Methodology for assessing the viability of administrative-territorial units and the performance of local public authorities

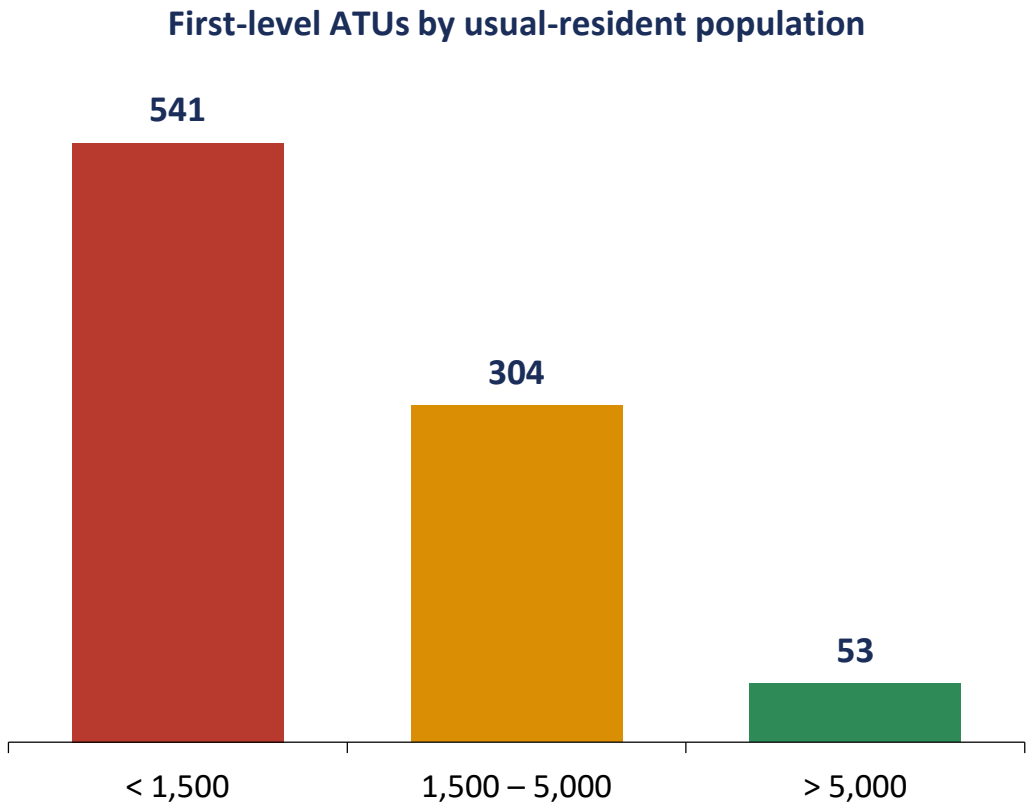
Managing competences and delivering local public services - summary

Adrian Ionescu
Draft for discussion · September 2026

Outline

1. **The reform process in Moldova** status and results of voluntary amalgamation
2. **Why monitoring** justification
3. **Proposed model** three sets, 200 points, four categories
4. **Set A** ATU viability – 30 points
5. **Set B** Financial capacity – 70 points
6. **Set C** Institutional & service-delivery capacity – 100 points

1. Starting point: a highly fragmented first tier



60% below the legal minimum of 1,500 residents; only 6% above 5,000

87%

of mayoralties administer fewer than 3,000 inhabitants

8.5%

own revenues in total LPA revenues (national mean; median 7.1%) – heavy dependence on transfers

94.7%

of LPAs score below 50 of 100 points on Sets A + B (viability + financial capacity), 2024 budget execution

Law 764/2001

Art. 17: an ATU should normally have ≥ 1,500 residents and sufficient funds to maintain the mayoralty

Sources: NBS population data and MoF budget execution (Set A&B workbooks, Feb 2026); Moldpres, 12 May 2026.

1. Voluntary amalgamation: results to date

561
mayoralties (63%) adopted final amalgamation decisions (as of 2 Sep 2026)

4.5 bn MDL
in incentives earmarked for amalgamated communities

254
mayoralties expected to enter the normative (mandatory) phase

~292
LPAs targeted after the reform (from ~890 today)

Reform timeline

2023–2026
Voluntary amalgamation under Law 225/2023; incentive of 3,000 MDL per resident

30 Aug 2026
Deadline for final voluntary decisions

1 Sep 2026
New voluntary processes suspended until the 2027 local elections

Autumn 2026
LPAR legislative package to Parliament (normative phase)

2027
New territorial structure after the general local elections

Largest amalgamated units (incentives)

- **Ungheni** – 10 ATUs, 157.5 m MDL; 26.5k → 42.3k residents
- **Călărași** – 14 ATUs, 116.6 m MDL; 9.5k → 26.8k residents
- **Rezina** – 9 ATUs, 85.3 m MDL
- **Rîșcani** – 7 ATUs, 72.6 m MDL
- **CUPS one-stop shops:** services to expand from ~120 to ~600

Sources: Government of Moldova press release, 2 Sep 2026; Moldpres, 12 May 2026; Logos Press, 29 Jul 2026; UNDP positioning note on LPAR, Feb 2026.

2. Why monitoring? Justification

Legal mandate

- SRAP Activity 1.3 and Law 435/2006 Art. 11 require a periodic, objective assessment
- Art. 11(5): non-viable ATUs are examined by Government on State Chancellery proposal – this needs a transparent evidence base
- SRAP indicators: # LPAs assessed; # meeting minimum conditions

The reform moment

- Baseline before the new structure takes effect (2027)
- Show whether amalgamated LPAs actually deliver better services
- Objective, published criteria for the normative phase
- Link 4.5 bn MDL of incentives to measurable results

Accountability & citizens

- Fiscal accountability: 94.7% of LPAs below 50/100 on viability + finance
- Minimum standards of access and quality for water, sanitation, roads, lighting, pre-school
- Benchmarking, peer learning and targeted support instead of one-off audits

Effectiveness: do services reach people and meet standards? **Efficiency:** are resources converted into services at reasonable cost?

3. Proposed model: three sets, 200 points

Composite LPA assessment – up to 200 points, calculated annually

A. ATU viability
30 points

- Population (15)
- Administrative capacity – Law 435/2006 (5)
- Financial autonomy (10)

B. Financial capacity
70 points

- Revenue: fiscal capacity & budget planning (25)
- Expenditure structure (20)
- Overall balance & structural viability (25)

C. Institutional & service-delivery capacity
100 points

- C1 Institutional capacity & HR (40)
- C2 Competences, functions & services (40)
- C3 Material resources & service finance (20)
- + citizen satisfaction (when resourced)

A + B = 100 points · computed automatically from NBS and MoF data

C = 100 points · LPA questionnaire + ministry data

Simple enough to apply every year; broad enough to cover legal viability, fiscal health, fulfilment of competences, service coverage, quality and efficiency.

3. Proposed model: classification and consequences

Excellent
Top 5–10% of LPAs

- Development incentives: investment grants, awards, salary bonuses
- Practice documented and promoted as a model

Sufficient
Meets the minimum level

- e.g. viability: population > 1,500 and administrative capacity < 50% (legal test)
- Regular monitoring

Transition
Below minimum (e.g. < 10% gap), realistic prospect

- Rehabilitation plan, State Chancellery support
- Defined period (e.g. 2 years); if not met → Insufficient

Insufficient
Below minimum, no realistic adjustment

- Examined by Government (Law 435/2006, Art. 11(5))
- Administrative efficiency or territorial consolidation solutions

A minimum level is set for each set of indicators (or for the composite index)

4. Set A – ATU viability (30 points)

Code	Indicator	Measurement	Scoring	Pts	Source
A.1.1	Population (usual residents)	Compared with the legal minimum (1,500) and the service-capacity threshold (5,000)	< 1,500 = 0 1,500–5,000 = 5 > 5,000 = 15	15	NBS
A.2.1	Administrative capacity (Law 435/2006, Art. 11(2))	Administrative expenditure / (own revenues + shared taxes + general-purpose transfers)	≤ 50% = 5 > 50% = 0	5	MoF
A.2.2	Financial autonomy (stricter, former definition)	Administrative expenditure / (own revenues + shared taxes)	≤ 30% = 10 > 30% = 0	10	MoF

541 ATUs (60%)
below 1,500 residents → 0 points

304 ATUs (34%)
1,500–5,000 residents → 5 points

53 ATUs (6%)
above 5,000 residents → 15 points

5. Set B – Financial capacity (70 points)

Code	Indicator	Scoring	Pts
Revenue indicators – fiscal capacity and budget planning (25 points)			
B.3.1	Own revenues in total revenues	> 15% = 10; 10–15% = 5; ≤ 10% = 0	10
B.3.2	Fiscal capacity per capita	> national mean = 5; otherwise 0	5
B.3.3	Own-revenue budget execution	90–110% = 10; otherwise 0	10
Expenditure indicators (20 points)			
B.4.1	Operating expenditure (OPEX2) share	≤ 70% = 5; > 70% = 0	5
B.4.2	Capital expenditure (fixed assets) share	> 30% = 5; ≤ 30% = 0	5
B.4.3	Personnel costs in OPEX2	≤ 60% = 5; > 60% = 0	5
B.4.4	Housing & communal services share	> 20% = 5; ≤ 20% = 0	5
Overall balance and structural viability (25 points)			
B.5.1	Operating result in revenues	> 35% = 5; ≤ 35% = 0	5
B.5.2	Self-financing of investment	90–110% = 5; otherwise 0	5
B.5.3	Net budget result	Surplus = 15; deficit ≤ 5% = 2.5; deficit > 5% = 0	15

Thresholds calibrated on 2023 national means / medians (e.g. own revenues 8.5% of total; OPEX2 65.2%; personnel 72% of OPEX2).

5. Sets A + B: simulation on 2023 and 2024 data

Budget execution 2023 · 872 LPAs (excl. ATU Gagauzia)

788 (90.4%)
LPAs below 50 / 100 points

675 (77.4%)
LPAs below 40 / 100 points

Best performers

Trușeni, Hîncești (90); Stăuceni, Florești, Rezina (85); Călărași, Leova, Strășeni (80)

Chișinău 57.5 · Bălți 52.5

Budget execution 2024 · 872 LPAs (excl. ATU Gagauzia)

826 (94.7%)
LPAs below 50 / 100 points

763 (87.5%)
LPAs below 40 / 100 points

Best performers

Cricova, Trușeni, Rezina (85); Codru, Drochia, Florești (80); Anenii Noi, Ungheni (70)

Chișinău 55 · Bălți 45

The large majority of LPAs are neither viable nor financially sustainable under current structures – and the picture deteriorated from 2023 to 2024.

Source: Concept note on the methodology (Feb 2026), calculations on MoF budget execution data.

6. Set C – Institutional & service-delivery capacity (100 points)

C1 Institutional capacity & human resources

40 points · 22 indicators · 5 groups

- Structures, HR & internal processes
- Organisational capacity
- Organisational efficiency
- Good governance / transparency
- Institutional effectiveness

C2 Competences, functions & services

40 points · 18 indicators · 2 groups

- Access to local public services: water, sewerage, waste, lighting, roads, pre-school, transport, one-stop shop
- Management of outsourced services (water, waste)

C3 Material resources, infrastructure & service finance

20 points · 8 indicators · 2 groups

- Service sustainability: cost recovery, unit cost, investment (water, waste)
- Composite: effectiveness of outsourced services

+ Citizen satisfaction surveys on essential local services – added or embedded when resources allow

Feb 2026 scoring grid: C1 = 39 pts + C1.1.22 (to be scored), C2 = 42 pts, C3 = 20 pts → final calibration to 40 / 40 / 20 pending.

6. Set C – C1 Institutional capacity & human resources

Structures, HR & internal processes · 13 pts

- **C1.1.1 Structure, organisation chart and staff ceiling (3)** 1 pt per approved document
- **C1.1.2 Staffing table (stat de personal) (1)** Favourable opinion = 1; unfavourable = 0
- **C1.1.3 Staffing schedule (schema de încadrare) (1)** Approved = 1; not approved = 0
- **C1.1.4 Organisation & functioning regulation (1)** Valid = 1; expired / none = 0
- **C1.1.5 Institutional development plan (1)** Valid = 1; expired = 0.5; none = 0
- **C1.1.6 Staff performance appraisal (1)** All staff = 1; civil servants only = 0.5; none = 0
- **C1.1.7 Job descriptions (2)** 100% = 2; 60–99% = 1; < 60% = 0
- **C1.1.8 Staff turnover rate (1)** < 20% = 1; > 20% = 0
- **C1.1.9 5-year staff retention rate (1)** > 70% = 1; < 70% = 0
- **C1.1.10 Budget for professional development (1)** > 2% = 1; 0.5–2% = 0.5; < 0.5% = 0

Organisational capacity · 12 pts

- **C1.1.11 Total staff: civil servants, specialists and technical posts (2)** < 15 = 0; 15–20 = 1; > 20 = 2
- **C1.1.12 Specialist civil-service functions present (1 pt each, max. 10) (10)** 1 pt per function present

Organisational efficiency · 2 pts

- **C1.1.13 Occupancy rate of posts (1)** > 75% = 1; < 75% = 0
- **C1.1.14 Residents per post (1)** ≥ 500 = 1; < 500 = 0

Good governance / transparency · 3 pts

- **C1.1.15 Public consultations per year (2)** ≥ 4 = 2; 1–3 = 1; 0 = 0
- **C1.1.16 Mayoralty website (Law 239/2008) (1)** Up to date = 1; irregular = 0.5; none = 0

Institutional effectiveness · 9 pts + tbd

- **C1.1.17 Socio-economic development strategy / plan (2)**
- **C1.1.18 General Urban Plan (PUG) (2)**
- **C1.1.19 Development projects submitted (2)**
- **C1.1.20 Projects approved / funded (1)**
- **C1.1.21 Value of funded projects (2)**
- **C1.1.22 Plans & strategies required by law (tbd)**

C1: 22 indicators · 39 points in the Feb 2026 grid + C1.1.22 (45 legally required plans – scoring to be defined). Design weight: 40 points.

6. Set C – C2 Competences, functions & services

Utilities & roads · 22 pts

- **C2.1 Households connected to water supply (IU1) (4)** < 30% = 0; 30–60% = 1; > 60% = 2 (×2)
- **C2.2 Households connected to sewerage (IU2) (4)** < 20% = 0; 20–50% = 1; > 50% = 2 (×2)
- **C2.3 Households served by waste collection (IU6) (4)** < 40% = 0; 40–80% = 1; > 80% = 2 (×2)
- **C2.4 Street lighting coverage (4)** < 50% = 0; 50–80% = 1; > 80% = 2 (×2)
- **C2.5 Local roads at least gravelled (2)** < 40% = 0; 40–70% = 1; > 70% = 2
- **C2.6 Hard-surface roads (IT1) (2)** < 40% = 0; 40–70% = 1; > 70% = 2
- **C2.7 Roads in good or satisfactory condition (IT2a) (2)** < 40% = 0; 40–70% = 1; > 70% = 2

Pre-school, transport, one-stop shop · 14 pts

- **C2.8 Net pre-school enrolment, age 3–7 (2)** < 60% = 0; 60–85% = 1; > 85% = 2
- **C2.9 Relative pre-school capacity (2)** 80–110% = 2; 60–80% = 1; < 60% or > 110% = 0
- **C2.10 Children per pre-school teacher (IE2) (2)** 10–18 = 2; 18–25 = 1; < 10 or > 25 = 0
- **C2.11 Pre-school capacity utilisation (IE3) (2)** 80–100% = 2; 50–80% = 1; < 50% or > 100% = 0
- **C2.12 Internal transport routes exist (1)** Yes = 1; no = 0
- **C2.13 Number of internal transport routes (2)** 0 = 0; 1–2 = 1; ≥ 3 = 2
- **C2.14 One-stop shop for administrative services (3)** None = 0; non-digital = 1; CUPS = 2; CUPS+ = 3

Managing outsourced services · 6 pts

- **C2.15 Water contract: monitoring documentation & SOPs (2)** Approved & applied = 2; partial = 1; none = 0
- **C2.16 Water contract: clarity of KPIs (1)** ≥ 3 clear KPIs = 1; 0–2 = 0
- **C2.17 Waste contract: monitoring documentation & SOPs (2)** Approved & applied = 2; partial = 1; none = 0
- **C2.18 Waste contract: clarity of KPIs (1)** ≥ 3 clear KPIs = 1; 0–2 = 0

C2: 18 indicators · 42 points in the Feb 2026 grid (utility access ×2: 0/2/4). Design weight: 40 points.

6. Set C – C3 Material resources & service finance

Service sustainability – water & waste · 14 pts

- **C3.1 Water: cost-recovery rate (3)** < 85% = 0 critical; 85–100% = 1 fragile; 100–115% = 2 sustainable; > 115% = 3
- **C3.2 Water: operating cost per capita served (2)** > 850 MDL = 0; 500–850 = 1; < 500 = 2
- **C3.3 Water: investment per user (2)** < 100 MDL = 0; 100–300 = 1; > 300 = 2
- **C3.4 Waste: cost-recovery rate (3)** < 70% = 0; 70–90% = 1; 90–100% = 2; > 100% = 3
- **C3.5 Waste: operating cost per capita served (2)** > 400 MDL = 0; 200–400 = 1; < 200 = 2
- **C3.6 Waste: investment per user (2)** < 30 MDL = 0; 30–100 = 1; > 100 = 2

Effectiveness of outsourced services · 6 pts

- **C3.7 Water (3) · C3.8 Waste (3)**
- **Score = 40% A + 30% B + 30% C**
  - **A** KPI adherence – average of three core contract KPIs
  - **B** Cost recovery – tariffs / operating cost (> 80% = full)
  - **C** Citizen feedback – complaints resolved on time or survey score
- **Points:** > 80% = 3; 60–80% = 2; 50–60% = 1; < 50% = 0
- **Example:** A 90.7%, B 100%, C 90.1% → 93.3% → 3 points

C3: 8 indicators · 20 points. Unit-cost thresholds need national / urban / rural averages before the first cycle.

THANK YOU!