata | Ungheni | Pirlita |
| | Busila | Ungheni | Pirlita |
| | Chirileni | Ungheni | Pirlita |
| | Pirlita | Ungheni | Pirlita |
| | Todiresti | Ungheni | Pirlita |
| *80* | *PUHOI* | | |
| | Chetrosu | Anenii Noi | Puhoi |
| | Geamana | Anenii Noi | Puhoi |
| | Puhoi | Ialoveni | Puhoi |
| | Tipala | Ialoveni | Puhoi |
| | Varatic | Ialoveni | Puhoi |
| *81* | *RACOVAT* | | |
| | Dubna | Soroca | Racovat |
| | Racovat | Soroca | Racovat |
| | Redi-Ceresnovat | Soroca | Racovat |
| | Stoicani | Soroca | Racovat |
| *82* | *RADENI* | | |
| | Cornova | Ungheni | Radeni |
| | Dereneu | Calarasi | Radeni |
| | Hirova | Calarasi | Radeni |
| | Hoginesti | Calarasi | Radeni |
| | Napadeni | Ungheni | Radeni |
| | Oniscani | Calarasi | Radeni |
| | Radeni | Calarasi | Radeni |
| *83* | *RAZENI* | | |
| | Carbuna | Ialoveni | Razeni |
| | Cigirleni | Ialoveni | Razeni |
| | Codreni | Cimislia | Razeni |
| | Horesti | Ialoveni | Razeni |
| | Molesti | Ialoveni | Razeni |
| | Porumbrei | Cimislia | Razeni |
| | Razeni | Ialoveni | Razeni |
| | Sagaidac | Cimislia | Razeni |
| *84* | *REZINA* | | |
| | Ciniseuti | Rezina | Rezina |
| | Echimauti | Rezina | Rezina |
| | Gordinesti | Rezina | Rezina |
| | Lipceni | Rezina | Rezina |
| | Mateuti | Rezina | Rezina |
| | Papauti | Rezina | Rezina |
| | Rezina | Rezina | Rezina |
| | Saharna Noua | Rezina | Rezina |
| | Sircova | Rezina | Rezina |
| | Solonceni | Rezina | Rezina |
| | Tareuca | Rezina | Rezina |
| | Trifesti | Rezina | Rezina |
| *85* | *RISCANI* | | |
| | Alexandresti | Riscani | Riscani |
| | Alunis | Riscani | Riscani |
| | Borosenii Noi | Riscani | Riscani |
| | Malinovscoe | Riscani | Riscani |
| | Mihaileni | Riscani | Riscani |
| | Nihoreni | Riscani | Riscani |
| | Racaria | Riscani | Riscani |
| | Recea | Riscani | Riscani |
| | Riscani | Riscani | Riscani |
| | Sturzeni | Riscani | Riscani |
| | Sumna | Riscani | Riscani |
| | Vasileuti | Riscani | Riscani |
| *86* | *RUSENI* | | |
| | Birladeni | Ocnita | Ruseni |
| | Goleni | Edinet | Ruseni |
| | Grinauti-Moldova | Ocnita | Ruseni |
| | Parcova | Edinet | Ruseni |
| | Ruseni | Edinet | Ruseni |
| *87* | *RUSESTII NOI* | | |
| | Horodca | Ialoveni | Rusestii Noi |
| | Rusestii Noi | Ialoveni | Rusestii Noi |
| | Ulmu | Ialoveni | Rusestii Noi |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Vasieni | Ialoveni | Rusestii Noi |
| 88 | SARATENII VECHI | | |
| | Ciocilteni | Orhei | Saratenii Vechi |
| | Clisova | Orhei | Saratenii Vechi |
| | Codrul Nou | Telenesti | Saratenii Vechi |
| | Corobceni | Telenesti | Saratenii Vechi |
| | Ratus | Telenesti | Saratenii Vechi |
| | Saratenii Vechi | Telenesti | Saratenii Vechi |
| | Suhuluceni | Telenesti | Saratenii Vechi |
| | Verejeni | Telenesti | Saratenii Vechi |
| 89 | SCULENI | | |
| | Buciumeni | Ungheni | Sculeni |
| | Cioropcani | Ungheni | Sculeni |
| | Horesti | Falesti | Sculeni |
| | Izvoare | Falesti | Sculeni |
| | Sculeni | Ungheni | Sculeni |
| | Taxobeni | Falesti | Sculeni |
| 90 | SINGEREI | | |
| | Bilicenii Vechi | Singerei | Singerei |
| | Copaceni | Singerei | Singerei |
| | Cotiujenii Mici | Singerei | Singerei |
| | Draganesti | Singerei | Singerei |
| | Grigorauca | Singerei | Singerei |
| | Izvoare | Singerei | Singerei |
| | Nicolaevca | Floresti | Singerei |
| | Radoaia | Singerei | Singerei |
| | Singerei | Singerei | Singerei |
| | Singereii Noi | Singerei | Singerei |
| 91 | SOLDANESTI | | |
| | Alcedar | Soldanesti | Soldanesti |
| | Hligeni | Soldanesti | Soldanesti |
| | Mihuleni | Soldanesti | Soldanesti |
| | Oliscani | Soldanesti | Soldanesti |
| | Parcani | Soldanesti | Soldanesti |
| | Poiana | Soldanesti | Soldanesti |
| | Sestaci | Soldanesti | Soldanesti |
| | Sipca | Soldanesti | Soldanesti |
| | Soldanesti | Soldanesti | Soldanesti |
| 92 | SOROCA | | |
| | Cosauti | Soroca | Soroca |
| | Egoreni | Soroca | Soroca |
| | Hristici | Soroca | Soroca |
| | Ocolina | Soroca | Soroca |
| | Parcani | Soroca | Soroca |
| | Pirlita | Soroca | Soroca |
| | Regina Maria | Soroca | Soroca |
| | Rublenita | Soroca | Soroca |
| | Soroca | Soroca | Soroca |
| | Trifauti | Soroca | Soroca |
| | Vadeni | Soroca | Soroca |
| | Vasilcau | Soroca | Soroca |
| | Volovita | Soroca | Soroca |
| | Zastinca | Soroca | Soroca |
| 93 | STEFAN-VODA | | |
| | Alava | Stefan-Voda | Stefan-Voda |
| | Brezoaia | Stefan-Voda | Stefan-Voda |
| | Cioburciu | Stefan-Voda | Stefan-Voda |
| | Copceac | Stefan-Voda | Stefan-Voda |
| | Festelita | Stefan-Voda | Stefan-Voda |
| | Marianca de Jos | Stefan-Voda | Stefan-Voda |
| | Rascaieti | Stefan-Voda | Stefan-Voda |
| | Semionovca | Stefan-Voda | Stefan-Voda |
| | Slobozia | Stefan-Voda | Stefan-Voda |
| | Stefanesti | Stefan-Voda | Stefan-Voda |
| | Stefan-Voda | Stefan-Voda | Stefan-Voda |
| | Talmaza | Stefan-Voda | Stefan-Voda |
| | Volintiri | Stefan-Voda | Stefan-Voda |
| 94 | STRASENI | | |
| | Capriana | Straseni | Straseni |
| | Cojusna | Straseni | Straseni |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Ghelauza | Straseni | Straseni |
| | Negresti | Straseni | Straseni |
| | Panasesti | Straseni | Straseni |
| | Roscani | Straseni | Straseni |
| | Scoreni | Straseni | Straseni |
| | Sireti | Straseni | Straseni |
| | Straseni | Straseni | Straseni |
| | Tataresti | Straseni | Straseni |
| | Truseni | mun. Chisinau | Straseni |
| 95 | *SUSLENI* | | |
| | Berezlogi | Orhei | Susleni |
| | Bulaiesti | Orhei | Susleni |
| | Jora de Mijloc | Orhei | Susleni |
| | Mirzesti | Orhei | Susleni |
| | Molovata | Dubasari | Susleni |
| | Oxentea | Dubasari | Susleni |
| | Susleni | Orhei | Susleni |
| | Viscauti | Orhei | Susleni |
| 96 | *TARACLIA* | | |
| | Albota de Jos | Taraclia | Taraclia |
| | Albota de Sus | Taraclia | Taraclia |
| | Aluatu | Taraclia | Taraclia |
| | Balabanu | Taraclia | Taraclia |
| | Budai | Taraclia | Taraclia |
| | Cairaclia | Taraclia | Taraclia |
| | Cealic | Taraclia | Taraclia |
| | Corten | Taraclia | Taraclia |
| | Musaitu | Taraclia | Taraclia |
| | Novosiolovca | Taraclia | Taraclia |
| | Salcia | Taraclia | Taraclia |
| | Taraclia | Taraclia | Taraclia |
| 97 | *TELENESTI* | | |
| | Bogzesti | Telenesti | Telenesti |
| | Budai | Telenesti | Telenesti |
| | Crasnaseni | Telenesti | Telenesti |
| | Hiriseni | Telenesti | Telenesti |
| | Inesti | Telenesti | Telenesti |
| | Leuseni | Telenesti | Telenesti |
| | Telenesti | Telenesti | Telenesti |
| | Vasieni | Telenesti | Telenesti |
| 98 | *TEREBNA* | | |
| | Alexeevca | Edinet | Terebna |
| | Badragii Noi | Edinet | Terebna |
| | Badragii Vechi | Edinet | Terebna |
| | Brinzeni | Edinet | Terebna |
| | Corpaci | Edinet | Terebna |
| | Cuconestii Noi | Edinet | Terebna |
| | Hancauti | Edinet | Terebna |
| | Terebna | Edinet | Terebna |
| | Zabriceni | Edinet | Terebna |
| 99 | *TIRNOVA* | | |
| | Baraboi | Donduseni | Tirnova |
| | Maramonovca | Drochia | Tirnova |
| | Mindic | Drochia | Tirnova |
| | Salvirii Vechi | Drochia | Tirnova |
| | Scaieni | Donduseni | Tirnova |
| | Tirnova | Donduseni | Tirnova |
| | Fintinita | Drochia | Tirnova |
| | Frasin | Donduseni | Tirnova |
| 100 | *TIRNOVA* | | |
| | Lopatnic | Edinet | Tirnova |
| | Tirnova | Edinet | Tirnova |
| | Blesteni | Edinet | Tirnova |
| | Burlanesti | Edinet | Tirnova |
| | Fetesti | Edinet | Tirnova |
| | Gordinesti | Edinet | Tirnova |
| | Viisoara | Edinet | Tirnova |
| 101 | *TVARDITA* | | |
| | Tvardita | Taraclia | Tvardita |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Valea Perjei | Taraclia | Tvardita |
| *102* | *UNGHENI* | | |
| | Bratuleni | Nisporeni | Ungheni |
| | Cetireni | Ungheni | Ungheni |
| | Costuleni | Ungheni | Ungheni |
| | Floritoaia Veche | Ungheni | Ungheni |
| | Manoilesti | Ungheni | Ungheni |
| | Morenii Noi | Ungheni | Ungheni |
| | Petresti | Ungheni | Ungheni |
| | Ungheni | Ungheni | Ungheni |
| | Untesti | Ungheni | Ungheni |
| | Valea Mare | Ungheni | Ungheni |
| | Zagarancea | Ungheni | Ungheni |
| *22* | *UTAG -CEADIR-LUNGA* | | |
| | Baurci | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Besghioz | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Cazaclia | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Ceadir-Lunga | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Chioselia Rusa | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Chiriet-Lunga | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Congaz | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Cotovscoe | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Gaidar | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Joltai | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Svetlii | UTA Gagauzia | UTAG -Ceadir-Lunga |
| | Tomai | UTA Gagauzia | UTAG -Ceadir-Lunga |
| *32* | *UTAG - COMRAT* | | |
| | Avdarma | UTA Gagauzia | UTAG - Comrat |
| | Besalma | UTA Gagauzia | UTAG - Comrat |
| | Bugeac | UTA Gagauzia | UTAG - Comrat |
| | Chirsova | UTA Gagauzia | UTAG - Comrat |
| | Cioc-Maidan | UTA Gagauzia | UTAG - Comrat |
| | Comrat | UTA Gagauzia | UTAG - Comrat |
| | Congazcicul de Sus | UTA Gagauzia | UTAG - Comrat |
| | Dezghingea | UTA Gagauzia | UTAG - Comrat |
| | Ferapontievca | UTA Gagauzia | UTAG - Comrat |
| *107* | *UTAG -VULCANESTI* | | |
| | Cismichioi | UTA Gagauzia | UTAG -Vulcanesti |
| | Etulia | UTA Gagauzia | UTAG -Vulcanesti |
| | Vulcanesti | UTA Gagauzia | UTAG -Vulcanesti |
| *103* | *VADUL LUI VODA* | | |
| | Baltata | Criuleni | Vadul lui Voda |
| | Budesti | mun. Chisinau | Vadul lui Voda |
| | Colonita | mun. Chisinau | Vadul lui Voda |
| | Cruzesti | mun. Chisinau | Vadul lui Voda |
| | Dolinnoe | Criuleni | Vadul lui Voda |
| | Tohatin | mun. Chisinau | Vadul lui Voda |
| | Vadul lui Voda | mun. Chisinau | Vadul lui Voda |
| *104* | *VADUL-RASCOV* | | |
| | Climautii de Jos | Soldanesti | Vadul-Rascov |
| | Cusmirca | Soldanesti | Vadul-Rascov |
| | Salcia | Soldanesti | Vadul-Rascov |
| | Vadul-Rascov | Soldanesti | Vadul-Rascov |
| *105* | *VARANCAU* | | |
| | Cernita | Floresti | Varancau |
| | Nimereuca | Soroca | Varancau |
| | Temeleuti | Floresti | Varancau |
| | Tirgul-Vertiujeni | Floresti | Varancau |
| | Varancau | Soroca | Varancau |
| | Vascauti | Floresti | Varancau |
| | Vertiujeni | Floresti | Varancau |
| | Zaluceni | Floresti | Varancau |
| *106* | *VISNIOVCA* | | |
| | Capaclia | Cantemir | Visniovca |
| | Cociulia | Cantemir | Visniovca |
| | Haragis | Cantemir | Visniovca |
| | Sadic | Cantemir | Visniovca |
| | Samalia | Cantemir | Visniovca |
| | Visniovca | Cantemir | Visniovca |
| *108* | *ZAICANI* | | |

| | Current name of the administrative-territorial unit | Current raion name | New municipality |
|---|---|---|---|
| | Hiliuti | Riscani | Zaicani |
| | Horodiste | Riscani | Zaicani |
| | Pirjota | Riscani | Zaicani |
| | Pociumbauti | Riscani | Zaicani |
| | Pociumbeni | Riscani | Zaicani |
| | Zaicani | Riscani | Zaicani |
| 109 | ZGURITA | | |
| | Baxani | Soroca | Zgurita |
| | Bulboci | Soroca | Zgurita |
| | Cotova | Drochia | Zgurita |
| | Palanca | Drochia | Zgurita |
| | Popestii de Jos | Drochia | Zgurita |
| | Popestii de Sus | Drochia | Zgurita |
| | Schineni | Soroca | Zgurita |
| | Zgurita | Drochia | Zgurita |
| 110 | ZIRNESTI | | |
| | Andrusul de Jos | Cahul | Zirnesti |
| | Badicul Moldovenesc | Cahul | Zirnesti |
| | Baurci-Moldoveni | Cahul | Zirnesti |
| | Cucoara | Cahul | Zirnesti |
| | Larga Noua | Cahul | Zirnesti |
| | Zirnesti | Cahul | Zirnesti |
| 111 | ZUBRESTI | | |
| | Bucovat | Straseni | Zubresti |
| | Chirianca | Straseni | Zubresti |
| | Codreanca | Straseni | Zubresti |
| | Galesti | Straseni | Zubresti |
| | Greblesti | Straseni | Zubresti |
| | Onesti | Straseni | Zubresti |
| | Recea | Straseni | Zubresti |
| | Tiganesti | Straseni | Zubresti |
| | Varzarestii Noi | Calarasi | Zubresti |
| | Voinova | Straseni | Zubresti |
| | Zubresti | Straseni | Zubresti |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| 1 | **ABACLIA** | | |
| | Abaclia | Basarabeasca | Abaclia |
| | Bascalia | Basarabeasca | Abaclia |
| 2 | **ALBOTA DE SUS** | | |
| | Albota de Jos | Taraclia | Albota de Sus |
| | Albota de Sus | Taraclia | Albota de Sus |
| | Balabanu | Taraclia | Albota de Sus |
| | Cealîc | Taraclia | Albota de Sus |
| 3 | **ALCEDAR** | | |
| | Alcedar | Soldanesti | Alcedar |
| | Poiana | Soldanesti | Alcedar |
| | Solonceni | Rezina | Alcedar |
| 4 | **ALEXANDRU IOAN CUZA** | | |
| | Alexandru Ioan Cuza | Cahul | Alexandru Ioan Cuza |
| 5 | **ANENII NOI** | | |
| | Anenii Noi | Anenii Noi | Anenii Noi |
| 6 | **ARIONESTI** | | |
| | Arionesti | Donduseni | Arionesti |
| | Pocrovca | Donduseni | Arionesti |
| | Rudi | Soroca | Arionesti |
| | Unguri | Ocnita | Arionesti |
| 7 | **AVDARMA** | | |
| | Avdarma | UTA Gagauzia | Avdarma |
| | Chiriet-Lunga | UTA Gagauzia | Avdarma |
| 8 | **BACIOI** | | |
| | Bacioi | mun. Chisinau | Bacioi |
| 9 | **BADICENI** | | |
| | Badiceni | Soroca | Badiceni |
| | Holosnita | Soroca | Badiceni |
| | Septelici | Soroca | Badiceni |
| | Solcani | Soroca | Badiceni |
| 10 | **BAIMACLIA** | | |
| | Baimaclia | Cantemir | Baimaclia |
| | Cîrpesti | Cantemir | Baimaclia |
| | Enichioi | Cantemir | Baimaclia |
| | Lingura | Cantemir | Baimaclia |
| | Tartaul | Cantemir | Baimaclia |
| 11 | **BALATINA** | | |
| | Balatina | Glodeni | Balatina |
| | Cuhnesti | Glodeni | Balatina |
| 12 | **BALCEANA** | | |
| | Balceana | Hincesti | Balceana |
| | Negrea | Hincesti | Balceana |
| | Sofia | Hincesti | Balceana |
| 13 | **BALTI** | | |
| | Balti | mun. Balti | Balti |
| | Dobrogea Veche | Singerei | Balti |
| | Elizaveta | mun. Balti | Balti |
| | Sadovoe | mun. Balti | Balti |
| | Tambula | Singerei | Balti |
| 14 | **BARDAR** | | |
| | Bardar | Ialoveni | Bardar |
| | Pojareni | Ialoveni | Bardar |
| 15 | **BASARABEASCA** | | |
| | Basarabeasca | Basarabeasca | Basarabeasca |
| | **BATIR** | | |
| | Batîr | Cimislia | Batir |
| | Ciuflesti | Causeni | Batir |
| | Troitcoe | Cimislia | Batir |
| 17 | **BAURCI** | | |
| | Baurci | UTA Gagauzia | Baurci |
| 18 | **BIRUINTA** | | |
| | Alexandreni | Singerei | Biruinta |
| | Biruinta | Singerei | Biruinta |
| | Heciul Nou | Singerei | Biruinta |
| | Putinesti | Floresti | Biruinta |
| 19 | **BOBEICA** | | |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Bobeica | Hincesti | Bobeica |
| | Sipoteni | Hincesti | Bobeica |
| | Stolniceni | Hincesti | Bobeica |
| 20 | **BOLDURESTI** | | |
| | Bolduresti | Nisporeni | Bolduresti |
| | Bratuleni | Nisporeni | Bolduresti |
| | Valea-Trestieni | Nisporeni | Bolduresti |
| 21 | **BOROSENII NOI** | | |
| | Borosenii Noi | Riscani | Borosenii Noi |
| | Vasileuti | Riscani | Borosenii Noi |
| 22 | **BOSCANA** | | |
| | Boscana | Criuleni | Boscana |
| | Cosernita | Criuleni | Boscana |
| | Hrusova | Criuleni | Boscana |
| | Zaicana | Criuleni | Boscana |
| 23 | **BRATUSENI** | | |
| | Bratuseni | Edinet | Bratuseni |
| | Chetrosica Noua | Edinet | Bratuseni |
| | Sofrîncani | Edinet | Bratuseni |
| | Stolniceni | Edinet | Bratuseni |
| 24 | **BRAVICEA** | | |
| | Bravicea | Calarasi | Bravicea |
| | Meleseni | Calarasi | Bravicea |
| | Tibirica | Calarasi | Bravicea |
| 25 | **BRAVICENI** | | |
| | Braviceni | Orhei | Braviceni |
| | Malaiesti | Orhei | Braviceni |
| 26 | **BRICENI** | | |
| | Briceni | Briceni | Briceni |
| | Grimancauti | Briceni | Briceni |
| 27 | **BUBUIECI** | | |
| | Bubuieci | mun. Chisinau | Bubuieci |
| | Floreni | Anenii Noi | Bubuieci |
| 28 | **BUDAI** | | |
| | Bogzesti | Telenesti | Budai |
| | Budai | Telenesti | Budai |
| | Crasnaseni | Telenesti | Budai |
| | Hiriseni | Telenesti | Budai |
| 29 | **BUDESTI** | | |
| | Baltata | Criuleni | Budesti |
| | Budesti | mun. Chisinau | Budesti |
| | Cruzesti | mun. Chisinau | Budesti |
| | Tohatin | mun. Chisinau | Budesti |
| 30 | **BUJOR** | | |
| | Boghiceni | Hincesti | Bujor |
| | Bujor | Hincesti | Bujor |
| | Miresti | Hincesti | Bujor |
| | Onesti | Hincesti | Bujor |
| | Pervomaiscoe | Hincesti | Bujor |
| 31 | **BULBOACA** | | |
| | Bulboaca | Anenii Noi | Bulboaca |
| | Calfa | Anenii Noi | Bulboaca |
| | Roscani | Anenii Noi | Bulboaca |
| | Telita | Anenii Noi | Bulboaca |
| 32 | **BULBOCI** | | |
| | Baxani | Soroca | Bulboci |
| | Bulboci | Soroca | Bulboci |
| | Regina Maria | Soroca | Bulboci |
| | Schineni | Soroca | Bulboci |
| 33 | **BURLACENI** | | |
| | Burlaceni | Cahul | Burlaceni |
| | Iujnoe | Cahul | Burlaceni |
| 34 | **BURLACU** | | |
| | Borceag | Cahul | Burlacu |
| | Burlacu | Cahul | Burlacu |
| | Chioselia Mare | Cahul | Burlacu |
| | Taraclia de Salcie | Cahul | Burlacu |
| 35 | **CAHUL** | | |
| | Cahul | Cahul | Cahul |
| | Crihana Veche | Cahul | Cahul |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Manta | Cahul | Cahul |
| | Rosu | Cahul | Cahul |
| 36 | *CAINARI* | | |
| | Cainari | Causeni | Cainari |
| | Chircaiestii Noi | Causeni | Cainari |
| | Cîrnatenii Noi | Causeni | Cainari |
| | Coscalia | Causeni | Cainari |
| | Gangura | Ialoveni | Cainari |
| | Pervomaisc | Causeni | Cainari |
| | Zolotievca | Anenii Noi | Cainari |
| 37 | *CAINARII VECHI* | | |
| | Cainarii Vechi | Soroca | Cainarii Vechi |
| | Frumusica | Floresti | Cainarii Vechi |
| | Izvoare | Floresti | Cainarii Vechi |
| | Sevirova | Floresti | Cainarii Vechi |
| | Trifanesti | Floresti | Cainarii Vechi |
| 38 | *CALARASI* | | |
| | Calarasi | Calarasi | Calarasi |
| | Niscani | Calarasi | Calarasi |
| | Paulesti | Calarasi | Calarasi |
| | Tuzara | Calarasi | Calarasi |
| 39 | *CALINESTI* | | |
| | Calinesti | Falesti | Calinesti |
| | Chetris | Falesti | Calinesti |
| | Hîncesti | Falesti | Calinesti |
| | Pruteni | Falesti | Calinesti |
| | Viisoara | Glodeni | Calinesti |
| 40 | *CALUGAR* | | |
| | Albinetul Vechi | Falesti | Calugar |
| | Calugar | Falesti | Calugar |
| | Musteata | Falesti | Calugar |
| 41 | *CANTEMIR* | | |
| | Antonesti | Cantemir | Cantemir |
| | Cania | Cantemir | Cantemir |
| | Cantemir | Cantemir | Cantemir |
| | Plopi | Cantemir | Cantemir |
| | Stoianovca | Cantemir | Cantemir |
| | Tiganca | Cantemir | Cantemir |
| 42 | *CAPLANI* | | |
| | Caplani | Stefan-Voda | Caplani |
| 43 | *CARAHASANI* | | |
| | Antonesti | Stefan-Voda | Carahasani |
| | Carahasani | Stefan-Voda | Carahasani |
| 44 | *CARPINENI* | | |
| | Carpineni | Hincesti | Carpineni |
| 45 | *CAUSENI* | | |
| | Baccealia | Causeni | Causeni |
| | Causeni | Causeni | Causeni |
| | Cîrnateni | Causeni | Causeni |
| | Grigorievca | Causeni | Causeni |
| | Plop-Stiubei | Causeni | Causeni |
| 46 | *CAZACLIA* | | |
| | Cazaclia | UTA Gagauzia | Cazaclia |
| 47 | *CAZANESTI* | | |
| | Brînzenii Noi | Telenesti | Cazanesti |
| | Cazanesti | Telenesti | Cazanesti |
| | Ordasei | Telenesti | Cazanesti |
| | Pistruieni | Telenesti | Cazanesti |
| | Tîrsitei | Telenesti | Cazanesti |
| 48 | *CEADIR-LUNGA* | | |
| | Besghioz | UTA Gagauzia | Ceadir-Lunga |
| | Ceadîr-Lunga | UTA Gagauzia | Ceadir-Lunga |
| | Gaidar | UTA Gagauzia | Ceadir-Lunga |
| 49 | *CENAC* | | |
| | Cenac | Cimislia | Cenac |
| | Ialpugeni | Cimislia | Cenac |
| | Javgur | Cimislia | Cenac |
| | Topala | Cimislia | Cenac |
| 50 | *CETIRENI* | | |
| | Alexeevca | Ungheni | Cetireni |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Cetireni | Ungheni | Cetireni |
| | Floritoaia Veche | Ungheni | Cetireni |
| | Manoilesti | Ungheni | Cetireni |
| | Untesti | Ungheni | Cetireni |
| 51 | *CHETROSU* | | |
| | Baroncea | Drochia | Chetrosu |
| | Chetrosu | Drochia | Chetrosu |
| | Gribova | Drochia | Chetrosu |
| | Suri | Drochia | Chetrosu |
| 52 | *CHIOSELIA* | | |
| | Chioselia | Cantemir | Chioselia |
| | Cîietu | Cantemir | Chioselia |
| | Cîsla | Cantemir | Chioselia |
| | Costangalia | Cantemir | Chioselia |
| | Doina | Cahul | Chioselia |
| 53 | *CHIPERCENI* | | |
| | Biesti | Orhei | Chiperceni |
| | Chiperceni | Orhei | Chiperceni |
| | Crihana | Orhei | Chiperceni |
| | Podgoreni | Orhei | Chiperceni |
| | Zahoreni | Orhei | Chiperceni |
| 54 | *CHIRCAIESTI* | | |
| | Chircaiesti | Causeni | Chircaiesti |
| | Hagimus | Causeni | Chircaiesti |
| 55 | *CHIRSOVA* | | |
| | Besalma | UTA Gagauzia | Chirsova |
| | Chirsova | UTA Gagauzia | Chirsova |
| 56 | *CHISCARENI* | | |
| | Chiscareni | Singerei | Chiscareni |
| | Ciuciuieni | Singerei | Chiscareni |
| | Iezarenii Vechi | Singerei | Chiscareni |
| | Taura Veche | Singerei | Chiscareni |
| 57 | *CHISINAU* | | |
| | Chisinau | mun. Chisinau | Chisinau |
| 58 | *CHISTELNITA* | | |
| | Chistelnita | Telenesti | Chistelnita |
| | Codrul Nou | Telenesti | Chistelnita |
| | Tîntareni | Telenesti | Chistelnita |
| 59 | *CIMISLIA* | | |
| | Cimislia | Cimislia | Cimislia |
| | Ciucur-Mingir | Cimislia | Cimislia |
| 60 | *CINISEUTI* | | |
| | Ciniseuti | Rezina | Ciniseuti |
| | Echimauti | Rezina | Ciniseuti |
| | Gordinesti | Rezina | Ciniseuti |
| | Pereni | Rezina | Ciniseuti |
| | Pripiceni-Razesi | Rezina | Ciniseuti |
| | Trifesti | Rezina | Ciniseuti |
| 61 | *CIOCILTENI* | | |
| | Ciocîlteni | Orhei | Ciocilteni |
| | Clisova | Orhei | Ciocilteni |
| | Saratenii Vechi | Telenesti | Ciocilteni |
| 62 | *CIOC-MAIDAN* | | |
| | Cioc-Maidan | UTA Gagauzia | Cioc-Maidan |
| 63 | *CIORESCU* | | |
| | Ciorescu | mun. Chisinau | Ciorescu |
| 64 | *CIORESTI* | | |
| | Cioresti | Nisporeni | Cioresti |
| | Dolna | Straseni | Cioresti |
| 65 | *CIOROPCANI* | | |
| | Buciumeni | Ungheni | Cioropcani |
| | Cioropcani | Ungheni | Cioropcani |
| 66 | *CIRIPCAU* | | |
| | Ciripcau | Floresti | Ciripcau |
| | Dubna | Soroca | Ciripcau |
| | Stoicani | Soroca | Ciripcau |
| 67 | *CISMICHIOI* | | |
| | Cismichioi | UTA Gagauzia | Cismichioi |
| | Etulia | UTA Gagauzia | Cismichioi |
| 68 | *CIUCIULEA* | | |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Ciuciulea | Glodeni | Ciuciulea |
| | Dusmani | Glodeni | Ciuciulea |
| 69 | *CIUCIULENI* | | |
| | Ciuciuleni | Hincesti | Ciuciuleni |
| | Dragusenii Noi | Hincesti | Ciuciuleni |
| | Pascani | Hincesti | Ciuciuleni |
| | Secareni | Hincesti | Ciuciuleni |
| 70 | *CIUTULESTI* | | |
| | Casunca | Floresti | Ciutulesti |
| | Ciutulesti | Floresti | Ciutulesti |
| | Domulgeni | Floresti | Ciutulesti |
| | Prodanesti | Floresti | Ciutulesti |
| | Stefanesti | Floresti | Ciutulesti |
| 71 | *COBANI* | | |
| | Camenca | Glodeni | Cobani |
| | Cobani | Glodeni | Cobani |
| 72 | *COBUSCA VECHE* | | |
| | Botnaresti | Anenii Noi | Cobusca Veche |
| | Chirca | Anenii Noi | Cobusca Veche |
| | Cobusca Noua | Anenii Noi | Cobusca Veche |
| | Cobusca Veche | Anenii Noi | Cobusca Veche |
| 73 | *COCIERI* | | |
| | Cocieri | Dubasari | Cocieri |
| | Corjova | UTA din Stinga Nistrului | Cocieri |
| | Molovata Noua | Dubasari | Cocieri |
| 74 | *COCIULIA* | | |
| | Capaclia | Cantemir | Cociulia |
| | Cociulia | Cantemir | Cociulia |
| | Haragîs | Cantemir | Cociulia |
| | Sadîc | Cantemir | Cociulia |
| | Samalia | Cantemir | Cociulia |
| | Visniovca | Cantemir | Cociulia |
| 75 | *CODREANCA* | | |
| | Codreanca | Straseni | Codreanca |
| | Onesti | Straseni | Codreanca |
| | Tiganesti | Straseni | Codreanca |
| 76 | *CODRU* | | |
| | Codru | mun. Chisinau | Codru |
| 77 | *COJUSNA* | | |
| | Cojusna | Straseni | Cojusna |
| 78 | *COLIBASI* | | |
| | Brînza | Cahul | Colibasi |
| | Colibasi | Cahul | Colibasi |
| | Vadul lui Isac | Cahul | Colibasi |
| 79 | *COLONITA* | | |
| | Colonita | mun. Chisinau | Colonita |
| | Dolinnoe | Criuleni | Colonita |
| | Maximovca | Anenii Noi | Colonita |
| 80 | *COMRAT* | | |
| | Bugeac | UTA Gagauzia | Comrat |
| | Comrat | UTA Gagauzia | Comrat |
| | Congazcicul de Sus | UTA Gagauzia | Comrat |
| 81 | *CONGAZ* | | |
| | Chioselia Rusa | UTA Gagauzia | Congaz |
| | Congaz | UTA Gagauzia | Congaz |
| | Cotovscoe | UTA Gagauzia | Congaz |
| | Svetlîi | UTA Gagauzia | Congaz |
| 82 | *COPANCA* | | |
| | Copanca | Causeni | Copanca |
| 83 | *COPCEAC* | | |
| | Carbalia | UTA Gagauzia | Copceac |
| | Copceac | UTA Gagauzia | Copceac |
| 84 | *CORJEUTI* | | |
| | Corjeuti | Briceni | Corjeuti |
| 85 | *CORLATENI* | | |
| | Corlateni | Riscani | Corlateni |
| | Singureni | Riscani | Corlateni |
| 86 | *CORNESTI* | | |
| | Bumbata | Ungheni | Cornesti |
| | Cornesti | Ungheni | Cornesti |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Cornesti | Ungheni | Cornesti |
| | Tescureni | Ungheni | Cornesti |
| 87 | **COSCODENI** | | |
| | Bocani | Falesti | Coscodeni |
| | Bursuceni | Singerei | Coscodeni |
| | Coscodeni | Singerei | Coscodeni |
| | Pietrosu | Falesti | Coscodeni |
| 88 | **COSERNITA** | | |
| | Cernita | Floresti | Cosernita |
| | Cosernita | Floresti | Cosernita |
| | Temeleuti | Floresti | Cosernita |
| | Vascauti | Floresti | Cosernita |
| 89 | **COSNITA** | | |
| | Cosnita | Dubasari | Cosnita |
| | Dorotcaia | Dubasari | Cosnita |
| | Pîrîta | Dubasari | Cosnita |
| 90 | **COSTESTI** | | |
| | Braniste | Riscani | Costesti |
| | Costesti | Riscani | Costesti |
| | Duruitoarea Noua | Riscani | Costesti |
| | Galaseni | Riscani | Costesti |
| | Horodiste | Riscani | Costesti |
| | Petruseni | Riscani | Costesti |
| | Saptebani | Riscani | Costesti |
| | Varatic | Riscani | Costesti |
| 91 | **COSTESTI** | | |
| | Costesti | Ialoveni | Costesti |
| | Hansca | Ialoveni | Costesti |
| 92 | **COTIUJENI** | | |
| | Beleavinti | Briceni | Cotiujeni |
| | Berlinti | Briceni | Cotiujeni |
| | Cotiujeni | Briceni | Cotiujeni |
| 93 | **COTIUJENII MARI** | | |
| | Cobîlea | Soldanesti | Cotiujenii Mari |
| | Cotiujenii Mari | Soldanesti | Cotiujenii Mari |
| 94 | **COTOVA** | | |
| | Cotova | Drochia | Cotova |
| | Palanca | Drochia | Cotova |
| 95 | **COTUL MORII** | | |
| | Cateleni | Hincesti | Cotul Morii |
| | Cotul Morii | Hincesti | Cotul Morii |
| | Ivanovca | Hincesti | Cotul Morii |
| | Nemteni | Hincesti | Cotul Morii |
| | Obileni | Hincesti | Cotul Morii |
| 96 | **CRASNOARMEISCOE** | | |
| | Crasnoarmeiscoe | Hincesti | Crasnoarmeiscoe |
| 97 | **CRICOVA** | | |
| | Cricova | mun. Chisinau | Cricova |
| 98 | **CRIULENI** | | |
| | Criuleni | Criuleni | Criuleni |
| | Onitcani | Criuleni | Criuleni |
| | Slobozia-Dusca | Criuleni | Criuleni |
| 99 | **CROCMAZ** | | |
| | Crocmaz | Stefan-Voda | Crocmaz |
| | Palanca | Stefan-Voda | Crocmaz |
| | Tudora | Stefan-Voda | Crocmaz |
| 100 | **CUBOLTA** | | |
| | Cubolta | Singerei | Cubolta |
| | Dominteni | Drochia | Cubolta |
| | Hasnasenii Mari | Drochia | Cubolta |
| | Iliciovca | Floresti | Cubolta |
| | Moara de Piatra | Drochia | Cubolta |
| | Petreni | Drochia | Cubolta |
| 101 | **CUCOARA** | | |
| | Badicul Moldovenesc | Cahul | Cucoara |
| | Cucoara | Cahul | Cucoara |
| | Larga Noua | Cahul | Cucoara |
| 102 | **CUCONESTII NOI** | | |
| | Badragii Noi | Edinet | Cuconestii Noi |
| | Badragii Vechi | Edinet | Cuconestii Noi |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Corpaci | Edinet | Cuconestii Noi |
| | Cuconestii Noi | Edinet | Cuconestii Noi |
| | Hancauti | Edinet | Cuconestii Noi |
| 103 | **CUCURUZENI** | | |
| | Cucuruzeni | Orhei | Cucuruzeni |
| | Zorile | Orhei | Cucuruzeni |
| 104 | **CUIZAUCA** | | |
| | Busauca | Rezina | Cuizauca |
| | Cogîlniceni | Rezina | Cuizauca |
| | Cuizauca | Rezina | Cuizauca |
| | Ghiduleni | Rezina | Cuizauca |
| | Mincenii de Jos | Rezina | Cuizauca |
| | Otac | Rezina | Cuizauca |
| 105 | **CUNICEA** | | |
| | Cuhurestii de Jos | Floresti | Cunicea |
| | Cuhurestii de Sus | Floresti | Cunicea |
| | Cunicea | Floresti | Cunicea |
| 106 | **CUPCINI** | | |
| | Cupcini | Edinet | Cupcini |
| | Parcova | Edinet | Cupcini |
| 107 | **CUSMIRCA** | | |
| | Climautii de Jos | Soldanesti | Cusmirca |
| | Cusmirca | Soldanesti | Cusmirca |
| | Vadul-Rascov | Soldanesti | Cusmirca |
| 108 | **DANU** | | |
| | Danu | Glodeni | Danu |
| | Iabloana | Glodeni | Danu |
| 109 | **DEZGHINGEA** | | |
| | Dezghingea | UTA Gagauzia | Dezghingea |
| 110 | **DONDUSENI** | | |
| | Cernoleuca | Donduseni | Donduseni |
| | Corbu | Donduseni | Donduseni |
| | Donduseni | Donduseni | Donduseni |
| | Donduseni | Donduseni | Donduseni |
| | Pivniceni | Donduseni | Donduseni |
| | Rediul Mare | Donduseni | Donduseni |
| 111 | **DRAGANESTI** | | |
| | Cotiujenii Mici | Singerei | Draganesti |
| | Draganesti | Singerei | Draganesti |
| | Nicolaevca | Floresti | Draganesti |
| 112 | **DRASLICENI** | | |
| | Drasliceni | Criuleni | Drasliceni |
| | Micauti | Straseni | Drasliceni |
| 113 | **DROCHIA** | | |
| | Antoneuca | Drochia | Drochia |
| | Drochia | Drochia | Drochia |
| | Miciurin | Drochia | Drochia |
| | Pervomaiscoe | Drochia | Drochia |
| | Tarigrad | Drochia | Drochia |
| 114 | **DUBASARII VECHI** | | |
| | Corjova | Criuleni | Dubasarii Vechi |
| | Dubasarii Vechi | Criuleni | Dubasarii Vechi |
| 115 | **DURLESTI** | | |
| | Durlesti | mun. Chisinau | Durlesti |
| 116 | **EDINET** | | |
| | Edinet | Edinet | Edinet |
| 117 | **ERMOCLIA** | | |
| | Ermoclia | Stefan-Voda | Ermoclia |
| | Festelita | Stefan-Voda | Ermoclia |
| | Popeasca | Stefan-Voda | Ermoclia |
| 118 | **FALESTI** | | |
| | Egorovca | Falesti | Falesti |
| | Falesti | Falesti | Falesti |
| | Falestii Noi | Falesti | Falesti |
| | Pînzareni | Falesti | Falesti |
| 119 | **FETESTI** | | |
| | Fetesti | Edinet | Fetesti |
| | Lopatnic | Edinet | Fetesti |
| | Viisoara | Edinet | Fetesti |
| 120 | **FIRLADENI** | | |

|     | Name | Old raion name | New municipality |
|-----|------|----------------|------------------|
|     | Fîrladeni | Causeni | Firladeni |
| *121* | **FLORESTI** | | |
|     | Alexeevca | Floresti | Floresti |
|     | Floresti | Floresti | Floresti |
|     | Gura Camencii | Floresti | Floresti |
|     | Marculesti | Floresti | Floresti |
|     | Varvareuca | Floresti | Floresti |
| *122* | **FRUNZA** | | |
|     | Frunza | Ocnita | Frunza |
|     | Gîrbova | Ocnita | Frunza |
|     | Lencauti | Ocnita | Frunza |
| *123* | **GEAMANA** | | |
|     | Ciobanovca | Anenii Noi | Geamana |
|     | Geamana | Anenii Noi | Geamana |
|     | Ochiul Ros | Anenii Noi | Geamana |
| *124* | **GHETLOVA** | | |
|     | Ghetlova | Orhei | Ghetlova |
|     | Saseni | Calarasi | Ghetlova |
| *125* | **GHIDIGHICI** | | |
|     | Ghidighici | mun. Chisinau | Ghidighici |
| *126* | **GHILICENI** | | |
|     | Cîsla | Telenesti | Ghiliceni |
|     | Dumbravita | Singerei | Ghiliceni |
|     | Ghiliceni | Telenesti | Ghiliceni |
|     | Zgardesti | Telenesti | Ghiliceni |
| *127* | **GHINDESTI** | | |
|     | Ghindesti | Floresti | Ghindesti |
|     | Ghindesti | Floresti | Ghindesti |
|     | Pohoarna | Soldanesti | Ghindesti |
|     | Rogojeni | Soldanesti | Ghindesti |
|     | Rosietici | Floresti | Ghindesti |
| *128* | **GIURGIULESTI** | | |
|     | Giurgiulesti | Cahul | Giurgiulesti |
| *129* | **GLINJENI** | | |
|     | Catranîc | Falesti | Glinjeni |
|     | Glinjeni | Falesti | Glinjeni |
| *130* | **GLODENI** | | |
|     | Glodeni | Glodeni | Glodeni |
|     | Petrunea | Glodeni | Glodeni |
| *131* | **GORDINESTI** | | |
|     | Blesteni | Edinet | Gordinesti |
|     | Burlanesti | Edinet | Gordinesti |
|     | Gordinesti | Edinet | Gordinesti |
| *132* | **GOTESTI** | | |
|     | Ciobalaccia | Cantemir | Gotesti |
|     | Gotesti | Cantemir | Gotesti |
| *133* | **GRADISTE** | | |
|     | Ecaterinovca | Cimislia | Gradiste |
|     | Gradiste | Cimislia | Gradiste |
|     | Hîrtop | Cimislia | Gradiste |
|     | Valea Perjei | Cimislia | Gradiste |
| *134* | **GRATIESTI** | | |
|     | Gratiesti | mun. Chisinau | Gratiesti |
| *135* | **GROZESTI** | | |
|     | Barboieni | Nisporeni | Grozesti |
|     | Grozesti | Nisporeni | Grozesti |
|     | Zberoaia | Nisporeni | Grozesti |
| *136* | **GURA GALBENEI** | | |
|     | Albina | Cimislia | Gura Galbenei |
|     | Gura Galbenei | Cimislia | Gura Galbenei |
|     | Ivanovca Noua | Cimislia | Gura Galbenei |
|     | Lipoveni | Cimislia | Gura Galbenei |
| *137* | **HIJDIENI** | | |
|     | Cajba | Glodeni | Hijdieni |
|     | Hîjdieni | Glodeni | Hijdieni |
| *138* | **HINCESTI** | | |
|     | Bozieni | Hincesti | Hincesti |
|     | Buteni | Hincesti | Hincesti |
|     | Fîrladeni | Hincesti | Hincesti |
|     | Fundul Galbenei | Hincesti | Hincesti |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Hîncesti | Hincesti | Hincesti |
| | Loganesti | Hincesti | Hincesti |
| | Mereseni | Hincesti | Hincesti |
| 139 | **HIRBOVAT** | | |
| | Hîrbovat | Anenii Noi | Hirbovat |
| 140 | **HIRCESTI** | | |
| | Boghenii Noi | Ungheni | Hircesti |
| | Condratesti | Ungheni | Hircesti |
| | Hîrcesti | Ungheni | Hircesti |
| | Magurele | Ungheni | Hircesti |
| | Sinesti | Ungheni | Hircesti |
| 141 | **HLINAIA** | | |
| | Halahora de Sus | Briceni | Hlinaia |
| | Hincauti | Edinet | Hlinaia |
| | Hlinaia | Edinet | Hlinaia |
| | Mihaileni | Briceni | Hlinaia |
| | Rotunda | Edinet | Hlinaia |
| 142 | **HOGINESTI** | | |
| | Hirova | Calarasi | Hoginesti |
| | Hoginesti | Calarasi | Hoginesti |
| | Oni?cani | Calarasi | Hoginesti |
| 143 | **HORESTI** | | |
| | Horesti | Ialoveni | Horesti |
| | Zîmbreni | Ialoveni | Horesti |
| 144 | **HORODISTE** | | |
| | Buda | Calarasi | Horodiste |
| | Cabaiesti | Calarasi | Horodiste |
| | Horodiste | Calarasi | Horodiste |
| | Pîrjolteni | Calarasi | Horodiste |
| 145 | **IALOVENI** | | |
| | Ialoveni | Ialoveni | Ialoveni |
| | Milestii Mici | Ialoveni | Ialoveni |
| | Sociteni | Ialoveni | Ialoveni |
| 146 | **IARGARA** | | |
| | Baius | Leova | Iargara |
| | Borogani | Leova | Iargara |
| | Iargara | Leova | Iargara |
| 147 | **ISNOVAT** | | |
| | Isnovat | Criuleni | Isnovat |
| | Miclesti | Criuleni | Isnovat |
| | Rîscova | Criuleni | Isnovat |
| 148 | **IURCENI** | | |
| | Boltun | Nisporeni | Iurceni |
| | Bursuc | Nisporeni | Iurceni |
| | Cristesti | Nisporeni | Iurceni |
| | Iurceni | Nisporeni | Iurceni |
| 149 | **IVANCEA** | | |
| | Ivancea | Orhei | Ivancea |
| 150 | **IZBISTE** | | |
| | Cruglic | Criuleni | Izbiste |
| | Hîrtopul Mare | Criuleni | Izbiste |
| | Izbiste | Criuleni | Izbiste |
| 151 | **IZVOARE** | | |
| | Horesti | Falesti | Izvoare |
| | Izvoare | Falesti | Izvoare |
| | Risipeni | Falesti | Izvoare |
| 152 | **JORA DE MIJLOC** | | |
| | Bulaiesti | Orhei | Jora de Mijloc |
| | Jora de Mijloc | Orhei | Jora de Mijloc |
| | Mîrzesti | Orhei | Jora de Mijloc |
| 153 | **LAPUSNA** | | |
| | Lapusna | Hincesti | Lapusna |
| 154 | **LARGA** | | |
| | Coteala | Briceni | Larga |
| | Larga | Briceni | Larga |
| | Medveja | Briceni | Larga |
| 155 | **LEOVA** | | |
| | Filipeni | Leova | Leova |
| | Hanasenii Noi | Leova | Leova |
| | Leova | Leova | Leova |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Sîrma | Leova | Leova |
| | Toceni | Cantemir | Leova |
| 156 | **LEUSENI** | | |
| | Calmatui | Hincesti | Leuseni |
| | Cioara | Hincesti | Leuseni |
| | Dancu | Hincesti | Leuseni |
| | Leuseni | Hincesti | Leuseni |
| | Poganesti | Hincesti | Leuseni |
| 157 | **LEUSENI** | | |
| | Corobceni | Telenesti | Leuseni |
| | Leuseni | Telenesti | Leuseni |
| | Suhuluceni | Telenesti | Leuseni |
| | Vasieni | Telenesti | Leuseni |
| 158 | **LIMBENII VECHI** | | |
| | Fundurii Noi | Glodeni | Limbenii Vechi |
| | Limbenii Noi | Glodeni | Limbenii Vechi |
| | Limbenii Vechi | Glodeni | Limbenii Vechi |
| | Ustia | Glodeni | Limbenii Vechi |
| 159 | **LIPCANI** | | |
| | Criva | Briceni | Lipcani |
| | Drepcauti | Briceni | Lipcani |
| | Hlina | Briceni | Lipcani |
| | Lipcani | Briceni | Lipcani |
| | Sirauti | Briceni | Lipcani |
| | Slobozia-Sirauti | Briceni | Lipcani |
| 160 | **LOZOVA** | | |
| | Lozova | Straseni | Lozova |
| | Micleuseni | Straseni | Lozova |
| 161 | **MACARESTI** | | |
| | Costuleni | Ungheni | Macaresti |
| | Macaresti | Ungheni | Macaresti |
| 162 | **MAGDACESTI** | | |
| | Magdacesti | Criuleni | Magdacesti |
| | Pascani | Criuleni | Magdacesti |
| 163 | **MARANDENI** | | |
| | Hiliuti | Falesti | Marandeni |
| | Marandeni | Falesti | Marandeni |
| 164 | **MARCULESTI** | | |
| | Bahrinesti | Floresti | Marculesti |
| | Gura Cainarului | Floresti | Marculesti |
| | Lunga | Floresti | Marculesti |
| | Marculesti | Floresti | Marculesti |
| | Prajila | Floresti | Marculesti |
| 165 | **MARINICI** | | |
| | Balauresti | Nisporeni | Marinici |
| | Calimanesti | Nisporeni | Marinici |
| | Marinici | Nisporeni | Marinici |
| | Siscani | Nisporeni | Marinici |
| 166 | **MASCAUTI** | | |
| | Jevreni | Criuleni | Mascauti |
| | Mascauti | Criuleni | Mascauti |
| | Raculesti | Criuleni | Mascauti |
| | Trebujeni | Orhei | Mascauti |
| 167 | **MATEUTI** | | |
| | Hligeni | Soldanesti | Mateuti |
| | Lipceni | Rezina | Mateuti |
| | Mateuti | Rezina | Mateuti |
| | Papauti | Rezina | Mateuti |
| 168 | **MERENI** | | |
| | Cimiseni | Criuleni | Mereni |
| | Mereni | Anenii Noi | Mereni |
| | Merenii Noi | Anenii Noi | Mereni |
| 169 | **MIHAILENI** | | |
| | Baraboi | Donduseni | Mihaileni |
| | Mihaileni | Riscani | Mihaileni |
| 170 | **MIHAILOVCA** | | |
| | Iserlia | Basarabeasca | Mihailovca |
| | Mîhailovca | Cimislia | Mihailovca |
| | Satul Nou | Cimislia | Mihailovca |

|     | Name | Old raion name | New municipality |
|-----|------|----------------|------------------|
|     | Selemet | Cimislia | Mihailovca |
| 171 | **MILESTI** | | |
|     | Balanesti | Nisporeni | Milesti |
|     | Milesti | Nisporeni | Milesti |
|     | Radenii Vechi | Ungheni | Milesti |
| 172 | **MINDIC** | | |
|     | Drochia | Drochia | Mindic |
|     | Maramonovca | Drochia | Mindic |
|     | Mîndîc | Drochia | Mindic |
|     | Salvirii Vechi | Drochia | Mindic |
| 173 | **MINDRESTI** | | |
|     | Ciulucani | Telenesti | Mindresti |
|     | Mîndresti | Telenesti | Mindresti |
| 174 | **MINGIR** | | |
|     | Mingir | Hincesti | Mingir |
|     | Voinescu | Hincesti | Mingir |
| 175 | **MOLOVATA** | | |
|     | Marcauti | Dubasari | Molovata |
|     | Molovata | Dubasari | Molovata |
|     | Oxentea | Dubasari | Molovata |
| 176 | **MOSANA** | | |
|     | Briceni | Donduseni | Mosana |
|     | Climauti | Donduseni | Mosana |
|     | Mosana | Donduseni | Mosana |
|     | Sauca | Ocnita | Mosana |
| 177 | **MOSCOVEI** | | |
|     | Bucuria | Cahul | Moscovei |
|     | Lopatica | Cahul | Moscovei |
|     | Moscovei | Cahul | Moscovei |
|     | Tartaul de Salcie | Cahul | Moscovei |
| 178 | **NAVIRNET** | | |
|     | Logofteni | Falesti | Navirnet |
|     | Navîrnet | Falesti | Navirnet |
| 179 | **NEGURENI** | | |
|     | Chitcanii Vechi | Telenesti | Negureni |
|     | Negureni | Telenesti | Negureni |
|     | Nucareni | Telenesti | Negureni |
| 180 | **NICORENI** | | |
|     | Nicoreni | Drochia | Nicoreni |
|     | Ochiul Alb | Drochia | Nicoreni |
| 181 | **NISPORENI** | | |
|     | Nisporeni | Nisporeni | Nisporeni |
|     | Soltanesti | Nisporeni | Nisporeni |
|     | Varzaresti | Nisporeni | Nisporeni |
| 182 | **OBREJA VECHE** | | |
|     | Ilenuta | Falesti | Obreja Veche |
|     | Obreja Veche | Falesti | Obreja Veche |
| 183 | **OCNITA** | | |
|     | Bîrnova | Ocnita | Ocnita |
|     | Lipnic | Ocnita | Ocnita |
|     | Naslavcea | Ocnita | Ocnita |
|     | Ocnita | Ocnita | Ocnita |
| 184 | **OCNITA** | | |
|     | | | |
|     | Clocusna | Ocnita | Ocnita |
|     | Dîngeni | Ocnita | Ocnita |
|     | Hadarauti | Ocnita | Ocnita |
|     | | | |
|     | Mihalaseni | Ocnita | Ocnita |
|     | | | |
|     | Ocnita | Ocnita | Ocnita |
| 185 | **OCOLINA** | | |
|     | Hristici | Soroca | Ocolina |
|     | Ocolina | Soroca | Ocolina |
|     | Pîrlita | Soroca | Ocolina |
| 186 | **OLANESTI** | | |
|     | Olanesti | Stefan-Voda | Olanesti |
| 187 | **ORHEI** | | |
|     | Bolohan | Orhei | Orhei |
|     | Mitoc | Orhei | Orhei |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Orhei | Orhei | Orhei |
| | Pelivan | Orhei | Orhei |
| | Piatra | Orhei | Orhei |
| | Pohorniceni | Orhei | Orhei |
| | Step-Soci | Orhei | Orhei |
| 188 | **OTACI** | | |
| | Calarasovca | Ocnita | Otaci |
| | Mereseuca | Ocnita | Otaci |
| | Otaci | Ocnita | Otaci |
| | Valcinet | Ocnita | Otaci |
| 189 | **PANASESTI** | | |
| | Capriana | Straseni | Panasesti |
| | Panasesti | Straseni | Panasesti |
| | Tataresti | Straseni | Panasesti |
| 190 | **PELINEI** | | |
| | Alexanderfeld | Cahul | Pelinei |
| | Gavanoasa | Cahul | Pelinei |
| | Lebedenco | Cahul | Pelinei |
| | Pelinei | Cahul | Pelinei |
| 191 | **PELINIA** | | |
| | Grinauti | Riscani | Pelinia |
| | Hasnasenii Noi | Drochia | Pelinia |
| | Pelinia | Drochia | Pelinia |
| 192 | **PEPENI** | | |
| | Balasesti | Singerei | Pepeni |
| | Pepeni | Singerei | Pepeni |
| 193 | **PERERITA** | | |
| | Balasinesti | Briceni | Pererita |
| | Bogdanesti | Briceni | Pererita |
| | Pererita | Briceni | Pererita |
| | Tetcani | Briceni | Pererita |
| 194 | **PERESECINA** | | |
| | Donici | Orhei | Peresecina |
| | Peresecina | Orhei | Peresecina |
| | Samananca | Orhei | Peresecina |
| | Teleseu | Orhei | Peresecina |
| 195 | **PETRESTI** | | |
| | Petresti | Ungheni | Petresti |
| 196 | **PIRLITA** | | |
| | Agronomovca | Ungheni | Pirlita |
| | Pîrlita | Ungheni | Pirlita |
| 197 | **PITUSCA** | | |
| | Bucovat | Straseni | Pitusca |
| | Pitusca | Calarasi | Pitusca |
| | Varzarestii Noi | Calarasi | Pitusca |
| 198 | **PLESENI** | | |
| | Larguta | Cantemir | Pleseni |
| | Pleseni | Cantemir | Pleseni |
| | Porumbesti | Cantemir | Pleseni |
| | Tigheci | Leova | Pleseni |
| 199 | **PLOP** | | |
| | Elizavetovca | Donduseni | Plop |
| | Horodiste | Donduseni | Plop |
| | Plop | Donduseni | Plop |
| | Sudarca | Donduseni | Plop |
| 200 | **POHREBENI** | | |
| | Horodiste | Rezina | Pohrebeni |
| | Lalova | Rezina | Pohrebeni |
| | Pohrebeni | Orhei | Pohrebeni |
| 201 | **PREPELITA** | | |
| | Banesti | Telenesti | Prepelita |
| | Prepelita | Singerei | Prepelita |
| 202 | **PUHACENI** | | |
| | Delacau | Anenii Noi | Puhaceni |
| | Puhaceni | Anenii Noi | Puhaceni |
| 203 | **PUHOI** | | |
| | Puhoi | Ialoveni | Puhoi |
| | Tipala | Ialoveni | Puhoi |
| | Varatic | Ialoveni | Puhoi |
| 204 | **PUTINTEI** | | |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Morozeni | Orhei | Putintei |
| | Putintei | Orhei | Putintei |
| | Vatici | Orhei | Putintei |
| 205 | **RACIULA** | | |
| | Frumoasa | Calarasi | Raciula |
| | Hîrjauca | Calarasi | Raciula |
| | Raciula | Calarasi | Raciula |
| 206 | **RACOVAT** | | |
| | Parcani | Soroca | Racovat |
| | Racovat | Soroca | Racovat |
| | Redi-Ceresnovat | Soroca | Racovat |
| 207 | **RADENI** | | |
| | Cornova | Ungheni | Radeni |
| | Dereneu | Calarasi | Radeni |
| | Napadeni | Ungheni | Radeni |
| | Radeni | Calarasi | Radeni |
| 208 | **RADOAIA** | | |
| | Izvoare | Singerei | Radoaia |
| | Radoaia | Singerei | Radoaia |
| 209 | **RASCAIETI** | | |
| | Purcari | Stefan-Voda | Rascaieti |
| | Rascaieti | Stefan-Voda | Rascaieti |
| 210 | **RASPOPENI** | | |
| | Chipesca | Soldanesti | Raspopeni |
| | Dobrusa | Soldanesti | Raspopeni |
| | Gauzeni | Soldanesti | Raspopeni |
| | Peciste | Rezina | Raspopeni |
| | Raspopeni | Soldanesti | Raspopeni |
| | Samascani | Soldanesti | Raspopeni |
| 211 | **RAUTEL** | | |
| | Natalievca | Falesti | Rautel |
| | Pîrlita | Falesti | Rautel |
| | Pompa | Falesti | Rautel |
| | Rautel | Falesti | Rautel |
| 212 | **RAZENI** | | |
| | Carbuna | Ialoveni | Razeni |
| | Cigîrleni | Ialoveni | Razeni |
| | Molesti | Ialoveni | Razeni |
| | Razeni | Ialoveni | Razeni |
| 213 | **RECEA** | | |
| | Alunis | Riscani | Recea |
| | Recea | Riscani | Recea |
| | Sumna | Riscani | Recea |
| 214 | **RECEA** | | |
| | Greblesti | Straseni | Recea |
| | Radeni | Straseni | Recea |
| | Recea | Straseni | Recea |
| | Romanesti | Straseni | Recea |
| 215 | **REZINA** | | |
| | Rezina | Rezina | Rezina |
| | Saharna Noua | Rezina | Rezina |
| | Tareuca | Rezina | Rezina |
| 216 | **RISCANI** | | |
| | Alexandresti | Riscani | Riscani |
| | Malinovscoe | Riscani | Riscani |
| | Nihoreni | Riscani | Riscani |
| | Racaria | Riscani | Riscani |
| | Rîscani | Riscani | Riscani |
| | Sturzeni | Riscani | Riscani |
| 217 | **RUSENI** | | |
| | Bîrladeni | Ocnita | Ruseni |
| | Gaspar | Edinet | Ruseni |
| | Goleni | Edinet | Ruseni |
| | Grinauti-Moldova | Ocnita | Ruseni |
| | Ruseni | Edinet | Ruseni |
| 218 | **RUSESTII NOI** | | |
| | Rusestii Noi | Ialoveni | Rusestii Noi |
| 219 | **SADACLIA** | | |
| | Carabetovca | Basarabeasca | Sadaclia |
| | Iordanovca | Basarabeasca | Sadaclia |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| | Sadaclia | Basarabeasca | Sadaclia |
| 220 | **SAGAIDAC** | | |
| | Codreni | Cimislia | Sagaidac |
| | Porumbrei | Cimislia | Sagaidac |
| | Sagaidac | Cimislia | Sagaidac |
| | Suric | Cimislia | Sagaidac |
| 221 | **SAITI** | | |
| | Brezoaia | Stefan-Voda | Saiti |
| | Saiti | Causeni | Saiti |
| | Semionovca | Stefan-Voda | Saiti |
| 222 | **SALCUTA** | | |
| | Salcuta | Causeni | Salcuta |
| 223 | **SANATAUCA** | | |
| | Japca | Floresti | Sanatauca |
| | Napadova | Floresti | Sanatauca |
| | Salcia | Soldanesti | Sanatauca |
| | Sanatauca | Floresti | Sanatauca |
| 224 | **SARATA NOUA** | | |
| | Cazangic | Leova | Sarata Noua |
| | Cupcui | Leova | Sarata Noua |
| | Romanovca | Leova | Sarata Noua |
| | Sarata Noua | Leova | Sarata Noua |
| 225 | **SARATA VECHE** | | |
| | Ciolacu Nou | Falesti | Sarata Veche |
| | Iscalau | Falesti | Sarata Veche |
| | Sarata Veche | Falesti | Sarata Veche |
| 226 | **SARATA-GALBENA** | | |
| | Caracui | Hincesti | Sarata-Galbena |
| | Sarata-Galbena | Hincesti | Sarata-Galbena |
| 227 | **SARATENI** | | |
| | Bestemac | Leova | Sarateni |
| | Ceadîr | Leova | Sarateni |
| | Cneazevca | Leova | Sarateni |
| | Colibabovca | Leova | Sarateni |
| | Covurlui | Leova | Sarateni |
| | Orac | Leova | Sarateni |
| | Sarateni | Leova | Sarateni |
| | Saratica Noua | Leova | Sarateni |
| | Tomaiul Nou | Leova | Sarateni |
| | Vozneseni | Leova | Sarateni |
| 228 | **SCORENI** | | |
| | Condrita | mun. Chisinau | Scoreni |
| | Scoreni | Straseni | Scoreni |
| 229 | **SCORTENI** | | |
| | Ignatei | Rezina | Scorteni |
| | Meseni | Rezina | Scorteni |
| | Scorteni | Telenesti | Scorteni |
| 230 | **SCULENI** | | |
| | Sculeni | Ungheni | Sculeni |
| | Taxobeni | Falesti | Sculeni |
| 231 | **SCUMPIA** | | |
| | Scumpia | Falesti | Scumpia |
| 232 | **SELISTE** | | |
| | Isacova | Orhei | Seliste |
| | Neculaieuca | Orhei | Seliste |
| | Seliste | Orhei | Seliste |
| 233 | **SELISTE** | | |
| | Ciutesti | Nisporeni | Seliste |
| | Seliste | Nisporeni | Seliste |
| | Vînatori | Nisporeni | Seliste |
| 234 | **SERPENI** | | |
| | Serpeni | Anenii Noi | Serpeni |
| | Speia | Anenii Noi | Serpeni |
| 235 | **SINGERA** | | |
| | Sîngera | mun. Chisinau | Singera |
| 236 | **SINGEREI** | | |
| | Bilicenii Vechi | Singerei | Singerei |
| | Copaceni | Singerei | Singerei |
| | Grigorauca | Singerei | Singerei |
| | Sîngerei | Singerei | Singerei |

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|---|---|---|---|
| 237 | **SINGEREII NOI** | | |
|  | Bilicenii Noi | Singerei | Singereii Noi |
|  | Sîngereii Noi | Singerei | Singereii Noi |
| 238 | **SIPOTENI** | | |
|  | Bahmut | Calarasi | Sipoteni |
|  | Sipoteni | Calarasi | Sipoteni |
| 239 | **SIRETI** | | |
|  | Roscani | Straseni | Sireti |
|  | Sireti | Straseni | Sireti |
| 240 | **SLOBOZIA MARE** | | |
|  | Cîslita-Prut | Cahul | Slobozia Mare |
|  | Slobozia Mare | Cahul | Slobozia Mare |
|  | Valeni | Cahul | Slobozia Mare |
| 241 | **SOFIA** | | |
|  | Sofia | Drochia | Sofia |
| 242 | **SOLDANESTI** | | |
|  | Fuzauca | Soldanesti | Soldanesti |
|  | Mihuleni | Soldanesti | Soldanesti |
|  | Oliscani | Soldanesti | Soldanesti |
|  | Parcani | Soldanesti | Soldanesti |
|  | Sestaci | Soldanesti | Soldanesti |
|  | Sipca | Soldanesti | Soldanesti |
|  | Sîrcova | Rezina | Soldanesti |
|  | Soldanesti | Soldanesti | Soldanesti |
| 243 | **SOROCA** | | |
|  | Cosauti | Soroca | Soroca |
|  | Egoreni | Soroca | Soroca |
|  | Rublenita | Soroca | Soroca |
|  | Soroca | Soroca | Soroca |
|  | Zastînca | Soroca | Soroca |
| 244 | **STAUCENI** | | |
|  | Stauceni | mun. Chisinau | Stauceni |
| 245 | **STEFAN-VODA** | | |
|  | Marianca de Jos | Stefan-Voda | Stefan-Voda |
|  | Slobozia | Stefan-Voda | Stefan-Voda |
|  | Stefan-Voda | Stefan-Voda | Stefan-Voda |
| 246 | **STRASENI** | | |
|  | Ghelauza | Straseni | Straseni |
|  | Negresti | Straseni | Straseni |
|  | Straseni | Straseni | Straseni |
| 247 | **STURZOVCA** | | |
|  | Fundurii Vechi | Glodeni | Sturzovca |
|  | Sturzovca | Glodeni | Sturzovca |
| 248 | **SURUCENI** | | |
|  | Danceni | Ialoveni | Suruceni |
|  | Malcoci | Ialoveni | Suruceni |
|  | Nimoreni | Ialoveni | Suruceni |
|  | Suruceni | Ialoveni | Suruceni |
| 249 | **SUSLENI** | | |
|  | Berezlogi | Orhei | Susleni |
|  | Susleni | Orhei | Susleni |
|  | Vîscauti | Orhei | Susleni |
| 250 | **TABANI** | | |
|  | Balcauti | Briceni | Tabani |
|  | Caracusenii Vechi | Briceni | Tabani |
|  | Colicauti | Briceni | Tabani |
|  | Tabani | Briceni | Tabani |
| 251 | **TALMAZA** | | |
|  | Cioburciu | Stefan-Voda | Talmaza |
|  | Gradinita | Causeni | Talmaza |
|  | Talmaza | Stefan-Voda | Talmaza |
| 252 | **TANATARI** | | |
|  | Tanatari | Causeni | Tanatari |
|  | Tanatarii Noi | Causeni | Tanatari |
|  | Ursoaia | Causeni | Tanatari |
| 253 | **TARACLIA** | | |
|  | Aluatu | Taraclia | Taraclia |
|  | Corten | Taraclia | Taraclia |
|  | Novosiolovca | Taraclia | Taraclia |
|  | Taraclia | Taraclia | Taraclia |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| *254* | *TARACLIA* | | |
| | Baimaclia | Causeni | Taraclia |
| | Taraclia | Causeni | Taraclia |
| *255* | *TATARAUCA VECHE* | | |
| | Cremenciug | Soroca | Tatarauca Veche |
| | Iarova | Soroca | Tatarauca Veche |
| | Oclanda | Soroca | Tatarauca Veche |
| | Tatarauca Veche | Soroca | Tatarauca Veche |
| *256* | *TATARESTI* | | |
| | Huluboaia | Cahul | Tataresti |
| | Lucesti | Cahul | Tataresti |
| | Tataresti | Cahul | Tataresti |
| *257* | *TELENESTI* | | |
| | Inesti | Telenesti | Telenesti |
| | Telenesti | Telenesti | Telenesti |
| *258* | *TEREBNA* | | |
| | Alexeevca | Edinet | Terebna |
| | Brînzeni | Edinet | Terebna |
| | Terebna | Edinet | Terebna |
| | Zabriceni | Edinet | Terebna |
| *259* | *TINTARENI* | | |
| | Chetrosu | Anenii Noi | Tintareni |
| | Tîntareni | Anenii Noi | Tintareni |
| *260* | *TIRNOVA* | | |
| | Fîntînita | Drochia | Tirnova |
| | Frasin | Donduseni | Tirnova |
| | Scaieni | Donduseni | Tirnova |
| | Taul | Donduseni | Tirnova |
| | Tîrnova | Donduseni | Tirnova |
| *261* | *TOCUZ* | | |
| | Tocuz | Causeni | Tocuz |
| | Ucrainca | Causeni | Tocuz |
| *262* | *TODIRESTI* | | |
| | Busila | Ungheni | Todiresti |
| | Chirileni | Ungheni | Todiresti |
| | Todiresti | Ungheni | Todiresti |
| *263* | *TOMAI* | | |
| | Ferapontievca | UTA Gagauzia | Tomai |
| | Joltai | UTA Gagauzia | Tomai |
| | Tomai | UTA Gagauzia | Tomai |
| *264* | *TOMAI* | | |
| | Sarata-Razesi | Leova | Tomai |
| | Tochile-Raducani | Leova | Tomai |
| | Tomai | Leova | Tomai |
| *265* | *TREBISAUTI* | | |
| | Bulboaca | Briceni | Trebisauti |
| | Cepeleuti | Edinet | Trebisauti |
| | Corestauti | Ocnita | Trebisauti |
| | Marcauti | Briceni | Trebisauti |
| | Trebisauti | Briceni | Trebisauti |
| *266* | *TRINCA* | | |
| | Constantinovca | Edinet | Trinca |
| | Tîrnova | Edinet | Trinca |
| | Trinca | Edinet | Trinca |
| *267* | *TRUSENI* | | |
| | Truseni | mun. Chisinau | Truseni |
| *268* | *TVARDITA* | | |
| | Tvardita | Taraclia | Tvardita |
| | Valea Perjei | Taraclia | Tvardita |
| *269* | *UNGHENI* | | |
| | Morenii Noi | Ungheni | Ungheni |
| | Ungheni | Ungheni | Ungheni |
| | Valea Mare | Ungheni | Ungheni |
| | Zagarancea | Ungheni | Ungheni |
| *270* | *USTIA* | | |
| | Holercani | Dubasari | Ustia |
| | Ustia | Dubasari | Ustia |
| *271* | *VADENI* | | |
| | Radulenii Vechi | Floresti | Vadeni |
| | Vadeni | Soroca | Vadeni |

| | Name | Old raion name | New municipality |
|---|---|---|---|
| 272 | **VADUL LUI VODA** | | |
| | Balabanesti | Criuleni | Vadul lui Voda |
| | Vadul lui Voda | mun. Chisinau | Vadul lui Voda |
| 273 | **VALCINET** | | |
| | Peticeni | Calarasi | Valcinet |
| | Temeleuti | Calarasi | Valcinet |
| | Valcinet | Calarasi | Valcinet |
| 274 | **VARANCAU** | | |
| | Nimereuca | Soroca | Varancau |
| | Tîrgul-Vertiujeni | Floresti | Varancau |
| | Varancau | Soroca | Varancau |
| | Vertiujeni | Floresti | Varancau |
| | Zaluceni | Floresti | Varancau |
| 275 | **VARNITA** | | |
| | Gura Bîcului | Anenii Noi | Varnita |
| | Varnita | Anenii Noi | Varnita |
| 276 | **VASIENI** | | |
| | Horodca | Ialoveni | Vasieni |
| | Ulmu | Ialoveni | Vasieni |
| | Vasieni | Ialoveni | Vasieni |
| 277 | **VASILCAU** | | |
| | Trifauti | Soroca | Vasilcau |
| | Vasilcau | Soroca | Vasilcau |
| | Volovita | Soroca | Vasilcau |
| 278 | **VATRA** | | |
| | Vatra | mun. Chisinau | Vatra |
| 279 | **VEREJENI** | | |
| | Ratus | Telenesti | Verejeni |
| | Verejeni | Telenesti | Verejeni |
| 280 | **VINOGRADOVCA** | | |
| | Budai | Taraclia | Vinogradovca |
| | Cairaclia | Taraclia | Vinogradovca |
| | Musaitu | Taraclia | Vinogradovca |
| | Salcia | Taraclia | Vinogradovca |
| | Vinogradovca | Taraclia | Vinogradovca |
| 281 | **VISOCA** | | |
| | Criscauti | Donduseni | Visoca |
| | Darcauti | Soroca | Visoca |
| | Teleseuca | Donduseni | Visoca |
| | Visoca | Soroca | Visoca |
| 282 | **VOLINTIRI** | | |
| | Alava | Stefan-Voda | Volintiri |
| | Copceac | Stefan-Voda | Volintiri |
| | Stefanesti | Stefan-Voda | Volintiri |
| | Volintiri | Stefan-Voda | Volintiri |
| 283 | **VORNICENI** | | |
| | Sadova | Calarasi | Vorniceni |
| | Vorniceni | Straseni | Vorniceni |
| 284 | **VULCANESTI** | | |
| | Vulcanesti | UTA Gagauzia | Vulcanesti |
| 285 | **ZAICANI** | | |
| | Hiliuti | Riscani | Zaicani |
| | Pîrjota | Riscani | Zaicani |
| | Pociumbauti | Riscani | Zaicani |
| | Pociumbeni | Riscani | Zaicani |
| | Zaicani | Riscani | Zaicani |
| 286 | **ZAIM** | | |
| | Opaci | Causeni | Zaim |
| | Zaim | Causeni | Zaim |
| 287 | **ZGURITA** | | |
| | Popestii de Jos | Drochia | Zgurita |
| | Popestii de Sus | Drochia | Zgurita |
| | Zgurita | Drochia | Zgurita |
| 288 | **ZIRNESTI** | | |
| | Andrusul de Jos | Cahul | Zirnesti |
| | Andrusul de Sus | Cahul | Zirnesti |
| | Baurci-Moldoveni | Cahul | Zirnesti |
| | Zîrnesti | Cahul | Zirnesti |
| 289 | **ZUBRESTI** | | |
| | Chirianca | Straseni | Zubresti |

| Name | Old raion name | New municipality |
|------|----------------|------------------|
| Galesti | Straseni | Zubresti |
| Voinova | Straseni | Zubresti |
| Zubresti | Straseni | Zubresti |