

## ALTERNATIVE OPTIONS FOR LOCAL PUBLIC SERVICES MANAGEMENT IN THE REPUBLIC OF MOLDOVA

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### SUMMARY

*The paper's author analyzes several alternative options for local public services management in the Republic of Moldova, based on current legal framework and existing administrative practice. For this purpose, the need to choose an alternative management option was analyzed; alternative options were listed; and an analysis of each option was performed. The paper's perceived need emerged from an existing situation, typical for the Moldovan local government, where management can only be one of the two traditional ones - direct or delegated, both generating enough problems (studied by the author in other publications). However, local government is often unaware of the fact that it has other perfectly legal alternative options. A reflection chart is included at the end of the paper in order to help local government select the optimum management option when it comes to the public services delivery.*

**Keywords:** local government, public services, organization, management, alternative, inter-communal cooperation, regionalization of services, partnership, self-management.

An alternative, as understood in this research, is the possibility of choosing another option than the officially recognized one in order to solve a problem.

Thus, for most local government authorities, when it comes to managing a local public service, only two options are available: 1) local government manages it, usually using a municipal enterprise (a situation generally known as direct management) or 2) a private operator manages it (a situation generally known as indirect or delegated management). In the Republic of Moldova, delegated management can be carried out either through a concession or a public-private partnership.

However, there are other perfectly legal options of managing a public service, which involve neither direct mana-

gement nor management delegation; options that have been identified both in existing legal framework and current administrative practice.

There is no official a list of such options, but administrative science and legislation in force are identifying several. Thus, conventionally, we can identify the following alternative options available to local government in terms of public services management:

- managing local public services through intermunicipal cooperation (IC);
- local public services regionalization;
- public-public partnerships in managing public services;
- public sector-civil society partnerships in managing public services;
- transferring local public services to a self-management organization system.

**Managing local public services through intermunicipal cooperation (IC).** The simplest definition of cooperation is the association of two or more subjects in order to achieve a common goal. In order to achieve this common goal, the subjects exert joint efforts, use common resources and get common results. Due to cooperation, each subject achieves more than they would have separately.

Cooperation cannot be perceived as an association of individuals only. The concept of cooperation is also applicable to groups of people, organizations, and even countries. In other words, the concept of cooperation exists since the beginning of times, but it has not always been a formalized one.

However, if we are considering cooperation between local communities, made official through regulatory normative acts, association agreements, etc., we are dealing with the formalized cooperation between local communities and groups, generally known as intermunicipal cooperation.

In scientific publications, intermunicipal cooperation (IC) is defined as “an association between two or more local communities in order to provide public services in common” [13, p. 4].

The National Regional Development Strategy for the years 2016–2020 uses the notion of an inter-community cooperation, which is defined as “an association between two or more neighbouring populated areas in order to ensure a joint public services delivery” [12].

The author Veaceslav Bulat defines intermunicipal cooperation as “an alternative option of public services delivery needed in order to ensure their economic and social efficiency” [1, p. 39].

In our paper, we will operate with both notions – intermunicipal cooperation and inter-community cooperation, while using the short abbreviation IC.

Main features of intermunicipal cooperation are:

- existence of two or more neighbouring or close communities working together;
- existence of an agreement or some kind of formal/nonformal structure, identifying the field, the framework, the purpose, the benefits, and the results to be obtained,
- getting of mutual benefits that partners would not get if working individually;
- the synergy of efforts in one or several fields, competences, and responsibilities - either stipulated in the law or delegated;
- sharing costs between partners through financial, human, and material resources contribution;

- a collective decision, formalized through an agreement stipulating the conditions of such cooperation [1, p. 40].

In European countries, most frequently mentioned results of this cooperation option are: cutting down administrative costs, which in some countries were cut down up to 27%; an increase in service delivery quality; an economy in resources and a cost-per-beneficiary unit reduction; ensuring efficiency and effectiveness of public services delivered; enhanced autonomy due to an increase in revenue; building investment-attracting capacity and an overall increase in the quality of life [1, p. 40].

Intermunicipal cooperation is most relevant for the Republic of Moldova, given our country is facing a strong administrative fragmentation [4, p. 122].

Intermunicipal cooperation can ensure, mostly in case of such a fragmentation, an increased quality in the public services delivered to the citizen members of local communities. Such a tool is able to compensate the insufficient funding available to local governments, as well as the lack of specialized personnel able to attract finance [4, p. 122].

Regarding this issue, the author Victor Mocanu mentions: „local government could be too small in order to efficiently

ensure the entire range of services it is legally required to provide to its citizens (especially there where the service can be provided more quickly and at a lower cost on a larger territorial scale). It is not mandatory for each local territorial-administrative unit to be able to independently ensure the entire range of public services. What must be promoted, especially for smaller communities (but not exclusively for them), is the concept of intermunicipal cooperation, needed in order to ensure a joint delivery of public services. One must understand such cooperation usually brings important economic, social and financial benefits, thus becoming in most cases the only alternative, while also being the only justifiable one. Consequently, in case some intermunicipal services are established, local communities gain twofold – a new public service is established and the budgetary allocations needed in order to establish it are reduced. Otherwise, the local community could not afford it due to the lack of financial and material resources [11, p. 101].

However, intermunicipal cooperation is not a universal solution when it comes to organizing local public services, and the results of such cooperation depend on several factors. Thus, the development pattern is mostly based on:

- local (legal/institutional/technical/financial) capacity;
- population density;
- geography/topography (river beds);
- economic capacity;
- political landscape [4, p. 123].

Obviously, this alternative management option is not possible in the Republic of Moldova without an existing legal framework regulating intermunicipal cooperation. Especially, several laws are to be mentioned, namely:

- The law on public utilities # 1402-XV of October 24, 2002 – stipulates norms to

induce intermunicipal cooperation, while specifically stipulating that one of the principles that govern utilities organization and management is intermunicipal association and partnership [6, art. 6, paragraph (2), letter f].

- The law on local government # 436-XVI of December 28, 2006 – stipulates that the local council decides the association with other local government authorities in order to carry out public works and deliver services of public interest [8, art. 14, paragraph (t)]. It is also worth mentioning that in accordance with the article 19, paragraph (4) of the above mentioned law, the association with other councils, and public institutions, foreign and domestic, is approved by a majority vote of all elected councilors.

- The law on regional development in the Republic of Moldova # 438 of December 28, 2006, which defines the form of interregional cooperation in the Republic of Moldova [7, preliminaries].

- The law on administrative decentralization # 435-XVI of December 28, 2006, which stipulates the following:

- First and second-tier local government authorities, as well as central authorities, can cooperate, in accordance with the law, in order to carry out projects or deliver public services requiring joint efforts of such authorities;

- Activities that must be carried out through cooperation are stipulated in agreements signed by the parties, in accordance with the law, while strictly adhering to existing budgetary resources and responsibilities assumed by them;

- Signed agreements will clearly identify sources of funding and limits of decision-making powers for each public authority level separately, as well as the terms for carrying out such agreements [9, art. 5].

*Intermunicipal cooperation stages* [4, p. 127]. Intermunicipal cooperation is a process requiring going through 4 basic stages, each stage involving separate activities:

*1. Intermunicipal cooperation initiation:*

- Identifying needs and opportunities.
- Identifying partners and possible fields of cooperation.

- Legal framework analysis.

- Feasibility study.

- Selection of a cooperation field.

- Obtaining stakeholder support.

*2. Intermunicipal cooperation establishment:*

- Establishing joint workgroups.

- Identifying best intermunicipal cooperation pattern.

- Identifying funding needed for intermunicipal cooperation.

- Agreement/charter negotiation.

*3. Intermunicipal cooperation implementation:*

- Establishing management structures.

- Ensuring monitoring and self evaluation.

- Ensuring a permanent and effective communication.

*4. Intermunicipal cooperation evaluation.*

Initiating and implementing an intermunicipal cooperation framework is a complex process which involves establishing the best cooperation pattern while accounting for several key elements: local (legal/institutional/technical/financial) capacity; population density; geography/topography; economic capacity; political and territorial-administrative structure [4, p. 127].

Although it is a concept relatively new for the Republic of Moldova, several success stories in the field of public services delivery through intermunicipal cooperation can be mentioned. E.g., an intermunicipal service was established in 2015 in the village of Răzeni, with the involvement of Cigârleni, Molești and Răzeni villages, as well as the establishment of an intermunicipal utility in Congaz, with the involvement of Congaz, Chioselia Rusă and Coto-

vscoe villages, and the establishment of an intermunicipal electricity maintenance network in Ermoclia, with the involvement of Ermoclia, Popeasca and Feștelița villages [5, p. 205-235].

Summarizing, we can mention current intermunicipal cooperation examples in the Republic of Moldova are associative structures, formalized to a certain degree, based on a cooperation agreement signed and approved by signatory communities; consisting of 3-4 or more territorial-administrative units, and pursuing a multiple purpose, mostly based on the joint delivery of one or several public services stipulated in the law, thus carrying out the competences they are assigned [1, p. 39].

Moreover, service delivery at the intermunicipal level has also identified several legal, procedural, institutional, economic, and financial constraints which make local government authorities more reluctant to implement this local public services development mechanism at a larger scale [2, p. 74].

**Local public services regionalization.**

Regionalization involves grouping several service providers into a single administrative or physical structure in order to improve the services and their efficiency [3].

The benefits for such an approach are obvious:

- production cost reduction;

- grouping of capacities, means and resources;

- increased equal access to services;

- improved access to funding [3].

In the Republic of Moldova, the process of services regionalization has already made significant progress, but it has been somehow unevenly implemented, given in the absolute majority of cases it is focused on the regionalization of water supply and sanitation services only. Regionalization is, however, a perfectly viable option

for other local public services – waste disposal, heating, street lightning, etc. Every local government authority opting for this public services delivery alternative option must go through several stages, namely:

1. *Opportunity study development* – a document carried out by the local government in order to collect sufficient economic and financial data needed in order to identify the need and the opportunity to delegate the public service management to a regional operator [10, art. 4].

2. *Regional operator establishment* – a commercial enterprise, with equity belonging to either one or several territorial-administrative units, which ensures public services delivery in the competency area of several territorial-administrative units, while also dealing with management and proper usage of service delivery public systems.

3. *Water supply and sanitation service management delegation* – an action by one territorial-administrative unit of delegating one or several operators the right of a service delivery in full or of only one component of the service; an action for which it is legally accountable [10, art. 4].

**Public-public partnerships in managing public services.** Article 3 of the Law 435/2006 on administrative decentralization stipulates the principle of public-private, public-public, public-civil society partnerships, which involves ensuring real opportunities for cooperation between central government, local government, private sector, and civil society.

Given we have already thoroughly approached public-private partnerships in other papers, in the current paper and we are focusing solely on public-public and public-civil society partnerships.

Public-public partnership involves cooperation between two subjects, both representing the public sector, which work together in order to establish and to ensure a proper functioning of public services. This

type of partnership has obvious benefits – public resources invested are either doubled or multiplied, both partners share the same philosophy of service delivery, while the citizens benefit from a double transparency.

**Public sector-civil society partnerships in managing public services.** Public sector-civil society partnership involves cooperation between two subjects, one representing the public sector and the other representing civil society organizations; subjects which work together in order to establish a public service and to ensure its proper functioning in the future. In case of such partnerships, public administration usually invests fixed assets (especially, real estate), while the civil society partner invests its winning-and-managing projects experience.

This type of partnership is also mentioned in the Law on local government # 436-XVI of December 28, 2006, which stipulates that a local council decides to associate with foreign and domestic civil society organizations, in order to carry out public works or deliver services of common interest [8, art. 14, paragraph (t)].

In the Republic of Moldova such partnerships have already been established, especially in the field of social services. A good example of the kind are community placement centers, present already in several Republic of Moldova districts, which have been established based on partnerships between local government authorities and several civil society organizations (such as „Concordia”).

**Transferring local public services to a self-management organization system.** Etymologically, in Romanian, the notion self-management (autogestiune in Romanian) is originating from two words: the Greek word *autos* – self, me, and the Latin word *gestio/gestionis* – carrying out, management.

Thus, even the etymology in Romanian allows us to identify the specificity of self-management – a public service is allowed to self-manage, or, better said, to sort out

its problems, - all on its own. Thus, local government does not commit to financially support a local public service from its budget after it has established it. In this particular case, the local public service must find its own funding needed in order to operate. Usually, it does so from its own revenue-generating economic activities.

Often, when asked to provide examples of such self-management, the Academy of Public Administration students name education services, which in Moldova have been transferred to self-management. For this particular paper, however, this example is not a relevant one, given education services are still public budget-funded. However, the approach of our paper in terms of self-management excludes using any taxpayer-provided budget resources; it only involves one's own resources, obtained through one's own economic operations of service delivery.

Summarizing, we could notice – in terms of local public services organization and management, there are multiple options, both traditional and alternative ones. For this purpose, local government representatives are not always able to identify from the very beginning which specific management option, including alternative one, is

preferable in their precise situation. In order to help them, we have provided an appendix to this paper containing a reflection chart useful to local government in selecting one or another public services management option.

In conclusion, the majority of local government authorities are usually opting for one of the two traditional public services management options – direct or delegated. There are, however, other alternative management options perfectly legal in the Republic of Moldova - intermunicipal cooperation, regionalization of services, transfer to self-management, and establishment of partnerships with subjects located outside the public sector. Although they have not been stipulated in separate laws, these alternative options have already been approached in a fragmented manner in several Moldovan laws. The administrative practice also identifies perfectly viable examples in the field. The most important thing to know is that regardless of the management option they will choose – traditional or alternative, local government authorities must thoroughly consider all benefits and flaws of each option from a local citizen's standpoint.

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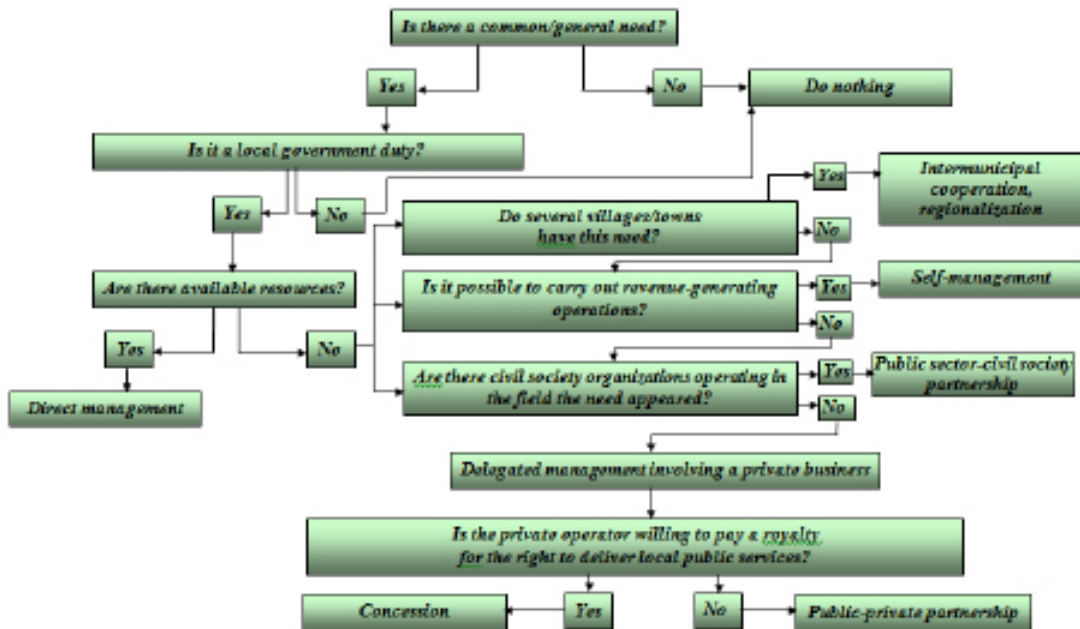
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**Appendix 1. Reflection chart for local government representatives, needed to assist in choosing the optimum local public services organization and management option.**



**Source:** developed by the author.