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# METHODOLOGY

of voluntary amalgamation  
of administrative territorial units  
in the Republic of Moldova



Chişinău, 2021





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### Preamble

In accordance with the provisions of the existing legislation, the Republic of Moldova is administratively organized in 896 first-level administrative territorial units (ATUs) (villages, communes, cities and municipalities) and 35 second-level administrative territorial units (ATUs) (32 districts, Chisinau and Balti municipalities, Autonomous Territorial Unit of Gagauzia)<sup>1</sup>. The localities on the left bank of the Nistru River have a special status. The recent studies in this field<sup>2</sup> attest that over 30% of first-level ATUs have less than 1,500 inhabitants, although, according to the legal provisions, the population must be of at least 1,500 inhabitants for the formation of an administrative territorial unit. At the same time, about 89% of first-level ATUs have a population of less than 5,000 inhabitants. In this regard, the conclusions of studies show an excessive fragmentation of the administrative territorial organization.

The excessive territorial fragmentation with a large number of small ATUs with a narrow tax base has repercussions on the administrative capacity of local communities. In accordance with the legal provisions, the administrative capacity is defined as adequate for a LPA if its administrative expenses do not exceed 30 percent of the total amount of its own revenues<sup>3</sup>. No first-level ATU met this legal criterion according to the results of the aforementioned studies and the budgetary-financial data available for 2017. On average, the own revenues of first-level ATUs constituted 2.39 (239.4%) in 2017 or lower than the administrative costs. Moreover, only 89 first-level ATUs (below 10%) can cover the administrative costs with their own revenues<sup>4</sup>. These results also attest the positive correlation between administrative capacity and the size of settlement in terms of population: the higher the number of population, the higher the level of administrative capacity, even if it does not reach the limit imposed by law.

Along with the administrative capacity, the fiscal capacity per capita is an indicator that comes close to the level of economic development of an ATU. By fiscal capacity we mean the ratio between the amount of income collected from individual income tax, from taxes, local taxes and other own revenues, collected in its territory to the number of inhabitants. Based on the data from the budget execution for 2017, only in 112 first-level LPAs (12% of the total) have a fiscal capacity per inhabitant higher than the national average (697.14 MDL). At the same time, this indicator also shows very clearly the positive correlation between the fiscal capacity per capita and the size of the ATU. Thus, the fiscal capacity per capita is 2.2 times lower in the localities with up to 1,500 inhabitants than in the localities with over 5,000 inhabitants.

From the point of view of budget expenditures of first-level local public administration, if we analyze a certain category: administrative costs per capita, we notice that the average is approximately 332 MDL in 2017, but it constitutes 619 MDL in ATUs with up to 1,500 inhabitants, while in those with over 5,000 inhabitants - 249 MDL, over 2.5 times smaller. Thus, we can also see the correlation between administrative costs per capita and the size of the ATU, and the smaller the population, the higher the administrative costs.

<sup>1</sup> Constitution of the Republic of Moldova, Law no. 764 dated 27.12.2001 on administrative-territorial organization of the Republic of Moldova. Published on 29.01.2002 in the Official Gazette no. 16 art. 53, other legislative acts.

<sup>2</sup> Analytical study on optimal administrative-territorial structure for the Republic of Moldova, Expert Grup. Chisinau, 2010. Ionescu A., Rusu I., Drezgic S., Report on the territorial administrative options for the Republic of Moldova, UNDP Moldova, 2015. Scenario study for administrative-territorial reform, GIZ Moldova, Chisinau, December 2018

<sup>3</sup> Law no. 435-XVI dated 28.12.2006 on administrative decentralization. Art. 11. Published on 02.03.2007 in the Official Gazette no. 29-31 art. 91

<sup>4</sup> Scenario study for administrative-territorial reform, GIZ Moldova, Chisinau, December 2018.

The poor administrative and fiscal capacities have a direct impact on the organization and provision of public services. According to data provided by the NBS, only 54.4% of the country's population benefited from drinking water supply services in 2017. Also in 2017, only 23.1% of the total population had access to sewerage services, with a major difference between urban and rural areas, of 50.6% and only 2.3%, respectively.<sup>5</sup> In the same 2017, only 30.9% of the population was provided sanitation services, the degree of coverage in urban areas was 64.1% and only 6.0% in rural areas. These figures are reinforced by the audit of the Court of Accounts carried out in 2017<sup>6</sup>, which also shows that 1,164 rural and urban localities out of the 1,451 audited (80.2%) do not benefit from sanitation services.

The analysis and indicators presented above demonstrate that the current administrative-territorial organization of the country is outdated and does not provide potential for local public authorities to organize and provide public services of vital importance to citizens. In addition to the above, the same studies in the field attest that the analysis of data on local budget expenditures shows a clear correlation between the provision of public services, the degree of coverage and the size of the ATU. The structure of budget expenditures shows that expenditures per capita for own functions decrease with increasing population due to fixed costs, which represent about 40 percent of average local expenditures of first-level ATU. In this context, the rationalization of the administrative-territorial structure can lead to savings to be used to optimize the provision of public services at the local level. Various studies proved that the potential for economies of scale in the local services provision is almost 0 for localities with a population of less than 10,000 inhabitants, but the economies of scale significantly increase for localities with a population of over 100,000 inhabitants in the case of services such as urban transport and sanitation.<sup>7</sup>

International experience shows that administrative-territorial reorganization reforms are among the most difficult reforms from a technical and political point of view.<sup>8</sup> However, virtually all countries in the region have gone through this process and the reforms have aimed to reduce the number of first-level ATUs by amalgamating and strengthening the public service provision capacity. The instruments used in this regard were different, and for the amortization of the radical reform procedures, a staged process was resorted to, which included in the first stage the voluntary amalgamation of ATU followed by a second stage with the normative amalgamation.

Based on the Concept on the organization and implementation of a coherent process of voluntary amalgamation of first-level administrative territorial units in the Republic of Moldova in the period 2020-2024, the following Methodology of voluntary amalgamation is proposed.

<sup>5</sup> Activity of water supply and sewerage systems in 2017. NBS, 2018.

<sup>6</sup> <http://www.ccrm.md/hotariri-si-rapoarte-1-95?idh=856>

<sup>7</sup> Moldova Public Expenditure Review: Reforming Local Public Finance for More Efficient, Equitable, and Fiscally Sustainable Subnational Spending. World Bank, June 2014

<sup>8</sup> Scenario study for administrative-territorial reform, GIZ Moldova, Chisinau, December 2018.

## Methodology

1. This methodology determines the principles, mechanism, criteria, conditions, and describes the amalgamation procedure of first-level administrative territorial units (*hereinafter ATU*) in the Republic of Moldova in the period 2020-2022.
2. The notions and terms used in this Methodology have the following meaning:
  - amalgamated administrative territorial unit* - administrative territorial unit consisting of villages, communes, cities, municipalities as a result of voluntary association decisions aimed at creating local communities with an adequate level of administrative and financial fiscal capacity to ensure the provision of quality public services;
  - administrative centre of the amalgamated administrative territorial unit* - settlement (village, commune, city, municipality), which is usually located closest to the geographical centre of the territory of an amalgamated ATU and usually has a more developed public access and service infrastructure;
  - financial incentives* - allocation of funds to the amalgamated ATUs in the form of special purpose transfers and other similar instruments for the creation/development of local infrastructure and public services in accordance with the socio-economic development plan of such a territorial community.
  - legal successor* - administrative centre of the amalgamated administrative territorial unit that succeeds the amalgamated ATUs regarding all public property rights, receivables, debts, property and non-property rights and obligations.
  - accessibility area* - a geographical area delimited by the administrative boundaries of an amalgamated ATU, which is determined taking into account the availability of services in the amalgamated communities, including the time of arrival of the emergency medical service or the fire service, which must not exceed 30 minutes.
3. The principles of voluntary amalgamation
  - The voluntary amalgamation of administrative territorial units is carried out in accordance with the following principles:
    - a) Voluntary expression of the consent for amalgamation - the merger of communities in amalgamated administrative territorial units is made on the initiative of local communities, expressed voluntarily, and aims to obtain benefits in mutual interest of all communities that are part of the amalgamated administrative territorial unit.
    - b) Consultation of citizens and respect for the people's will - in all aspects related to voluntary amalgamation, the population must be consulted using the forms and methods established by existing legislation and good practices in the field on the basis of the principles of democracy and the rule of law, including taking into account the rights of national minorities and local traditions.
    - c) Respect for the local autonomy principles - voluntary amalgamation takes into account the right and effective capacity of local public administration authorities to solve and manage, within the law, on its own behalf and under their responsibility, an important part of public affairs, in the interest of local authorities that they represent.
    - d) Ensuring citizens' access to quality public services - accessibility of public services provided by local public authorities implies the obligation to achieve minimum quality standards established in the provision of public services for which local public authorities are

responsible.

- e) Economic efficiency and effectiveness of public services - the amalgamation aims at obtaining accessible and quality public services provided to the beneficiaries subject to rational and economical use of material, human and financial resources (efficiency) and maximizing the results of the provision of public services (efficiency).
  - f) State support - voluntary amalgamation implies that the state guarantees and provides informational, educational, organizational, methodological and financial assistance to the voluntary amalgamation of local communities.
  - g) Ensuring economic and social cohesion - the amalgamated administrative territorial units are formed to ensure a harmonious general development in order to obtain a competitive territory.
4. The subjects of voluntary amalgamation
- a) The subjects of voluntary amalgamation of administrative territorial units are the villages, communes, cities, neighboring municipalities defined according to Law no. 764 on administrative-territorial organization of the Republic of Moldova dated 27.12.2001.
  - b) Rural ATUs adjacent to a city / municipality will be able to amalgamate with it and not only between them.
  - c) An amalgamated administrative territorial unit, whose administrative centre is designated a city / municipality, receives the status of city / municipality.
  - d) An amalgamated administrative territorial unit, whose administrative centre is a village / commune, receives the status of commune.
5. Basic conditions of voluntary amalgamation
- The voluntary amalgamation of local communities is carried out in compliance with the following basic conditions:
- a) A voluntarily amalgamated administrative territorial unit consists of neighboring local communities without being created enclaves.
  - b) A local community can be part of only one amalgamated administrative territorial unit;

<p>c) <i>Option 1.</i></p> <p>The voluntary amalgamation of local communities may go beyond the administrative boundaries of second-level administrative territorial units. If one or more first-level ATUs of a second-level ATU decide to merge with one or more first-level ATUs of another second-level ATU, the amalgamated administrative territorial unit created will become part of the second-level ATU, in which the community that will constitute the administrative centre of the amalgamated community is located.</p>	<p>c) <i>Option 2.</i></p> <p>Voluntary amalgamation of local communities may NOT go beyond the administrative boundaries of second-level administrative territorial units.</p>
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- d) The purpose of the voluntary amalgamation of administrative territorial units is the creation of economically viable administrative territories endowed with local public authorities with adequate administrative and fiscal capacity to ensure the provision of quality public services to the population.

- e) The final result pursued by the voluntary amalgamation of local communities is to ensure the increase of accessibility, quality, efficiency and effectiveness of local public services in amalgamated communities.

<p>f) <i>Option 1.</i></p> <p>The amalgamation of local communities is carried out only on the basis of voluntary expression stated in the Decision of the Local Councils of the amalgamated administrative territorial units and the opinion of the National Council for the Public Administration Reform.</p>	<p>f) <i>Option 2.</i></p> <p>The amalgamation of local communities is carried out only on the basis of voluntary expression stated in a local referendum organized for this purpose and the opinion of the National Council for the Public Administration Reform.</p>
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<p>g) <i>Option 1.</i></p> <p>After the approval of the amalgamation decision, partial local elections are organized in the amalgamated administrative territorial units, and the new elected authorities fulfill their mandate until the general local elections. The Central Electoral Commission will set the date of the new elections according to the provisions of the Electoral Code.</p>	<p>g) <i>Option 2.</i></p> <p>After the approval of the amalgamation decision, the Mayor of the administrative centre of the amalgamated ATU becomes mayor, and the mayors of the other ATUs become deputy mayors in the amalgamated administrative territorial units based on the individual consent. The composition of local council of the amalgamated ATU is established on the basis of the local elections results obtained by the electoral contestants in all amalgamated local communities. In the absence of councilors in the amalgamated local council of a settlement, at least one village delegate of this settlement shall be appointed. These authorities fulfill their mandate until the general local elections.</p>
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- h) The state supports and encourages the voluntary amalgamation of local communities, including through informational, educational, organizational, methodological and financial assistance, providing financial incentives in the first 5 years from the establishment of amalgamated administrative territorial unit.
  - i) Voluntary amalgamation has a set deadline. The initiatives of voluntary amalgamation must be approved by October 20, 2022, so that the establishment and assurance of amalgamated ATU functionality to be completed by the general local elections in autumn 2023.
  - j) An amalgamated administrative territorial unit may subsequently amalgamate other administrative territorial units only if the amalgamation criteria, the procedure and the terms established by this Methodology are observed.
6. Coordination of the voluntary amalgamation process
- a) The process of voluntary amalgamation of first-level ATU is coordinated by the National Council for Public Administration Reform established in accordance with the provisions of the Decision of the Government of the Republic of Moldova no. 716 dated October 12, 2015.
  - b) In the coordination process, the Council shall perform the duties established by the men-

tioned Government Decision and the normative acts on the voluntary amalgamation. The Council shall comprise representatives of the Congress of Local Authorities of Moldova.

- c) In the context of coordinating the voluntary amalgamation process, the Council:
  - a. Coordinates the entire voluntary amalgamation process of first-level ATU.
  - b. Considers and approves the decisions on the initiation of the voluntary amalgamation process.
  - c. Considers and approves the Framework plans for the voluntary amalgamation of first-level ATU.
  - d. Promotes and provides assistance for the implementation of the voluntary amalgamation of first-level ATU.
  - e. Approves and promotes the package of documents necessary for the approval of the voluntary amalgamation and draft normative acts to facilitate the implementation of the voluntary amalgamation to the State Chancellery and the Government.
- d) The operational coordination of the voluntary amalgamation process is carried out by the Territorial Coordination Office of the State Chancellery. The assignments and competences of the Office in this process are established by the Regulation on the organization and functioning approved by the Government.
- e) The Territorial Offices of the State Chancellery shall provide informational, consultative and methodological assistance to the local communities during the entire period of the amalgamation procedures.

7. Criteria of voluntary amalgamation

The voluntary amalgamation of administrative territorial units is carried out by complying with the following criteria:

- 1) The geographical criterion that implies:
  - a) Voluntarily amalgamated communities are neighboring settlements located in the accessibility area;
  - b) The amalgamated communities must have conditions of road accessibility (at least in the white version) of the settlements with the centre village/town of the amalgamated ATU, which is not limited by complex natural barriers (rugged terrain, rivers, etc.).
  - c) The maximum distance travelled on asphalt road or gravel road from any settlement to the settlement of administrative centre should not exceed 20 km; the distances are measured on the basis of these transport networks. If the roads are in good condition, the distance may exceed 20 km but not more than 30 km;
  - d) The more or less central position of the centre village (commune) / city (municipality) of the amalgamated ATU;
  - e) The limits of an amalgamated administrative territorial unit are determined by the external boundaries of the competence of local councils of the ATU, which are part of it.
- 2) The demographic criterion that implies:

<p>a) <i>Option 1.</i> The minimum population number of the administrative territorial unit consisting of several localities is 5,000 inhabitants;</p>	<p>a) <i>Option 2.</i> The minimum population number of the administrative territorial unit consisting of several localities is 4,000 inhabitants;</p>
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- a) The minimum population number of the community around which an amalgamated ATU is established may not be less than 1,500 inhabitants;
  - b) An amalgamated administrative territorial unit is established taking into account the ratio of national minorities at the level of administrative territorial unit with dominant ethnic groups;
  - c) An amalgamated administrative territorial unit is established taking into account the historical, socio-economic, natural, ecological, ethnic, cultural characteristics and traditions of the development of these ATUs.
- 3) The institutional capacity criterion that implies:
- a) An amalgamated administrative territorial unit is established around a community with higher economic power established by the SADI indices, with a more developed infrastructure of utilities and public services;
  - b) An amalgamated ATU is established for the purpose of increasing and strengthening the administrative and fiscal capacity of local public authorities in order to address existing issues at local level related to their competence and to meet the population needs of this ATU;
  - c) An amalgamated administrative territorial unit is established taking into account the existence of inter-communal cooperation structures determined by different regional or rural development policies, in this case the already formed LAG/LEADER type structures.

8. The administrative centre of the amalgamated administrative-territorial unit

- a) The residential centre of the amalgamated administrative territorial unit is determined based on the above-mentioned amalgamation criteria: geographical, demographic and institutional capacity. In case of differences of opinion, the residential centre of the amalgamated administrative territorial unit can be determined based on economic-mathematical methods to identify the optimal distribution of public services.
- b) The administrative centre of the amalgamated administrative territorial unit once established becomes the legal successor of all amalgamated ATUs regarding the public property right, founder of economic entities, municipal enterprises, public institutions as well as the rights and obligations deriving from concluded and ongoing contracts of all other amalgamated ATUs.
- c) In the absence of access infrastructure (asphalt road or gravel road) to the administrative centre, a potential settlement can be amalgamated if a road construction/rehabilitation project is under implementation.

9. Voluntary amalgamation procedure

The amalgamation process is a step-by-step process that is carried out as follows:

Stage 1. Initiation of the amalgamation procedure:

- a) The amalgamation procedure may be initiated by certain subjects. The subjects of initiating the voluntary amalgamation of local communities are 1/2 of the elected local councilors, the mayor of the village (commune)/city (municipality), the representative authority of the administrative territorial unit with special status; or 10 percent of the number of citizens eligible to vote residing in the territory of this administrative territorial unit. The procedure for collecting and verifying signatures must comply with the provisions of the Electoral Code.

- b) If the citizens initiate the amalgamation procedure, an initiative group consisting of at least 20 citizens eligible to vote and domiciled in this administrative territorial unit is formed. At least 30 persons must attend the constituent assembly of the initiative group. The initiators are obliged to communicate in writing the time, place and purpose of the meeting to the local authorities at least 3 days before the meeting.
- c) The meetings of the initiative group shall be presided by a chairman assisted by a secretary elected from among those present at the meeting.
- d) At the opening meeting, with 2/3 of the votes of those present, the following decisions are made:
  - a. Decision on initiating the process of voluntary amalgamation with neighboring settlements;
  - b. Decision on the appointment and empowerment of community members (3-5 persons) in the Joint Working Group of the ATU, who initiated the amalgamation process. The members of the Joint Working Group may include the mayor of the settlement, local councilors, representatives of civil society, representatives of economic entities, civic activists, etc.
  - c. Suggestions regarding the Framework Plan of the amalgamation process.
  - d. Decision on informing the National Council for Public Administration Reform regarding the initiation of the voluntary amalgamation procedure.
- e) The proceedings of the meeting shall be recorded in the Minutes of the opening meeting
- f) Similar meetings must be held simultaneously in at least two ATUs, which have initiated the voluntary amalgamation process. If several ATUs wish to amalgamate, similar procedures must be organized in all those ATUs.

Stage 2. Preparation of documents related to the amalgamation procedure:

- a) After the opening meetings on voluntary amalgamation procedures in all local communities, the delegated members of the Joint Working Group of the ATU, who initiated the amalgamation process, held meetings, within 5 days, to prepare:
  - a. The Framework Plan of the amalgamation process;
  - b. The calendar of public consultation actions;

<i>c. Option 1.</i>	<i>c. Option 2.</i>
The package of normative acts - decisions of the local councils on the approval of voluntary amalgamation;	The package of documents necessary for the organization of local referendum on voluntary amalgamation with neighboring communities;

- b) The documents prepared by the Joint Working Group shall be considered by the Territorial Offices of the State Chancellery and submitted for approval according to the procedure established by this Methodology and the relevant normative acts to be approved.

Stage 3. Public consultation:

- a) The documents prepared by the Joint Working Group as well as any other aspects related to the voluntary amalgamation process shall be subject to public consultation.
- b) The public consultations shall include the forms and methods provided by the

existing legislation, and shall obligatorily include at least a public debate or a general meeting of the community.

- c) The results of public consultations shall be recorded in minutes, which will be attached to the decisions on the approval of voluntary amalgamation.
- d) The period of organization and holding of all initiation events and public consultation may not exceed 3 months.

Stage 4. Approval of the amalgamation decision

<i>a) Option 1.</i>	<i>a) Opțiunea 2.</i>
The decision of voluntary amalgamation is approved by the Local councils of all ATUs that have expressed their intention to amalgamate by a majority vote of the elected councilors; The decision shall be approved within 3 months from the end of public consultations.	The decision of voluntary amalgamation is approved in a local referendum that is organized according to the terms and conditions provided by the Electoral Code.

- b) After the approval of voluntary amalgamation decision, the Framework Plan of the amalgamation process is also approved.
- c) The results of public consultations, the decisions of local councils, including the results of local referendum may be appealed in accordance with the provisions of the existing legislation and the Electoral Code.
- d) The approved decisions are submitted to the National Council for Public Administration Reform for consideration and approval.
- e) The Council approves the Framework Plan and the related documents within one month, and proposes to the State Chancellery to elaborate draft laws on amending the Law no. 764 on administrative-territorial organization of the Republic of Moldova dated December 27, 2001. At the same time, the Council proposes the use of financial incentives for amalgamated ATU.
- f) The State Chancellery gathers all the packages of documents approved by the National Council for Public Administration Reform and prepares the drafts of the Government Decisions for the approval of the amalgamation documentation and of the amendments in the existing legislation.
- g) The Government considers quarterly and approves the documents on voluntary amalgamation of first-level administrative territorial units, the draft law amending the Law no. 764 on administrative-territorial organization of the Republic of Moldova dated December 27, 2001 and the financial incentives for the amalgamated ATU, which are subsequently submitted for consideration and approval to Parliament.

10. The Framework Plan of the voluntary amalgamation process

- a) The procedure of the voluntary amalgamation of administrative territorial units is carried out according to the provisions of the Framework Plan of the voluntary amalgamation process.
- b) The Framework Plan is prepared by the members of the ATU Joint Working Group who have expressed their intention to amalgamate.
- c) The Framework Plan includes actions for the period of the amalgamation process initiation, the period of decisions approval, the transitional period until the formation of the

amalgamated ATUs. A model Framework Plan is provided in Annex 1.

- d) The Framework Plan is subject to public consultation. According to the results of the consultations, the minutes shall be drawn up with suggestions for amendments and adjustments.
- e) If it is necessary to modify and essentially adjust it in the process of public consultations, these amendments shall be made and additional public consultations shall be organized.
- f) The draft of Framework Plan is approved by the Joint Working Group by a majority vote of the members and is submitted to the local councils for approval.
- g) The Framework Plan is an integral part of the package of documents for carrying out the voluntary amalgamation process.

11. The state financial incentives to support amalgamation

- a) Higher rates of deductions from personal income tax to the amalgamated ATUs in the first 5 years \*\*\* (All proposals in this Chapter are to be established only after a prior consultation with the representatives of the Ministry of Finance):
  - for the budgets of new villages (communes) and cities (municipalities), except for the district centre towns (district centre municipalities) - 100% of the total volume collected in the territory of the amalgamated administrative territorial unit;
  - for the budgets of district centre towns - 100% of the total volume collected in the territory of amalgamated administrative territorial units and 75% of the total volume collected in the territory of district centre towns;
  - for the budgets of district centre municipalities - 100% of the total volume collected in the territory of amalgamated administrative territorial units and 75% of the total volume collected in the territory of district centre municipalities.
- b) Specific purpose transfers for capital investments for the amalgamated ATUs in the first 5 years (for projects of infrastructure, public services and local economic development. The identified investment projects with related project documentation shall have priority):

<i>b1) Option 1.</i>	<i>b1) Option 2.</i>
<p>Voluntarily amalgamated ATUs shall benefit, for a period of 5 years, from the date of amalgamation, from specific purpose transfers for capital investments (<i>of a certain value - to be established together with the Ministry of Finance</i>), higher in the first 3 years and lower in the 4th and 5th year, as follows:</p> <ul style="list-style-type: none"> <li>– In the first 3 years - 20% of the total annual budget of the amalgamated ATUs;</li> <li>– In the 4th year - 10% of the total annual budget of the amalgamated ATUs;</li> <li>– In the 5th year - 5% of the total annual budget of the amalgamated ATUs;</li> <li>– The budgets of amalgamated ATUs that exceed 20 mln. MDL will receive 20% of the total annual budget.</li> </ul>	<p>For the newly formed ATU that merged at least 2 ATUs and a total population of 4,000-5,000:</p> <ul style="list-style-type: none"> <li>– In the first 3 years: 1 mln. MDL in addition to the total annual budget of the amalgamated ATU;</li> <li>– In the 4th and 5th year: 0.5 mln. MDL in addition to the total annual budget of the amalgamated ATU.</li> </ul> <p>For the newly formed ATU that merged at least 3 ATUs and a total population of 5,001-8,000:</p> <ul style="list-style-type: none"> <li>– In the first 3 years: 1.5 mln. MDL in addition to the total annual budget of the amalgamated ATU;</li> <li>– In the 4th and 5th year: 0.75 mln. MDL in addition to the total annual budget of the amalgamated ATU.</li> </ul> <p>For the newly formed ATU that merged at least 3 ATUs and a total population of 8,001-10,000:</p> <ul style="list-style-type: none"> <li>– In the first 3 years: 2.0 mln. MDL in addition to the total annual budget of the amalgamated ATU;</li> <li>– In the 4th and 5th year: 1.0 mln. MDL in addition to the total annual budget of the amalgamated ATU.</li> </ul> <p>For the newly formed ATU that merged at least 4 ATUs and a total population exceeding 10,000:</p> <ul style="list-style-type: none"> <li>– In the first 3 years: 3.0 mln. MDL in addition to the total annual budget of the amalgamated ATU;</li> <li>– In the 4th and 5th year: 1.5 mln. MDL in addition to the total annual budget of the amalgamated ATU.</li> </ul>

- c) Specific purpose transfers for operational expenses of the amalgamated ATUs in the first 5 years
 

Voluntarily amalgamated ATUs shall benefit, for a period of 5 years, from the date of amalgamation, from specific purpose transfers for operational expenses (*of a certain value, for example within the expenses of the administrative apparatus of amalgamated localities or to cover the debts of municipal enterprises related to the provision of public services - to be established together with the Ministry of Finance*), lower in the first 3 years, and higher in the 4th and 5th year.
- d) Compensation of losses related to the reductions offered by the Tax Code (Title IV, article 282), when paying the property tax of natural and legal persons in the territory of the amalgamated ATU, in the first 5 years;

- e) Voluntarily amalgamated ATUs shall mainly benefit (they shall be additionally scored in the selection contests) from resources of international donors - based on agreements with them.
12. Transitional period until the official formation of the new amalgamated ATU  
The transitional period until the formation of the amalgamated administrative territorial unit is of maximum 6 months. During this period, it is carried out:
- The implementation of actions specified in the Framework Plan for the voluntary amalgamation process.
  - The mayor of the established administrative centre is the mayor of the amalgamated ATU. The mayors of the amalgamated localities become deputy mayors by their individual consent.
  - Approval of the decisions of the Local Council on the new organizational chart, staff lists and location of the public services of the mayor's office of the amalgamated administrative territorial unit. At least the social assistance services continue their activity in the town halls of the amalgamated localities.
  - Inventory of the entire property of the amalgamated administrative territorial units and its registration in the Register of public property of the amalgamated administrative territorial unit.
  - Starting the procedures for modifying the registration documents in the Real Estate Register of the property of the amalgamated administrative territorial unit.
  - Elaboration of the development strategy of amalgamated community including the list of priority projects for financing from the allocated financial incentives.
  - Elaboration, consideration and approval of the consolidated budget of the amalgamated administrative territorial unit.

**Annexes**  
**Annex 1. Model of the Framework Plan of the voluntary amalgamation process**  
**Annex 1. Framework Plan of the voluntary amalgamation process (by way of example)**

#	Activity	Duration	Person in charge	Cost, MDL	Indices
1	Organization of the opening meeting in the settlements that express their interest in voluntary amalgamation	5 days	The initiator of the voluntary amalgamation process (LPA mayor, 1/2 of the elected councilors, the representative authority of the administrative territorial unit with special status, a citizens' initiative group consisting of at least 20-50 citizens eligible to vote and domiciled in this ATU territory)		1 Minutes on the intention of voluntary amalgamation Decisions of the opening meeting
2	Formation of the Joint Working Group on Voluntary Amalgamation	1 day	The initiator of the voluntary amalgamation process		Joint working group formed
3	Organization of working meetings of the Joint Group to: <ul style="list-style-type: none"> <li>Prepare the Framework Plan of the voluntary amalgamation process;</li> <li>Prepare the Calendar of public consultation actions</li> <li>Option 1. Preparation of the Package of normative acts - decisions of the local councils on the approval of the voluntary amalgamation.</li> <li>Option 2. Preparation of the Package of documents necessary for the organization of the local referendum on voluntary amalgamation with the neighboring communities;</li> </ul>	15 days	Joint Working Group on Voluntary Amalgamation		<ul style="list-style-type: none"> <li>Potential identified administrative centre of territorial communities for voluntary amalgamation <ul style="list-style-type: none"> <li>The framework plan of the voluntary amalgamation process;</li> </ul> </li> <li>Preparation of the Calendar of public consultations</li> <li>O1. Package of decisions of the local councils on the approval of the voluntary amalgamation.</li> <li>O2. Package of documents necessary for the organization of the local referendum.</li> </ul>

#	Activity	Duration	Person in charge	Cost, MDL	Indices
4	Organization of Public Consultations on the intention of voluntary amalgamation, the benefits of voluntary amalgamation and the package of documents prepared: <ul style="list-style-type: none"> <li>• Public hearings</li> <li>• Public debates</li> <li>• General meetings</li> <li>• Other forms of public consultations.</li> </ul>	60 days	Joint Working Group on Voluntary Amalgamation		Informative materials prepared and disseminated Organized public consultations with citizens Minutes drawn up and published Elaborated press releases
5	Consultation of draft decisions on voluntary amalgamation with the NCPAR	5 days	Joint Working Group on Voluntary Amalgamation		Draft decisions on the voluntary amalgamation of territorial communities sent to the Commission for the liquidation of the ATU and the formation of the reorganized ATU by voluntary amalgamation
6	Holding the meetings of the local councils of the administrative territorial units on the approval of the voluntary amalgamation	60 days	Joint Working Group on Voluntary Amalgamation		Decisions of the local councils
7	Collection of documentation by the State Chancellery and preparation of draft normative acts	Quarterly	State Chancellery		Package of normative acts prepared for approval
8	Approval of draft normative acts by the Government	Half-yearly	Government		Package of approved normative acts
9	Amendment of the legal framework, publication in the Official Gazette of the amendments regarding the ATUs reorganized by voluntary amalgamation	90 days	Parliament		Law no. 764 dated 27.12.2001 on administrative-territorial organization of the Republic of Moldova amended

#	Activity	Duration	Person in charge	Cost, MDL	Indices
10	Reorganization of legal entities (administrative territorial units) voluntarily amalgamated by merger (absorption) according to the GD no. 1004 dated 29.08.2006: Striking off the merged ATU by merger (absorption) from the State Register registration of the ATU at the Centre of residence of the amalgamated administrative territorial unit	10 days	Mayor's Office of the amalgamated ATU, LC		The ATU struck off the State Register of legal entities Reorganized registered ATU of the legal entities
11	Approval of staff lists and reorganization of public services in the amalgamated ATU	180 days	Mayor's Office of the amalgamated ATU, LC		Decisions of the LC
12	Elaboration of the amalgamated community development strategy including the list of priority projects for financing from the allocated financial incentives	90 days	Mayor's Office of the amalgamated ATU, LC		Decisions of the LC
13	Inventory of the communities' property included in the list for voluntary amalgamation	90 days	Mayor's Office of the amalgamated ATU, LC		Inventoried property
14	Starting the procedures for modifying the registration documents in the Real Estate Register of the property of the amalgamated administrative territorial unit	1 year	Mayor's Office of the amalgamated ATU, LC		Re-registered property
15	Registration with the Public Services Agency of amendments in the articles of association of municipal enterprises and public institutions	60 days	Mayor's Office of the amalgamated ATU, LC		The Articles of association of the M.E. and public institutions re-registered in the State Register
16	Implementation of priority projects allocated according to financial incentives	5 years	Mayor's Office of the amalgamated ATU, LC		At least 5 investment projects completed

#### DISCLAIMER

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