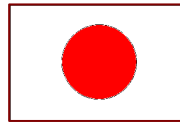




	Strasbourg, 30 March, 2007
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With the Voluntary contribution
of the Government of Japan

**The Role of Local Authorities in the Reform
Process. Moldavian transition - a new
partnership for supporting democracy and
strengthening local government**

Final Project Report

**January - March, 2007
Moldova**

**Prepared by Mirek Warowicki
ENTO Bureau member**

Executive summary

The project was carried out from January to March 2007, and consisted with mission, 15-16 January and three training seminars, 14-16 March, during which data was collected in a variety of ways by using document desk review, group discussion and observation. Some methods are hands-on and highly participatory, involving a wide range of participants of the meetings and seminars - partners, and stakeholders, while others are more exclusive, relying on the opinion of officials from the Ministry of Local Public Administration, and particularly from Mr Vitalie Vrabie, Vice Prime Minister, and Mr Valentin Guznac, Deputy Minister of Local Public Administration, and also other representatives of regional and local government in Moldova, and representatives of other main institutions and associations supporting local government. In the training seminars in March Ms Ludmila Sfirloaga, Vice President of the Congress of Local and Regional Authorities of the Council of Europe was actively involved; she provided significant points on the perspective from EU countries during her speech and later on during panel discussions.

The first part of this report describes the preliminary analysis, and discussions with representatives of different institutions and organizations involved in the process of main reform implementation in Moldova. The second part presents the method and results of the training seminars. These two main project activities, together with some preliminary comments on the emphasis on different aspects of capacity development, provide the inspiration for activities which it is suggested that ENTO undertake.

While the methods used during the mission in January and the training seminars in March to identify capacity needs were necessarily limited in their scope and focused rather on the opinions of Ministry of Public Administration officials, local and regional authorities, experts, representatives of associations, they are nonetheless supplementary to each other. In other words they drew a similar picture of the current stage of the main reform implementation and capacity needs, derived from different sources and types of information.

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PART I

Moldova Mission Report

15-16 January 2007

1. Introduction and background

This short, two day, mission of ENTO experts from *The Role of Local Authorities in the Reform Process. Moldavian transition – a new partnership for supporting democracy and strengthening local government* (financed by Japan VC) project had the following objectives: to assess the training needs at the regional and local level (training capacity of local partners) at the current stage of the transformation process in Moldova and explore factors relating to the training environment for local and regional authorities and their needs; to discuss and identify the topic of the training seminar, its output and sustainability; to determine a target group for the training seminar; to discuss the possible long-term continuation of the project in order to develop ENTO proposals.

This report is based on observations, meetings, discussions, and one field visit, and on documents received before, during, and after the mission. The findings, conclusions and recommendations of this report are preliminary in nature since they are based mainly on meetings and discussion held during a two-day mission to Chisinau, 15-16 January, 2007.

A review of National Training Strategy, Training Need Analysis, and other documents provided a background to the current situation in Moldova with regard to the strengthening of local democracy, administrative decentralization, and public administration reform (local administration), and formed the basis of the thematic assessments to follow by capacity building and training programme. This was followed first by the monitoring reports of the Congress and secondly by the team of ENTO experts, Mirosław Warowicki, Boris Bakota, Boris Peril, and Larissa Kireeva, ENTO coordinator during the first mission, 15-16 January, 2007 to Chisinau. The mission included a visit to the Ministry of Local Public Administration of the Republic of Moldova for a discussion with Mr Vitalie Vrabie, Deputy Prime-Minister and Minister of Local Public Administration; discussions with Mr Michail Perebinos, Acting Chairman of the Association of Mayors and Local Collectives (AMLCM) and representatives of AMLCM; a meeting with Mr Orlov Maria, President of the Academy of Public Administration, Mr Corneliu Popovici, vicerector of APA, and staff; discussion with Mr Igor Munteanu, Executive Director of the Institute for Development and Social Initiative (IDIS), Mr Vitorel Furdui, legal expert for IDIS; working meetings and discussion with Mr. Vasile Balan, President of the National League of Mayors (NLAMM) and representatives of NLAMM.

2. Context of the mission

The strengthening of local democracy in Moldova was identified both in terms of legislative framework and of practice; however, the transformation process needs support in terms of capacity and sustainability on the institutional, legislative and individual level. On 19 January, the Moldovan government launched the central public administration reform strategy 2006-2008 aimed at reorganizing administration, optimising the decision making process and improving the human resources management through the creation of a professional compact and motivated corps of civil servants. On 26 July 2006 the Parliament adopted in the first reading draft laws on “local public administration”, on “administrative decentralisation” and on “local public finance”. A new Ministry of Local Public Administration was created in 2006. Mr Vitalie Vrabie, former member of the Congress, became the Minister and was also appointed as Deputy Prime Minister. A National Training Strategy for local and regional authorities (2007-2010) based on Training Needs Analysis has been developed in cooperation with the Council of Europe’s Center of Expertise (DGI) and was adopted by Moldova on 27 December 2006.

Although the legal framework is largely in place or being currently refined, the main components of the transition - decentralization, public administration reform, and public finance – remain problematic, as identified in the documents of the Congress of Local and Regional Authorities and of the Council of Europe experts on local democracy, including:

- lack of clarity in the division of responsibilities between the central and local authorities, leading to lack of coordination and overlapping
- discrepancy between legislation and practice
- lack of mechanisms for application of decentralization and self-governance
- lack of financial autonomy of the local territorial units
- lack of mechanisms to facilitate the full involvement and participation of the citizens in the nation’s political and developmental processes
- inadequate training system in Moldova
- low level of interest among civil servants and elected officials in participation in training programs
- the absence of sufficient funding is identified as a capacity constraint.

The overwhelming impression from discussions with different stakeholders was that drafting and refining new legislation (public administration reform, decentralization, public finance) is

the first priority for Moldova now. This is understandable, since much work has to be done before the upcoming election in June-July 2007. It was also recognized that implementation of the main reforms is seen as a secondary task in relation to legislation; implementation has a lower status. Based on the transformation in CEE countries the transformation of the state administrative system cannot be done at once; it is a very complex political and social undertaking. It is a process of successive changes, as the everyday functioning of the state must be protected, but simultaneously it has to be changed. Drafting a model is important and necessary, but real changes can only be achieved as a result of a compromise between what is required and what it is possible to implement. The current barriers to implementation in Moldova, in many aspects similar to the situation in CEE countries, resulting from the resistance of several political and social groups at different levels, which will be affected negatively as a result of the reforms, and general fears about any change in the status quo. In Moldova a significant imbalance may be observed between decentralization of responsibilities and the decentralization of public finance. This gap has limited the positive results of new activities conducted by local governments. Very low financial autonomy at the local level, together with new tasks like public service provision, infrastructure development, and economic development, have resulted in many difficult situations needing support from outside.

Based on requests and expectations expressed during the mission, ENTO is ready to provide assistance based on experience from other EU countries, namely using its Network of training organizations for local and regional authorities and experts, focusing on different issues of local and regional authorities, particularly on the implications for training and service development. Having received positive evaluations of the many aspects of the Polish, Czech, Hungarian, Romanian and Bulgarian transition, we are ready to share the experiences of our new members of the EU for the benefit of Moldova.

Fortunately the characteristic differences between EU new member states have been sufficiently analyzed, models chosen what make the lesson learned, best practices in many areas of systemic transition easier applicable to Moldova.

As the experience of the CEE and Baltic countries shows, in order to ensure an effective process of training of local and regional authorities, and civil servants, it is essential to understand the importance and necessity for such measures at all levels. The challenges set before a country on its way to transformation requires new knowledge and skills from the authorities and civil servants at all levels. For this reason training capacity has a crucial role because the traditional education system cannot cope with the new challenges and changes.

3. Current state of affairs in the training sector

The current training system seems to be focused mainly on legal aspects of local government. While the novelty of the local government legal framework and its continuous change justifies to a certain extent this ongoing legal training for local officials, training should also be offered in other aspects of modern public sector management.

One of the problems is the lack of a nation-wide training infrastructure. The main public administration training institution is the Academy of Public Administration (APA) under the

supervision of the President of Moldova. The APA monopolizes the training market even without having training centers outside of Chisinau. There are some on-going training activities provided by non-governmental organizations for local authorities, but they are sporadic and geographically dispersed. Some of them, as is stated in the National Training Strategy, do not necessarily conform to national standards and do not arise from a common understanding of the needs. There is sometimes duplication and waste of resources.

One of the main obstacles to developing a training system in Moldova is the lack of funding. In contrast to many more developed EU countries where local or regional authorities can use their own budget or can receive funds from the central budget for training, in Moldova this kind of funding does not exist. This is one of the reasons for low interest among local and regional officials to participate in training. Another one is simply no consequences in terms of promotion or potential increase in salary when recipients of the training improve their skills. In addition, unclear responsibilities and lack of job description makes work situations rather uncomfortable for civil servants and elected officials at the regional, and especially, local level.

The main training method seems to be an academic-type transfer of knowledge (giving information in the form of a lecture) instead of skills-based training. Too little use is being made of more participatory methods, such as best practice-based training or specifically designed simulation exercises and role playing. This justifies the suggestion made by Mr Vitalie Vrabie, Deputy Prime Minister, during the mission to organize the seminar with mayors, to use practitioners from new EU members countries to help Moldavian mayors to understand, based on insiders' stories, how to overcome the basic problems related to decentralization, public administration reform and other issues related to local government and transition.

A similar view was expressed by Mr Orlov Maria, President of APA, regarding the need for more participatory methods to be used. It seems that the importance of involving practitioners in the training process was recognized by APA, but it turned out that these people, highly respected by local government officials, need to obtain new skills and knowledge about the participatory and active methods to be used in training sessions. As a related issue, Mr Orlov Maria pointed out the need for a certification system and data base of trainers in Moldova.

Mr Orlov Maria, President of APA, pointed out the issue of certification and data base of trainers in relation to the establishment of centers of expertise. During the discussion it was argued that apart from the training program currently being provided, the need for centers of experts providing technical assistance regarding current stage of reform implementation and local government function is increasingly recognised. IDIS experts play this role to some extent, but not in all of the technical areas. IDIS Viitorul is one of the leading think tanks in Moldova. The initial creation of a small number and, later on more centers of expertise can be seen as a first step in the establishment of professional training organizations. These kind of training organizations do not yet exist in Moldova.

Currently, the national associations of local authorities have a very limited capacity to deliver training services. They lack resources and operational capacity; they do not co-operate with each other and only a very limited number of them currently co-operate with the Government; they lack visibility and are almost entirely dependent upon funding from abroad. Mr Vasile Balan said that there is a need for establishing dialogue between the two main national associations involved in development of National Training Strategy, i.e. NLAMM and AMLCM. It seems that the implementation of the NTS Action Plan could be good opportunity for such a dialogue in the coming months.

The ability to monitor and evaluate the NTS Action Plan is directly linked to the effectiveness of the NTS and implementation. Based on the NTS and Action Plan it seems that more detailed, performance monitoring is needed for continuous and regular follow-up activities. A more participatory monitoring system could be considered which, apart from other advantages, could be one of the merit platforms for the two associations.

4. Topics discussed for the training seminar

Various topics were discussed with the stakeholders and are presented here from different perspectives; they have been formulated in a rather different way than as described and listed previously in the TNA (Training Needs Analysis).

Mr Vitalie Vrabie, Deputy Prime Minister, expressed his full support for the training seminar. He explained some actions that the Government and Parliament have undertaken in relation to reforms and changes in local government. He pointed out that a training seminar with the participation of leading mayors from new EU member countries together with Moldovan mayors would be highly appreciated if it provided the opportunity to exchange experiences on how the main problems with transition were overcome at the local level, and from the perspective not of academics and researchers, but just of mayors. He emphasized that this training seminar would be the first training event of the NTS implementation.

Mr Vitalie Vrabie and Mr Michail Perebinos agreed that apart from public service delivery and problems with infrastructure the main issues are HRM and project development at the local level. The project development skills are important as prerequisite conditions to obtain access to European funding; at least a series of seminars on these subjects would thus be welcomed

During discussions with Mr Igor Munteanu and Mr Viorel Furdui (IDIS) the following key training seminar areas were listed, including general training of trainers with some specific reference to project management and HRM; also property management, financial management and innovative approaches to community services, and cross-border cooperation.

Mr Igor Munteanu also pointed out the importance of cross institutional dialogue on National Training Strategy implementation and related issues. Responding to remarks made in APA regarding the accreditation system of trainers, he agreed that assistance is now needed to build an accreditation system for trainers in Moldova.

All participants of the discussions were rather sceptical about the implementation of financial

benchmarking, since local government has no financial autonomy and clear basic instructions are needed rather than a complicated system for assessing the current status of the financial system at local level. However, IDIS has apparently prepared a general scheme of benchmarking for local administration following EU standards. This scheme could be used in future.

Another important subject raised during the discussions was citizen participation mechanisms. With current lack of funding, as Mr Vitalie Vrabii pointed out, such public participation could be seen as an important component in projects funded by external donors to address both service delivery and to support the decentralization and social mobilization initiatives. Up to now citizen participation is rather low, but low is also knowledge about citizen participation methods and mechanisms; technical and funding assistance is needed for better public awareness about citizen participation in community development. The importance of citizen participation and the need for development of knowledge at the local level in this area was confirmed by the representatives of IDIS and the two associations visited.

A common need perceived by most participants of the discussions the task of preparing the large number of newly elected officials for their roles and responsibilities, and local government main functions after the upcoming election in June- July 2007. Of course it is not possible to meet such needs by organizing a training seminar with the candidates for elected officials, but the issue is to consider ways of making basic training courses available for elected officials, with introductory materials tailored to their needs as soon as possible after election.

Mr Vasile Balan (NLAMM) and other mayors pointed out the need to organize discussions on a General Development Plan in relation to spatial planning, the role of financial autonomy of local government in terms of legislation and practice, and the role of strategic planning. His opinion is that better knowledge of the European Charter for Local Government among regional and local officials could be seen as an important step for continuing long-term education.

All stakeholder representatives expressed their willingness and support for the initiative of organizing training seminars on one or more of the topics discussed. Three organizations – Associations of Mayors and Local Communities of Moldova (AMLCM), Institute for Development and Social Initiatives (IDIS Viitorul) and Academy of Public Administration (APA) expressed their readiness to become members of ENTO.

5. Suggested activities to be undertaken by ENTO

Looking for an approach to creating sustainable capacity, ENTO recognizes that it has to build training capacity in Moldova on its past experiences, and at the same time, forge a new understanding of sustainability and how to achieve it, if strong institutions are to be left after international donor assistance. Regarding the training environment and the potential strengthening of training capacity for assistance to new local governments it is suggested that the following activities be undertaken by ENTO:

Practitioners give advice and recommendations on how to overcome the main problems and obstacles during the transition process

The provision of a one-day training seminar with advice and recommendations from practitioners and experts from EU Member States on how to overcome the main problems and obstacles in the transition process, with special attention given to public administration reform, public service provision, public finance and management methods in local government. Topics will be discussed on a twofold level - on the international level generally, together with a more specific, contextually oriented focus in order to present these topics as projects ready for implementation in other countries. Adaptation will, of course, be necessary for many topics, in addition to obtaining a better fit in the standardized format of projects in other international contexts. Thus, at many points in the analytical parts of the project presentations, one is aware of multiple perspectives, prompting comments or questions regarding perception of the EU new member states' experiences, consulting and training services from the international perspective.

Not only will an appropriate model for transition be discussed in order to establish a more specific transformation strategy, i.e. what we want to achieve, but also how we want to arrive at the required changes. In the process of political system transformation the EU new member states achieved great progress, significantly overtaking other states in the region. They are now a valuable source of wisdom and experience sought after by others more and more often. ENTO, in cooperation with CoE, can provide answers to both questions. It is known what has to be done and it is known also how it can be achieved. Based on directions, trends and concrete experiences of mayors from new EU Members States it is acknowledged what has to be done and we also know how it can be achieved in practice.

The training seminar, planned in some parts as a panel discussion, will be facilitated by experts from ENTO. The plan for sustainability will be prepared in cooperation with local experts and trainers.

Target group: selected participants from two associations, mayors and local trainers and experts.

Anticipated time frame: March- April 2007.

Results to be achieved: three training seminars will be provided, practitioners' and experts' advice will be provided and selected EU models will be discussed in order to adjust some of them to Moldovan circumstances. A plan for the continuation of the project will be prepared.

A number of other project concepts can be considered as continuation or supplementary topics. These are: Training of trainers (TOT), establishing training and advisory centers, strengthening capacity to monitor and evaluate NTS Action Plan, introductory assistance for newly elected officials. The further ENTO potential assistance will be discussed after the training seminars in March.

PART II

REPORT ON THE TRAINING SEMINARS FOR LOCAL AND REGIONAL AUTHORITIES IN MOLDOVA

14-16, March 2007

1. Overview

This report, as a second report on the Moldavian project, deals specifically with the seminars of the training program provided by European Network of Training Organisations for Local and Regional Authorities (ENTO) in cooperation with the Congress of Local and Regional Authorities of Europe, Ministry of Local Public Administration of the Republic of Moldova, supported by a voluntary contribution from the Japanese Government, with support of Association of Mayors and Local Authorities (AMLCM), and National League of Mayors (NLAMM).

The report is structured as follows. Sections 1-3 presents overview and scope of the seminars. Section 4 summarizes speeches provided in the first part of the seminar. Section 5 presents a summary of the current status of main programs implementation in Moldova. Section 6 consists summarizes the panel discussions. Sections 7-8 describe conclusions and the potential continuation of the project.

The program of three one day seminars held in Chisianu on March 14, Cahul on March 15, and Balti on March 16 consisted of two basic parts: first with official speeches from Mr Valentin Guznac, Deputy Minister of Public Administration in Moldova, Ms Ludminla Sfirloaga, Deputy President of the Congress, Mr Hideaki Noguchi, Councillor, Deputy Head of Diplomatic Mission, Embassy of Japan in Ukraine and Republic of Moldova, and Mr Miroslaw Warowicki, ENTO Bureau member. Before the panel an overview of the current status of the main reforms in Moldova was presented by Mr Valentin Guznac, Deputy Minister of Public Administration. The second part of the seminars consisted of a series of inter-related panel discussions aimed at local government audiences on selected topics. The panel discussions were moderated by Boris Peril and Miroslaw Warowicki (ENTO Bureau members). After the official speeches, an overall description on the current situation in Moldova given by Deputy Minister, Mr Valentin Guznac, the panel discussion part was introduced by Miroslaw Warowicki who described the objectives of the panel discussions and more generally the aim of finding rather similarities than differences between the countries in order to formulate a recommendation for Moldova in relation to Local Government and the next steps in the transition process.

Participants

There were 200 participants. The participants of the seminars represented a wide spectrum of the local government mayors in Moldova. The group of experts/practitioners was selected in order to provide different perspectives in terms of country and size of municipality. One expert/panelist

represented a relatively large industrial and cultural European city – Poznań (Poland). The rest of the panelists/experts had wide experience and practice of medium sized and relatively small local governments in Poland and Romania.

2. Programme and Method

The seminars were based on the results of a study visit held in January 2007 after which selected topics for panel discussions were chosen for the seminars, with the contribution of panelists from Romania and Poland. Overall objectives were as follows:

- 1.** Develop a common understanding of the current status of reforms in Moldova: local public administration, administrative decentralization and local public finance; suggestions for the improvement of communication channels.
- 2.** Gain in-depth understanding of the transition's main problems of transition and technical components. Increase knowledge of the European environment and of new EU members' countries transition experiences from the perspective of practitioners – mayors from selected European countries.
- 3.** Identify how the model experiences from other European countries in selected areas, i.e. distribution of functions, the delivery of local public services, local finance, property, and internal organization of local government could be implemented in Moldova.
- 4.** Understand the role of training to develop capacity at different levels. Review the role and forms of training in other countries which have experienced or are experiencing transition. Explore methods of working with international and local partners for building capacity of local government capacity in Moldova.
- 5.** Draft a sustainability plan that includes appropriate activities as a follow up. The sustainability plan will have a training component aimed at enabling local partners to improve their performance on the job to strengthen local capacity. Identify how the project can complement other local governments focused on similar problems and challenges.

The structure of the seminars consisted of short speeches, including short introductions to the topics, presentation of inside stories, and descriptions of practices, case studies, and suggestions for use in Moldova. Initially particular emphasis was placed on communication between panelists and audience. For this purpose, before the statements of Romanian and Polish panelists, the moderators encouraged participants to share their concerns, and feelings about the current stage of the transition and status of main reform implementation. This supplemented the overall picture of the main reforms delivered by the Deputy Minister and gave the panelists a better understanding how to relate Romanian and Polish experiences to the Moldavian context. During the seminars the Romanian and Polish panelists provided a

series of clarifications on the transition process and answered questions from participants. As practitioners, the panelists often shared their personal experiences. This personal shift or focus was useful for quickly building a good relationship with participants.

3. Presentation and discussion the practical issues related to transition

In the seminar the first session provided a general overview of the main problems faced during transition. The remaining sessions presented selected issues with real examples and specific methods used in Romania and Poland. The following topics were presented by five panelists: “Main problems with the transition” “Distribution of functions, the delivery of local public services, local finance – how to overcome the problems, how to find support”, “Property management, internal organization of local government models implemented”, “The role and form of training in the transition process”.

Five panelists: Tomasz Kayser, Vice-President of Poznań, Stanislaw Kracik, Mayor of Niepolomice, Gheorghe Hritcu, Mayor of Scobinti, Ovidiu Ursache, Mayor of Letcani and Cezar Oladu, Head of the Department of European Integration and Development Strategies, Suceava Municipality, presented their experiences and views based on the transition process in Poland and Romania. Among the key elements both in Romania and in Poland were mentioned property devolution and property management, financial autonomy, local finances, communication and cooperation with citizens, new tasks and services implementation, and the related training capacity and network of local government associations and training infrastructure. Joining the EU has meant intense pressure to meet EU standards in both countries. Most regulations and policies were implemented as in other EU countries through the cooperation of national/central and local governments.

The panelists also shared many good practices of effective property management. Local public property and local budget, in their opinion, were important instruments in the marketing of particular local authorities in order to attract external investors both national and international. The transparency of property records is added value for such investors. The next important issue was good utility service provision because new businesses soon became their consumers.

Before the recommendations the last topic of the seminar sessions was training. The seminar participants agreed with the panelists about the important role of training but at the same time they pointed out their concerns in regard to training programs and, in a more general sense, training capacity in Moldova.

4. Opening speeches – summary of main points

Mr Valentin Guznac,

Deputy Minister of Local Public Administration in Moldova

1. Establishing a modern local public administration system anchored on the principles of good governance - efficiency, efficacy, responsiveness, responsibility, and transparency in line with the most advanced European practices - is one of the main objectives of the Government “Modernization of the country is wealth of people” , Action Plan “Moldova-EU”, of Economic Growth and Poverty Reduction Strategy and “Moldovan Village” program.
2. The Government of Moldova has fully realized that modernization of local public administration is imperative and already established priorities to accomplish this goal.
3. In 2006 the Parliament of Moldova launched an initiative to establish the general legal framework of decentralization and local public administration reform. Therefore, after ample public debates with various stakeholder groups, on 28 December 2007 Parliament adopted in the second reading: law on local public administration and law on decentralization, and brought in amendments to the law on local public finance.
4. The adoption of this package of laws proves the Government’s commitment to engage in a substantive transformation process. Once laws are published in the Monitorul Oficial and come into force, the Ministry of Local Public Administration jointly with local public authorities retains the difficult task of implementing the provisions of these laws.
5. Regional development is another high priority for Moldova. Commencing 16 February 2007 the Law on Regional Development came into force. According to this law 6 development regions are established, 3 of which (northern, central, and southern region), and implementation process has started.
6. The Ministry of Local Public Administration worked intensively on developing a National Strategy on Regional Development. This Strategy will be submitted to the consideration of the Government and it will be most likely approved by the end of March.
7. The Ministry is also working on developing regulations establishing the institutional framework of regional development. On a parallel track, representatives of civil society and the business community from the recently created development regions were invited to actively participate in the process of planning, implementation, monitoring and evaluation of development of the regions they come from.
8. The Government of Moldova recognizes that efficient implementation of the above mentioned laws, as well as implementation of numerous development projects, requires strong regional and local capacities.
9. With the view of setting up a modern, efficient and sustainable framework for training of local public officials a National Training Strategy was developed for 2007-2010 as a

catalyzing factor of local public administration reform in Moldova. The Strategy establishes two main objectives: (i) strengthening institutional capacities for provision of training for local public officials; (ii) increasing training standards.

10. By means of this strategy, we intend to strengthen these capacities in order to fully explore the potential of local public authorities and to benefit from the opportunities that arise from our joint development effort. Having said this, I would like to invite you to engage actively in development of new capacities at both local and regional level that ultimately will contribute to the achievement of the national objectives of European integration.

Ms Ludmila Sfirloaga,

Vice-President of the Congress of Local and Regional Authorities of the Council of Europe

1. Local and regional government is one of the areas to which the Council of Europe has long devoted particular attention and which it regards as a fundamental component of democracy. Several shifts in objectives and modifications in the speed of changes have characterized the long learning process of establishing new local governments in the new European states. Decentralisation and development of modern local government systems **were and are** fundamental components of transition.

2. There are three main reasons why governments should decentralise during the transition processes: (1) a desire to roll back the role of the State due to the failings of central government or the complexity of local issues; (2) an inability of the State to continue to finance a whole range of services, and; (3) a view that democracy is best served through devolved functions with enhanced participation at local level.

3. Decentralisation does seem to offer particular hope, and based on the experiences of new EU member countries contributes to improving **relevance** and **responsiveness**. These, together with sustainability, should be the main criteria to assess the success of decentralisation and in a broader sense the transition.

4. Many issues should be addressed in order to resolve problems and dilemmas during the transition like: power devolution, fiscal decentralisation, property transformation, public and local finance, local service provision, distributions of functions. The reform of public administration can be neither analysed nor implemented without considering systemic transformation as a whole.

5. The transformation of the whole system in Moldova like in any other European countries cannot be done at once; it is a very complex political and social undertaking. It is a process of successive changes, as the everyday functioning of the state must be protected, but simultaneously it has to be changed. It is crucial then to find an appropriate schedule of implementation of the proposed changes.

6. However, there are many differences between countries in transition, including Romania and Poland about which experience we will hear today. In terms of variants of transition or reorganisation of local governments, I would recommend to identify common features and the factors affecting transition in order to better benefit Moldova.

7. This seminar underlines the role of training. ENTO recognises that creating sustainable capacity in Moldova as a key issue parallel to the implementation of the main reforms for the near future. Indeed, the higher quality of training provided for elected and appointed representatives of regional and local authorities leads to the better quality of work within new local governments as well as a better quality of services provided for citizens and communities.

8. Assistance is being provided by the Council of Europe with respect to the main reforms in Moldova. Further development of the co-operation between Moldova and the Council of Europe could be directed by the possible specific contribution of the Council of Europe in the areas of its competence to the implementation, for example, of the Action Plan, the National Training Strategy, etc.

9. Local government remains an area, like in other European countries when at the beginning of the transition process in the past, where major progress remains to be achieved. The Congress of Local and Regional Authorities of the Council of Europe is ready to further develop its co-operation with Moldova in this field of activity.

Mr Hideaki Noguchi,

Councillor, Deputy Head of Diplomatic Mission, Embassy of Japan in Ukraine and Republic of Moldova

1. Japan is the partner of Europe sharing main values like democracy, respect for the law and human rights. Since 1996 Japan has been one of the observer countries on behalf of the CoE in Asia. Our country has established a fruitful relationship with the CoE in order to embed these common values.

2. At the end of last year Mr Aso, Minister of Foreign Affairs introduced a new diplomatic clause – establishment of a Freedom and Development Area, according to which Japan introduces “value diplomacy” giving significant importance to universal values such as democracy, human rights, market economy and supporting democratization in new democratic countries in Europe.

3. So far, our country has supported democratization in Ukraine and Baltic countries as part of its voluntary contribution to the budget of the EU School of Political Studies program. In this way the EU has become an important partner in the creation of this Freedom and Development Area.

4. In carrying out the current program aimed at strengthening democracy in Moldova, based on the Freedom and Development Area principle, Japan has made a contribution of 20.000 Euro. We are hoping that this project will contribute to regional development in Moldova.

5. Our country has supported Moldova in various spheres in order to encourage its attempts aimed at further democratization and a transparent market economy. Apart from the support for agriculture within the framework of 2KP project (grant program for farmers) our country provides aid for community development which is linked with the scope of today's seminar. For example, the Moldavian fund for social investments, which is concerned with social development issues, is funded by Japan.

6. Additionally, Japan has invited a representative of the Ministry of Public Administration on a study visit to Japan to the Agency for International Development. Also in this year JAID is inviting Moldavian experts for training in Local Community Development with the active contribution of local people.

7. In December 2006 a Japanese delegation took part with other donors in a meeting in Brussels concerning further support for Moldova, during which Japan declared its intention to further support Moldavia as part of the Freedom and Development Area and in its attempts at poverty reduction, democratization and creation of a market economy. After this meeting the Japanese government allotted a supplementary grant of 3.5 mln US Dollars to Moldova.

8. Our country intends to increase further its relationship with Moldova as it enters the Freedom and Development Area and to increase cooperation with you as influential representatives of the Council of Europe and local officials in Moldova; Japan will make all efforts for the further development of Moldova.

Mr Mirosław Warowicki,

Member of Bureau of European Network of Training Organizations for Local and Regional Authorities (ENTO)

1. My first task is to thank the Government of Japan, represented today by Mr. Hideaki Noguchi for its generous voluntary contribution to the project for supporting democracy and strengthening local government in Moldova.

2. One of the important goals for ENTO is to promote co-operation between local and regional government and training centers, and to link the national organizations with their counterparts in other countries.

3. Based on observations, meetings and discussions carried out during our mission in January this year there is no doubt that the strengthening of local democracy in Moldova is in place both in terms of legislative framework and of practice. However, the transformation process, as in other EU countries, needs support in terms of capacity and sustainability on the institutional, legislative and individual level.

4. Drafting and refining new legislation, and finding a model for the transition of Moldova in terms of public administration reform, decentralization and public finance is important and necessary. This is understandable, since much work has to be done before the upcoming election in June-July 2007. Real changes can only be achieved as a result of a compromise between what is required and what it is possible to implement. The current barriers to implementation of reforms in Moldova, in many aspects similar to the situation in CEE countries, result from the resistance of several political and social groups at different levels.

5. Based on requests and expectations expressed during the mission in January, ENTO is ready to provide assistance based on experience from other EU countries, namely using its Network of training organizations for local and regional authorities and experts, focusing on different issues of local and regional authorities, particularly on the implications for training and service development. Fortunately the characteristic differences between new EU member states have been sufficiently analyzed, and models chosen that make the lesson learned, and best practices in many areas of systemic transition, more easily applicable to Moldova.

6. Decentralization and local reform are important parts of a more systemic transformation. What are the main common features? The common elements of reform are: (1) emphasis on basic levels, i.e. municipalities or integrated units; (2) democratic internal design; (3) emerging alternative forms of service delivery; (4) financial and fiscal reform at territorial levels to various degrees.

7. As the experience of the EU countries shows, in order to ensure an effective process of training of local and regional authorities and civil servants, it is essential to understand the importance and necessity for such measures at all levels. The challenges set before a country on its way to transformation requires new knowledge and skills from the authorities and civil servants also at all levels. For this reason training capacity has a crucial role because the traditional education system cannot cope with the new challenges and changes.

8. In the process of political, social and economic system transformation the EU new member states have made great progress. They are now a valuable source of experience sought after by others. ENTO, in cooperation with Council of Europe, today provides an opportunity for discussion for practitioners from selected EU countries with practitioners in Moldova. Based on directions, trends and concrete experiences of presidents and mayors from new EU Members, mainly from Romania and Poland, this training seminar has been planned with some substantial parts being panel discussions.

4. Current status of the main programs implementation in Moldova

Mr Valentin Guznac,

Deputy Minister of Local Public Administration

Summary of main points

“Moldovan Village” National Program

1. Sustainable development of local communities is one of the main mid and long term priorities of the Government of Moldova envisaged by the “Moldovan Village” National Program.
2. The objectives of this program are oriented towards addressing poverty and social issues at the local level and derive mainly from the provisions of the Moldovan Constitution, the Economic Growth and Poverty Reduction Strategy, the “Moldova-EU”, Action Plan as well as the Millennium Development Objectives.
3. In 2006 both central and local public authorities channeled their efforts towards implementing activities included in the action plan.
4. Therefore, in 2006 from the state budget there were allocated approximately 498 mln 777 thousand lei, reaching an implementation level of 96.6%. The allocation of funds is broken down into following categories: road repairs for rural communities – 32,238 mln lei, local road repairs - 40,267 mln lei, construction and repairs of water supply and sewerage systems – 103,909 mln lei, construction of gas service pipelines – 199,961 mln lei, development of hospitals and healthcare emergency services – 5,404 mln lei, development of schools and kindergartens – 72,710 mln lei, development of cultural community centers, libraries, and museums – 22,986 mln lei, anti-erosion works and protection of works – 21,300 mln lei.

National Program of Gas Service Extension

6. Provision of gas supply is one of the main components of the energy system and a main factor of in the sustainable economic development of Moldova. For this purpose, the Moldovan Government developed a National Program of gas Service Extension. According to the program, there will be 1088 local communities provided with gas service and a coverage with gas supply to about 90% is expected.
7. Thus, during 2000 – 2006 519 localities were connected to gas pipelines. At present, Basarabasca, Criuleni, Dubăsari and the Găgăuzia Autonomous Administrative Unit are connected fully to the gas service and now these communities perform intensively internal works. In 2006, one of the most active rayons in extending gas service to its citizens was Floresti rayon, which succeeded in getting 14 localities connected to gas pipelines.
8. Also in 2006, the Moldovan Government undertook a series of actions supporting gas service extension efforts in Moldova. Given the approval of Government Decision nr. 191

from 20.02.2006 “Regarding construction of the Tocuz-Căinari-Mereni high pressure gas pipeline” will facilitate the extension of the gas service towards Căușeni, Anenii Noi and Ialoveni rayons and will secure provision of gas from the second source to the Chișinău municipality. By the end of 2006, the construction of the 17 km Tocuz-Căinari pipeline was finished. The total cost of works amounts to 80 mln. Lei. The second Căinari-Mereni pipeline will be constructed in 2007.

9. Bălți-Ungheni high pressure gas pipeline is another strategically important object. Its construction will make possible the extension of gas service to local communities from the Ungheni, Fălești, Sîngerei, Telenești rayons. This pipeline is 80 km long and is estimated to cost 220-280 mln. lei.

National Program for water supply and sewerage systems for local communities

10. Provision of drinking water is one of the most critical problems that Moldova faces at present. This problem attracted the attention of the President and is continuously present on the Government agenda.

11. To address this acute problem, the Government developed, and approved by the Government Decision nr. 1406 of 30.12.2005, a National Program of water supply and sewerage systems for local communities for the period of 2005-2015.

12. In 2006, there were works implemented in the total amount of approximately 260 mln. lei, out of which: 87.4 mil. lei from the state, 36.0 mln. lei from local budgets, 11.5 mln. lei from the National Environmental Fund and 124.5 mln. lei from external sources.

13. International donor organizations contributed significantly as well. The World Bank, for instance, implements water supply projects in 5 towns - Orhei, Cahul, Soroca, Ștefan Vodă, and Bălți. Their total value amounts to 12 mln US Dollars.

14. In 2006, the Kuwait Economic Development Fund implemented water supply system rehabilitation works in 6 communities; the towns of Hîncești, Strășeni, and Taraclia and the villages of Risipeni, Sărata Veche (Fălești) and Carbolia (Găgăuzia) to a total amount of approximately 1 mil. US dollars. The total value of the projects is estimated at 6 mln. US dollars and is expected to be implemented in 2007.

15. The Swiss Agency, the Social Investment Fund, USAID, the Governments of Denmark and Turkey have also contributed in different ways to water supply and sanitation improvements.

16. One of the main achievements in this year is restoration of the Soroca-Bălți inter-rayon water mains of strategic importance after about 3 years of being non-operational. For this purpose, the Moldovan Government allocated 600 thousand lei from its state reserve resources. Between 2006-2008, the towns of Rîșcani, Drochia, Florești, Sîngerei, and Telenești, as well as many villages from these rayons, will be connected to this water main.

5. Summary of panelist statements with division into main panel topics

Selected statements from the Polish perspective provided by Mr Tomasz Kayser, Vice-President of Poznań and Mr Stanislaw Kracik, Mayor of Niepołomice. Selected statements from the Romanian perspective provided by Gheorghe Hritcu, Mayor of Scobinti; Ovidiu Ursache, Mayor of Lectani; Cezar Oladu, Department of European Integration and Development Strategies, Suceva Municipality
Romania – Lețcani

First Panel session “Identification of the main problems with the transition and public administration reform “

Mr Tomasz Kayser pointed out that the new tasks brought many new challenges and that the first challenge was to build capacity and train people at the local level. Reorganization of local administration was necessary in order to perform more efficiently traditional administrative tasks and new functions. In Poland, soon after the decentralization of public administration, local governments realized that it is absolutely necessary to be engaged in activities related to: (a) local economic development, (b) city marketing (especially in regard to tourism and investment opportunity promotion); (c) city development strategy; and (d) public relations (activities aimed at improving communication with citizens and increasing citizen participation).

Mr Tomasz Kayser mentioned that when he had started his work in local government he realized that in comparison to local government in the west, in Poland local authorities did not pay enough attention to local economic development. In regard to local economic development local governments developed new instruments to support small and medium sized enterprises. These instruments included business incubators, free-of-charge consultancy services and training, and credit guarantee funds. The growing popularity of the internet resulted in new instruments based on the concept of e-government. For example in the city of

Poznań local businessmen can obtain and send forms to the Business Register which is operated by local administration via internet. A special web-site for SME-s operated by Business Activity Department of Poznań City Hall registers over 160 thousand entries a month. Recently the city administration introduced two new, free-of-charge, instruments available via internet to support local companies. The “Innovation Platform” is a tool aimed at supporting the communication between research institutes and local business. The “Business Exchange” helps local businessmen to find partners for cooperation or customers/providers of specific services/goods. Over 200 local companies registered in the “Business Exchange” in only two days after it came into operation indicating how useful and needed such instruments are for SME-s.

Responding to the question he focused on unemployment reduction. Unemployment reduction has always been one of the main concerns of local governments during transition in Poland. The city administration was active in introducing innovative instruments aimed at supporting the labour market. For example in Poznań the city administration in cooperation with the Labour Office (at that time operating as part of the state administration) created a “job-boutique” modelled on institutions operating in some Western European countries. The “job-boutique” was a place where everyone looking for a temporary worker or temporary job could come and leave or look for an advertisement on a special board. There are practically no bureaucratic formalities which are typical for the operation of a Labour Office. Today the place is visited by thousands of citizens every year. The lack of formalities, easy access and the fact that this service is free-of-charge made it very popular. In principle the service is for temporary jobs but in practice some contacts made through this service result in permanent employment. The cost of running the service is low as there is only one public servant working there.

Mr Tomasz Kayser added that that the level of unemployment was closely related to the quality of education. Several years ago the mayor of Poznań asked the local Labour Office to prepare a special report on the number of graduates of local post-secondary schools who were registered as unemployed immediately after graduation and 6 months later. It turned out that in some schools over 40 % of graduates were registered as unemployed while in others less than 6 %. Now the report is published every year, put on the internet and publicly discussed. It helps significantly to put pressure on schools to make the education more market oriented and provides valuable information to parents and pupils.

Mr Stanisław Kracik recalled that in March 1990 Poland, with the Local Government Act, brought into existence self-governing municipality bodies and only several years later inscribed them into the Constitution as basic public rule bodies. Analyses made a few years before regaining complete sovereignty by Poland in 1989 implied the necessity of giving local power to the inhabitants. The group of experts searched for a model of administration that, based on the solutions in the interwar period, could guarantee local self governance and the coherence of its activity with the directions set by the government.

He emphasized that the problem to be solved then was on one side the lack of properly prepared staff to take over from the communists the duties of the public power at a local level, and on the other hand the complete chaos in the matters of competence and ownership. Following the example of the European Charter for Local Self Governance it was possible to set up the fundamentals of a new political system for local government bodies. These

foundations applied to property ownership, including real estate, a right to proper incomes with local taxes, the right to partake in state budget revenues and the right to the principle of subsidiarity.

Mr Stanisław Kracik indicated that the result of these assumptions was the handing over of communal property to the communities, on the basis of the claims of the communities to the real estate governed earlier by the local representative bodies of the state authority, and essential for the self-governing communes to carry out their statutory tasks.

Second, the communities were given the right to obtain the subsidies to carry on the tasks realized on behalf of the state – i.e. education, social assistance, population registry, civil defense etc. Third, the communities were given the right to enter into an arrangement with the state bodies to carry out activities in health services, maintenance of the roads other than local ones, assistance for veterans, and public order. Fourth, the communities were given the right to create alliances and associations to better and more efficiently carry out public tasks. Fifth, local authorities obtained the right to take part in relationships on the national level to present joint statements towards new initiatives of the government and the parliament.

Mr Ovidiu Ursache highlighted that there were two important aspects to the transition process: the **concept** of public administration system and **reform** of the administration system.

Firstly, reform does not constitute a goal in itself. The most critical aspect is to create a functional administrative system that can solve citizens' and communities' problems, ultimately improving the living conditions for all. Secondly, it is not possible to isolate local public administration from central administration. Even more important, local authorities should seek ways to establish a relationship with Parliament because local administration needs a legislative framework and support.

At the level of this community, a reform program was developed. In the European Integration process, local public administration is not a passive element and the EU – an active one. Equally, European Integration requires the active engagement of all actors concerned, based on the bottom-up principle.

During the development and later on the implementation of the reconstruction program, in essence as an economic program local public finance was the one of the most important issues. Eventually, but after some years, local finance law quite recently has been changed, giving more autonomy at the local level. Last year, EU integration was an active element in our policy and strategy. All of us were involved in EU integration.

Economic and social problems became more visible during the transition. We did not have either experience or knowledge how to attract investors. Related to this was a lack of proper infrastructure. In addition, the mentality of the people was a bigger problem than we expected, we realized that we need to pay more attention to our communities.

Mr Gheorghe Hritcu described how ten years ago he and other representatives of local authorities attended a seminar organized by the National Institute of Administration and at

that time everything they were told about implementation of development projects sounded great, but the reality was much different. They were pessimistic about their capacities to succeed in implementing development projects that would improve citizens' life. One critical element to the success of these projects was communication between local public authorities and citizens, between local public authorities and rayon administration, and between local public authorities and the state.

The main transition problem was the low local economic development. Until 1989 Romania experienced a centralized economic system and after the collapse of the old regime it transited to a market based economy. However, this transition was extremely painful and brought many social problems.

There were two main transition problems according to Mr Cezar Oladu: lack of investment and a wide range of social problems. One of the useful approaches for preliminary analysis was to carry out a SWOT analysis and then to design and implement development projects to support the strategy. Strategy development should be linked to infrastructure development

Second Panel Session: “Distribution of functions, the delivery of local public services, local finance – how to overcome the problems, how to find support.”

Mr Stanislaw Kracik focused on that separation of power between the state and self governance was not easy, because the state does not like to lose its competences and the right to distribute public money for their execution. In the atmosphere of the approval of the change of the political system and the loss of previous power, it succeeded in handing over to local communities as much power as was possible and to keep it only as much as necessary. This is the principle of subsidiarity.

The local government became responsible for: kindergartens, primary schools, creating employment, providing service for the unemployed, people in need of social care, the homeless, alcoholics, the victims of natural disasters, health care, and those that died without a family.

A commune is sovereign in the matter of property management. Perhaps this competence is the main development potential and also an explanation for the large differences in the speed of economic development. A commune which can predict properly the rate of the development and real estate prices for several years in advance, holds an important development tool.

There was no need to search for allies for such a policy, because all the inhabitants of the commune, and also the voters, were its supporters. No one opposes changes that will benefit them. Those from whom privileges of power were withdrawn protested, but that has no significance in the social dimension. The Polish changes were supported by a common faith in the reform and a great awaiting for a new social reality after years of central authority, in which the citizen was nobody.

Mr Tomasz Kayser added that getting acceptance and support from citizens was very important in terms delivering new services. Among the most important services for any mayor

at the beginning of Polish transition in local government was waste management, i.e. collecting the garbage, and providing land fill areas. Another important service was water supply.

Mr Tomasz Kayser pointed out that when he came to the office expenditures on water supply and waste water treatment was one of his main expenses in the budget. Today it is almost entirely self-financed. “We achieved this after 17 years in three ways. First, we changed the organizational form of the company responsible for water supply and waste water treatment. It used to be a budgetary unit. They used to perform the tasks for which they were being paid from the budget. Today water utility operates as a commercial company. It is owned by the city of Poznań but works according to commercial principles. Secondly, we developed water investment. We have developed social benefits for people with low income and later on we set a tariff based on the real usage of water, i.e. consumption of water. Now people take care how much they use. Before introducing the new tariff we carried out a detailed analysis to indicate what tariff could afford people.

Responding to the question regarding communication with citizens, Mr Tomasz Kayser described as main tool the citizen information center, services provided by internet, and public opinion survey. Mr Stanislaw Kracik addend that he used to meet with citizens on regular basis, and also he used to prepare written or recorded answers to local media

Mr Gheorghe Hritcu pointed out that the reform of local public administration system was a continuous process. There were and are always new demands for new services. For instance, we have recently established a social assistance service unit, a care center for social vulnerable people, and community police (other than the state police service) etc. We are about to create a new environmental unit.

Of special importance is the unit for community development programs. We urge you to set up this unit so that it deals only with development issues.

Mr Cezar Oladu said that decentralization was inevitably connected with the distribution of functions. Requests for delivering new services which did not exist earlier were very frequent, and created many problems. Among them were social assistance services, day child care services, environment protection, public order, and community police (separated from state police) who are directly answerable to the mayor. Now new structures exist in local administration regarding new tasks and responsibilities. One cannot increase the number of people employed but without proper people one could not provide services. Mayors in Romania are responsible for all services at the local level. Delivery of public services is preceded by open tenders. The collection of local taxes is a prerequisite.

Mr Ovidiu Ursache gave an overview: the local public administration system is governed by the law on local public administration. Mayors’ and municipal councils’ powers and authorities are established by this law. The mayor represents the executive body, and council, represents the deliberative authority.

It was very important to review and adjust job descriptions of mayor’s office staff so that we could make sure that all powers given to the mayor are covered by law. Given that the mayor has a wide spectrum of powers, there was a need to create new structural units, which led to

an increase in the number of staff. However, one should keep in mind that due to budget constraints it is not possible to increase endlessly the number of personnel. At the same time, if one does not hire new staff then we run the risk of having some competencies not provided for.

Another critical aspect is how one organizes the activity of the mayor's office as well as the local council. As far as local councilors are concerned, it is not easy to have available the most efficient members. The fact that a councilor was elected by people, does not necessarily mean that he/she is also efficient and effective. It is also an issue that political parties should consider so that they nominate candidates that, once elected, are capable of facing the challenges ahead of them.

Ms Ludmila Sfirloaga added that recently there were amendments made to the law on local public administration in Romania. The main modifications relevant to the topic under discussion were the following:

- The Mayor is allowed to hire under a contract a public administrator.
- Chairmen of Judets council and mayors have the possibility of hiring personal advisers.

Due to a strong lobby campaign, there is a possibility of establishing commercial ventures. For example, in Prahova there are 7 entities registered to date, which have attracted many investors. Prahova faces a labor shortage and is currently under pressure to import workers from other locations or even from abroad.

Third Panel Session: "Property management, internal organization of local government models implemented."

Mr Cezar Oladu indicated that property management was a very critical aspect of reform. A starting point for addressing this issue is to conduct a property inventory. In Romania 50% of mayors' time is allocated to property issues. Among them most often on: (i) reallocation of property to those who are entitled to it by law, (ii) property management responsibility as envisaged by law.

It is imperative that land brings some value. For instance, a free parcel of land can bring investment, an investment brings a new enterprise, a new enterprise creates employment opportunities. By and large, there are 5 main issues to be addressed: (1) to create a local brand, (2) to connect to national and international transport routes and corridors, (3) to modernize utilities and bring them in proximity, (4) to develop an efficient local management system, (5) to support the establishment of small and medium size enterprises.

Mr Georghe Hritcu added that theory was good but practice was killing. However in terms of property management all starts from the law, but training is also very important. Romania had a chance to learn from German partners how to manage property. But it became apparent that apart of theory and law very important was to change the attitudes of people.

Mr Tomasz Kayser emphasized that ownership of property, like the budget, was a prerequisite for real local government. Without property ownership it is difficult to talk about local government. One of the most important regulations in public reform in Poland was the transfer of ownership of property to local government. The question is how to speed up the process of getting ownership by local government. Usually it uses more time than we can expect.

Mr Stanislaw Kracik recalled that this was one of the most interesting problems when we talked about an evaluation of the Polish transition. In 1990 all the 2500 communes were obliged to submit in three months an application to take over from the Treasury the properties indispensable to their proper functioning. In the region of Małopolska, in nearly 200 communes there were about 2500 applications, and in that number over 1000 from Niepołomice. The commune became, free of charge, on the basis of the law, the owner of nearly 250 ha of land, including about 100 ha of land destined for new investment.

Regardless of that, the commune bought from the voivode (regional governor in Poland) representing the Treasury, several important real estates, accounting for overdue property taxes. And that made a basis for the commune with a high unemployment rate to become in several years a leader and a symbol of the success of the local authorities in the region.

A commune's right to buy and sell property consists not only in the commercial operations or competing with developers. The most important tool in property management, public and private, is a commune competence to determine the assignment of the land to agriculture, housing or industry. The spatial management plan is also a source of serious commune revenues from planning duty, and benefits from the rise in the commune property prices after the change of the designation from agricultural to commercial. Many communities did not understand, and they do not even now, how big and powerful a tool the commune has in property management.

Mr Stanisław Kracik added that the commune could buy land of little value, change its assignation and earn not only from selling it. The most important thing is that the local property taxes are strongly related to the use of the land and buildings on it. The rate varies as 1 to 40. The commune which changes agricultural land into industrial property gains 40 times more income a year from real estate taxes.

A properly managed municipal office is a "producer" of commune budget revenues, and a passively managed office is only an administrator of low incomes.

Mr Stanislaw Kracik indicated that the ownership of property was the basic condition for stimulating economic development, having some substantial area in hectares we can discuss with and invite investors from outside.

Fourth Panel Session: “The role and forms of training in the transition process. Why the Training capacity is important as an alternative to the traditional education.”

Mr Gheorghe Hritcu gave an overview about the training in Romania.. For the success of reforms, it was critical to attract people and train them. There are several ways one can learn: (1) Study visits – it is very important to set up contacts with those from whom one can learn; (2) Formal training – in Romania every local official should attend training delivered at the National Institute of Administration 2 days a year. Of special importance are courses with practitioners involved; (3) Professional meetings – peers come to know each other better and establish trustworthy relationships

The University sector is good but not good enough. Specialized training tailored to the needs of local governments is greatly needed. Training is important because even if we know what to do, and we know practices in other countries, the political, economical, and simply local context is so different that we need to find our own solutions

In Romania there are training centers which provide training for LG. These training centers provide training for example for mayors. For example we organize training for mayors and farmers when we need to provide information about agriculture issues.

Mr Ovidiu Ursache agreed with colleagues from Poland regarding importance of different kinds of training. He emphasized the relationship between quality of administration and education. Also education for the community for example by Newsletters for citizens.

Mr Stanisław Kracik described that: local government could not make significant progress without education – it meant: without learning from others by study visits and training. In the early 1990s it was very important for the representatives of Polish self-governance to be able to go to France and to establish contacts there. The local authority representatives traveled many times to the regions of northern France. Although the structure and competences of the French communes are quite different to the Polish model, these visits were very fruitful. First, after many years of dependence of every social initiative on the assent of party decision-makers we could see how in a free country the will of the community changes the reality. Second, we could see how to manage our own municipal property. Third, one could learn how a tax policy at a local level can affect the economic development of a commune. Fourth, one could at last see and not only measure but rather estimate the influence of a local culture and education policy on social attitudes and behavior. To summarize, those visits and instructions were an important point of reference in everyday practice.

There is still another aspect which in the estimation of the purposefulness of local authority contacts, training and seminars were of great importance – it is about a principle known for centuries: travel broadens the mind. “I learned many functional, esthetic and infrastructural solutions not from course books, but from observation during my travels abroad and later from training.”

Mr Tomasz Kyser added that according to his experience it was much easier to find money than people with experience and qualifications. Moreover, even if one find appropriate staff it is difficult to keep them in the city(LG), because if they are really good other try to take them over. Therefore the crucial element is to train people. He reminded that at the beginning of

transition people in local government had very little experience how to develop and strengthen the economy at the local level. They needed experience, so they decided to set up an association to establish a platform for exchange of experience at the local, national and international level. It soon became apparent that having a few important associations supporting local government gave people in local governments the chance to build a lobby in order to change Polish law to make local government in Poland better work. Today we have a few nationwide strong associations at the level of towns and municipalities; they consist of a framework for better functions of local government on a continuing basis.

Training is very important but in the training is important to have contact with practitioners. In Poland this kind organization is the Foundation for the Support of Local Democracy or some other like the Association of Town and Municipalities or like our association. i.e. the Polish Local Economic Development Association. Talking about the training also important is integration of the staff, integration between directors and their subordinates in order to get better knowledge about each other as well between different departments. Other training including the mayor and all directors. Thanks to this training we have changed the situation of very poor cooperation between departments, we have established better, friendly relations than before. In summary, few kinds of training were important: technical training, meeting with practitioners, organizational issues, and integration training.

Fifth Panel Session “Lessons learned recommendations from the panelists”

Recommendations:

Mr Gheorghe Hritcu stressed that in Romania they went step by step from the beginning to the more advanced with all the community in transition. What was and is important is setting realistic objectives. Of course it is good to have in mind the ideal situation, but you need take into account the current local context. An additional important aspect is determination and motivation of people (staff and citizens).

Mr Ovidiu Ursache indicated that he learnt a lot during this period. Training and many seminars were very important. But the lesson was to be more careful, more informed, more curious.. At the beginning the most important was to have the courage to start the changes or to start the implementation of the first projects. In Romania some opportunities were missed regarding EU integration because it was not sufficient information.

This kind of meeting is very important in order to learn what is needed to know, what kind of knowledge is needed to resolve our problems. According to his opinion the recommendation was to seek all available information about opportunities and capitalize this information and knowledge in the light of what is needed in future.

Mr Cezar Oladu emphasized the importance of reliability and credibility when one tries to attract investors. He recommended to use two Moldovan associations to discuss important issues during meetings or in written form. It will be very useful. It was useful in Romania and

in Poland. It was being understood how difficult the transition process was, especially at the beginning. What is needed to do is to transfer these issues to our context to check how it works in our context.

Mr Ovidiu Ursache “I learnt a lot from our Polish colleagues, among these things how to communicate, and how communication with citizens is important”.

Mr Cezar Oladu wished Moldovan local and regional officials knowledge, power and courage. “If you achieve all of them then you will meet your objective for community and for development of Moldova as a whole”.

Mr Tomasz Kayser “Do not be afraid of ambitious objectives. We can now, I mean LG in Poland, implement large projects with substantial cost because not only are we in the EU, but because we started project implementation some years ago and we have experience how to implement them. I learnt that on the municipal level all technical projects have social aspects. The social aspects quite often are determining factors to succeed or not succeed in project implementation.”

He emphasized that legislation, and transition process needed a time. He described that in Poland the increase in income over 16 years from taxes was from 15 to 45%. He added that some associations played very important role in this process in the preparation and lobbying for new legal regulations. Apart from training associations, having a nationwide network one can provide technical assistance, good services. And one can do the same in Moldova.

Mr Stanisław Kracik agreed with his colleague from Poznań. It is important to have a good relationship between LG and citizens. “Each morning when I come to my office I used to say to myself you are a leader of the local government and community, not central government administration. I worked very hard for over 4 years to change the attitude of my staff. I used to say “remember our salary is from taxes on our citizens, we are a civic service, we are not a power body. Who is important for us?. First of all our citizens. Based on this approach we could build the mechanism for changing the communication between LG and citizens. During my first cadency we wrote down a letter to each house informing them of our new investments. Now we have all the information available on our web site. Everybody can find information there. The most difficult was the education of our staff”

He added that according to the principle of adequacy one might say so much responsibility as much possibility. He wished autonomy and own budget in local government.

Mr Stanisław Kracik pointed out the importance of a cultural policy. A local community is strong with the strength of its citizens. Local authorities are not fully conscious of the role of culture in the process of self-conscience building. Culture not only supports local, regional and national identity but also influences strongly what can be called a political culture. Relations among people are shaped not only by the agreements of the politicians

He focused as well on absorption ability. Poland is now in a period of receiving large grants from the European Union and faces the challenge of rational and functional absorption of this money. The beneficiaries are local authorities as well as entrepreneurships, including the agricultural sector. Preparing projects and the documentation needed to obtain money is in

itself an expensive and difficult task. What is even more difficult is the financial guarantee for accomplishment of the projects, and this is so because for every project a beneficiary must guarantee his own financial participation.

The Polish Constitution sets the limits for local government debt, the same as for the national government, that is 60 percent of the annual budget, and a maximum level of debt payments not higher than 15 percent of the annual budget. Such a regulation made sense when it was passed. Today we know that the communes are not subject to the statistically set path for economic development. The communes where new investments in infrastructure decide about their fate view running differently into debt.

There is no use in investing public money where nothing new occurs after having built the infrastructure. The absorption ability and the functionality of any given investment set an axis for the verification of the purposefulness of such initiatives.

7. Conclusions

A general output of the seminar is that this seminar could be seen as playing an important role in identifying basic elements for successful public reform and the transition process. It can thus be seen not only as a meeting between practitioners structured as panel sessions, but as a panel study or research in which information obtained from the three seminars confirmed the same overall picture.

One of the crucial elements influencing the outcome of the seminars was the support and real involvement of the Ministry of Local Public Administration, in terms of both political and administrative aspects and in the organization of the three seminars.

The need for local administration capacity development in Moldova is becoming more and more acute as central administration sheds more functions, responsibilities, and tasks. The aspect relevant to the development of local and regional authority administrative capacities is the need to improve the quality of local staff in terms of general managerial competence.

Discussion of the major issues in Local Government in Moldova, raised by the seminars' participants, confirmed what had been found during the first study visit in January 2007. Among them one can list a certain lack of competences in the local authorities (many competences remained under the responsibility of governmental organizations), insufficient instruments in management of public property at the local level, a complicated system of local finance. A final problem is that authorities depend highly on the central government and regional institutions (rayons), which accumulate public subsidies for service provision; as a consequence the local is limited due to its limited local autonomy. Participants mentioned poor public service in general, and uncertainty with collection of the local taxes. There is, according to the participants, relatively good legislation in this area, but there is not enough experience in this field plus there no registers of public and private property, land and

housing. Similar to the situation at the beginning of transition in Poland and Romania, there is lack of qualified personnel and low salary for public servants, lack of proper communication with local people and lack of knowledge how to increase the level of communication and cooperation with the community.

Questions addressed to panelists dealt with duration of the transition, citizen participation tools, the budget formulation process, main revenue sources for the local budget, description of financial autonomy, recently solved problems in communities, optimal management approach to utilities regarding privatization, concession, contracting out or budgetary units, methods attracting foreign investors, experience in designing and implementing local development projects, problems faced with EU integration, functions of citizen information centers, and economic development departments, and the relationship and forms of cooperation between the local administration and civic society organizations.

This above list of the major issues clearly demonstrates that the Local Authorities in Moldova are facing many problems and they need to be supported to speed up the process of transition and successfully overcome difficulties and solve problems.

After the three seminars had been conducted, it seemed that despite the "pilot" nature of the panel approach, the seminars were well received by participants; this was confirmed by the participants' willing and involvement. They suggested the possibility of organizing similar seminars in future and asked for follow-up in the form of study visits, training and twinning towns and municipalities in Moldova, Romania and Poland. It became apparent, however, that Poland and Romania are far from Moldova in terms of transition and these two countries differ from each other as well, even though they have a lot in common for sharing experiences with practitioners. The seminars were very fruitful for both sides.

The generally positive evaluation is probably due to: (a) the panelists and practitioners inside perspective with a very personal focus, many participants experienced this for the first time, (b) the opportunity to exchange experiences, and assess the suitability of the solutions to the problems discussed. This was noticeable during general sessions with discussion departing from the content of particular panel sessions, (c) the positive relationship between the panelists from Romania and Poland and the moderators, with participants favorable for open communication and full and free participation, (d) the close relationship between Moldova and Romania - making comparisons easier and facilitating the educational situation during seminars, (e) the usefulness of Polish experiences during and after transition, even though Poland is far advanced in transition. By using Polish examples in a broader context the participants found practical applications for the methods and experiences presented. In the future this line of panel sessions should be developed. For example, frequently occurring problems in municipalities in other countries or in Moldovan municipalities could be the topics for discussion, finding solutions and setting bottom up initiatives for discussion with central government in order to adjust legislation.

Effective and efficient government and public administration requires, as in other EU countries, structural and procedural changes. Decentralization, property devolution, real local financial autonomy, improved intergovernmental relations, cooperation with the nongovernmental sector, building institutional capacity and operation in the market environment are key factors for local government modernization during transition.

The main areas of administrative capacity development at the local and regional levels to be considered include the following:

- assistance in designing training systems both in terms of professional staff development (training, internships, study trips) and establishment of training centers.
- assistance in conducting organizational and functional reviews and designing action plans for local governments in order to cope effectively with new tasks and responsibilities.
- assistance in building local planning capacities and mechanisms for cooperation among various local and regional authorities.
- assistance in strengthening local and regional government associations as interest group structures that could support initiatives raised at local level and which are be discussed with central government.

8 . Suggested activities to be undertaken by ENTO

A number of project concepts were identified during the mission in January and three seminars in March to help address the capacity constraints and put the transition process in Moldova on a firmer footing with respect to defined priorities, to current stage of legislation and main reform implementation, and to the current status of the National Training Strategy and Action Plan.

Creating sustainable capacity or institutionalizing the competence building capacity in Moldova is a fundamental question parallel to the implementation of the main reforms for the near future. One of the primary characteristics of a sustainable system is that it must be rooted in Moldavian institutions and organizations: they must be endowed with content expertise and a methodological approach, and they must be responsible for maintaining and building the intellectual capital base which will keep training current in terms of Moldavian and international practices.

Transforming the results of study visit made in January and the three seminars held in March into more project oriented activities, what could be seen as plan for sustainable administrative capacity development, the following activities are being suggested as ENTO assistance for further continuation of the project.

8.1. Training of trainers (TOT)

Develop and deliver a comprehensive TOT. *Getting started as a trainer* will be two sessions of TOT. Initially this program will cover the essential interaction skills required of a trainer, using the most popular active training methods and more advanced training methodologies. Participants will be taken step-by-step through the design of a workshop, developing objectives, creating exercises, finding alternatives to lecturing, and sequencing training activities. The main focus in the first training course will be on how to plan and conduct active training, how to give presentations, and how to facilitate structured activities. Several examples will be given to translate techniques into training situations in order to create “learning by doing” situations during the training. The second series of TOT will cover reference to selected technical areas like public service delivery, management in local government, project management, and HRM in local government.

Results to be achieved:

TOT training developed and delivered for 15-20 local trainers. Follow-up activities for the participants outlined. Replication of the TOT will be done at least twice by local trainers.

8.2. Introductory assistance for newly elected officials

Provide technical assistance in developing an introductory training program for newly elected officials on: a. Local Government, Organization, Function and Practices in Providing Services based on the European Charter for local government, and; b. Human Resource Management including job description, recruitment, selection and promotion, and performance assessment. A related, equally significant purpose for Transfer of Training within HRM is to elevate the role and status of the HRM function in local government. The series of training courses will be based on ready-prepared EU and Moldovan materials developed and delivered by trainers, with a number of modules translated into Moldovan. The structure of the training program will consist of units and modules, including short introductions, task descriptions, case studies, role-play exercises, and suggestions for discussion in the general session. These training programs, basic in nature, will be available nation-wide for newly elected officials and will be provided as a second stage by local trainers. A large number of newly elected officials is anticipated after the election. Future candidates for regional and local officials, and many people already employed in public administration, need training and technical assistance to prepare them for their new tasks. The scale of the training needs provided in other countries is evidence that one of the crucial tasks within the program of reforming the country should be strengthening of the training capacity.

Results to be achieved

Training materials and agenda prepared and translated into Moldovan. Pilot training delivered.

8.3. Study visits and institutional twinning

Provide an opportunity for study visits and establish institutional twinning between Moldovan officials from local and regional level with local governments in EU members states. This will be a further format in which local and regional officials from Moldova can learn to deal with the impact of the EU from the experience of local governments in current Member states. There will be considerable scope here for the development of “institutional twinning” programs that would pair Moldavian authorities with similar authorities in the EU. At the outset the relationship could be quite structured, with regular meetings and information exchanges; later it could be shift to a more advanced cooperation focused on the functions of the economic development, department or public relations and communication department, and providing a selected Moldavian authority with a partner authority for example in Romania or in Poland to contact over particular issues. This type of twinning will provide a double benefit, first in terms of information and expertise and second in terms of contact and networking. Networking is a vital skill for local government in the EU, since a great deal of influence is contingent on the ability to build and take part in successful coalitions. ENTO therefore could encourage the development of a local government network within Moldova and between Moldova and EU member states. It is likely that these local authorities will have various issues in common, and working together would be extremely beneficial.

Results to be achieved:

Study visits drafted. Institutional twinning cooperation established between selected municipalities in Moldova and in EU member states. Action plan for reviewing and designing the function of chosen departments in local government based on study visits outlined.

8.4. Strengthening capacity to monitor and evaluate NTS Action Plan

Provide technical assistance for strengthening capacity to monitor and evaluate NTS Action Plan linked to the effectiveness of implementation. Once the Action Plan begins, the responsible team is required to systematically collect status information according to the methods and frequency previously determined. Based on the NTS and Action Plan, performance monitoring will consist of continuous and regular follow-up activities of current operations and their progress, according to a set of pre-defined performance indicators. Follow-up activities will be used to: (i) measure progress of activities and efficiency of the financing mechanisms; (ii) record adequately the number of activities carried out and progress made; and (iii) identify in advance potential difficulties with Action Plan implementation and propose effective solutions.

Results to be achieved:

Continuous and regular follow-up activities provided for current operations and their progress, according to a set of pre-defined performance indicators regarding NTS and the Action Plan.

8. 5. Establishing training and advisory centers

Provide assistance for establishment of training and advisory centers network. Creating sustainable capacity training activities will constitute an important part of the technical assistance at the preliminary stage to be delivered to selected organizations, in order to establish training centers and assist local governments. Clearly, training individual local government officers is vital, but to do this alone risks limiting the benefit of assistance, since there is nothing to stop trained staff from leaving and taking their know-how with them. Building on available models of training center networks in EU countries and previous assessment (including TNA and NTS), prepare a capacity building plan for strengthening the training market in Moldova. The first necessary step, therefore, appears to be identification of a small group composed of experienced local experts and selected experienced members of local organizations (AMLCM, NLAMM, APA, IDIS), who would be assigned to new centers under the aegis of the Ministry of Public Administration, and who would receive training, with external assistance, in the skills and techniques relevant to the setting up and development of new centers of expertise, and also in the skills of training others in those skills. These centers would then form the nucleus of high-quality consulting services and training. These units would be responsible for the provision of consulting services and training in all relevant aspects of local government functions in at least a few regions at the initial stage.

Results to be achieved:

Training and advisory centers established, a group of experienced local experts and trainers identified and assigned to the new centers. A capacity building plan for the training and advisory centers outlined.

A number of other project concepts can be considered as continuation or supplementary topics. These are: cross-border cooperation, trends in EU integration after the accession of Romania and Bulgaria and the anticipated consequences for Moldova, citizen participation methods and mechanisms, financial benchmarking and improving local finance practices, an accreditation system to be set up for the trainers and local experts, and property devolution linked with local economic development as a process with recommendation from other countries.