

ANALYTICAL NOTE

Concept for the Reorganization of Second-Tier Local Public Administration October 2026

EXECUTIVE SUMMARY

The Concept presented by the Government on 1 October 2026 sets out a direction, but in its current form it does not provide sufficient elements to underpin a complete and rigorous draft law. It lacks an impact assessment and consultation with local communities, while the announced timeline cannot be met without compromising the quality of the legislation.

The problems begin with the process itself. The model evolved from “up to 10 units” in April to “3 regions” in October, without the new model being publicly discussed, while the legislative package is expected to be submitted to Parliament in the very same month in which the Concept was published. The territorial structure would be adopted approximately one year before the 2027 general local elections, while competences and financing would only be determined during 2027, after the map had already been fixed. What exactly will citizens be voting for in 2027 if they still do not know what competences, revenues and responsibilities the institution they elect will have? The problem is not only the speed of the reform, but also the order in which its components are adopted.

The Concept itself is also inconsistent. Directly elected regions would duplicate the Regional Development Agencies (RDAs) without receiving mandatory competences of their own. Most district-level services would not be transferred to mayoralities, but to ministries and agencies, which contradicts the rhetoric of “power in your mayorality”. The Concept also lacks figures on costs and savings, as well as a legal model for Taraclia municipality.

There is also a gap that goes beyond the second-tier concept itself, but directly affects it. The Government promises “strong mayoralities”, yet it has not put forward any concrete fiscal decentralisation measure that would enable mayoralities to generate their own revenues. At present, own-source revenues account for around 11% of mayorality budgets, while the only concrete fiscal decisions announced for 2027 would, in fact, reduce local revenues. Without financial autonomy, larger mayoralities resulting from amalgamation will remain just as dependent on transfers as smaller ones.

Core recommendation: postpone submission of the package to Parliament until genuine consultations and an impact assessment have been conducted, and accompany the territorial reform with a fiscal decentralisation package containing clear figures and a timetable.

What the Concept Proposes

The Concept replaces the 32 districts with three administrative regions — North, Centre and South — and with Taraclia municipality as a second-tier unit.

Chişinău, Bălţi and the Autonomous Territorial Unit of Gagauzia retain their current status and remain outside the regions. The proposed territorial delimitation follows the development regions established under Law No. 438/2006, with two exceptions: Taraclia and Bălţi.

Unit	Districts included	Population (2024 Census)	Administrative centre
Centre Region	13	670,088	Chişinău municipality (outside the region)
North Region	11	514,105	Bălţi municipality (outside the region)
South Region	7	280,237	Cahul municipality
Taraclia Municipality (Tier II)	1 (former district)	26,435	Taraclia

The reorganisation is based on five changes. The first concerns the mandate of the regions, which is narrow: regional development and support for mayoralties through ten responsibilities related to planning, facilitation and projects. Regional councils would be directly elected, while their presidents would be elected by the councils themselves.

District-level services would be divided in two directions. Culture, youth affairs, camps and libraries would be transferred to mayoralties, while education, social assistance, primary healthcare, archives, chief architects and budgetary assistance would be transferred to central authorities. Assets used for local services would be transferred to the first tier, with the consent of district councils.

Finally, the Concept promises smaller regional administrative apparatuses and budgets. By way of reference, in 2025 district budgets totalled MDL 9.156 billion, of which 77% (MDL 7.049 billion) consisted of transfers for education.

The announced timetable provides for the legislative package to be submitted to Parliament in October 2026, amendments concerning competences and financing to be adopted in 2027, and the regions to be constituted through the 2027 general local elections. The Concept applies only to the territory under the effective control of the constitutional authorities.

Positive Aspects

The functional logic of the Concept is coherent and should be preserved in any final version. Most importantly, services remain within localities: institutions are not relocated to regional headquarters, and citizens would not need to travel there. Continuity of services is formulated as a central principle of the transition, so that no service should be closed solely because of the new territorial map.

Equally sound is the decision that assets used for local services should be transferred to the first tier rather than to the regions, thereby preventing the concentration of public assets in regional capitals. The Concept also avoids imposing uniform sectoral maps: healthcare, waste management, emergency

services and social assistance would continue to be organised according to the logic of each respective sector.

The proposed regions fall within the NUTS 3 thresholds of 150,000–800,000 inhabitants, which is useful from the perspective of cohesion policy. The proposed path for the RDAs, from intermediate body to managing authority, is also realistic and inspired by experience that has already been tested.

Compliance with the European Charter of Local Self-Government

The Republic of Moldova ratified the Charter in 1997. Assessed against its standards, the Concept leaves four issues unresolved.

Article	Requirement	Issue in the Concept
Art. 3	Local authorities manage a substantial share of public affairs	Tier II would be directly elected, but without mandatory competences of its own; only facilitation and assistance upon request
Art. 4 para. (6)	Local authorities must be consulted in due time on decisions that concern them	District councils and mayoralties were not consulted on the three-region model
Art. 5	Local communities must be consulted in advance on changes to boundaries, possibly through a referendum	The abolition of 32 districts refers only to particip.gov.md and to consultations conducted in the context of mayoralty amalgamation
Art. 9	Local authorities must have adequate own financial resources proportionate to their competences	Regions would depend almost entirely on transfers; the financing formula is postponed until 2027

The last of these issues — financial resources — concerns not only the regions, but the reform as a whole, and is analysed separately below. The Congress of Local and Regional Authorities of the Council of Europe monitors implementation of the Charter, and a prior opinion from the Congress or from the Venice Commission would reduce the risk of negative findings at a later stage.

Lack of Public Consultation and a Rushed Timeline

The three-region model was not subject to any public consultation before 1 October 2026, while the legislative package is expected to be submitted to Parliament in the same month. The national consultations held between January and March 2026 took place before either version of the second-tier Concept had been developed and therefore did not address either of them.

The extent to which the proposal changed over time is evident from the chronology. On 8 April 2026, the first Concept envisaged reorganising the 32 districts into 10 consolidated structures and promised extensive public consultations in the regions before approval of the legal framework in October

2026. In September, the Secretary General of the Government announced that “fewer than eight” districts would remain. On 1 October, the Concept shifted to three regions, with a much narrower mandate than the “regional development centres” announced in the spring.

Figure 1. Timeline of the second-tier reform, January–October 2026

The number of units, their role and their competences changed fundamentally, while the consultations promised in April did not take place on the new model. Signals from local authorities were also disregarded. The Congress of Local Authorities from Moldova (CALM) considered the April Concept too general and called for its revision through a broad national dialogue, while in July it asked the Prime Minister-designate to ensure that the reform be developed in genuine dialogue with local administrations. In its position on the new Concept, CALM positively assessed the organisation into three regions, correlated with the existing regional development system. However, this positive assessment concerned only the territorial configuration; competences, financing and the method of electing regional authorities still remained to be clarified.

The timetable is also legally difficult to sustain. Law No. 239/2008 requires the consultation notice and materials to be made public at least 15 working days before the draft is finalised, while the deadline for submitting recommendations must be at least 10 working days. Counted from 1 October, this statutory minimum would end around 22 October 2026. Only a few days would then remain until the end of the month for inter-institutional review, legal and anti-corruption expertise, Government approval and two readings in Parliament.

Electoral standards must also be taken into account. The Venice Commission’s Code of Good Practice in Electoral Matters recommends that fundamental elements of electoral law, including constituency boundaries, should not be amended less than one year before elections. Local representatives elected in November 2023 hold mandates until autumn 2027, leaving a margin of approximately one year.

Finally, the sequence of steps is reversed. The territorial structure would be adopted in 2026, while competences and financing would only be defined in 2027. Citizens would therefore be expected to elect regional councils whose functions and budgets had not yet been established by law.

Design Problem: Regions, RDAs and RCDs

The proposed regions add limited value compared with existing structures, because they risk duplicating both the Regional Development Agencies (RDAs) and the Regional Development Councils (RCDs). The table below compares the functions of the three.

Function	Region (Concept)	RDA	RCD (Law 438/2006)
Regional strategy and priorities	Approved by the regional council	Technically drafted	Already approved today
Project preparation	Yes, including support for mayoralities	Yes, already today	—
Management of funding programmes	No	Yes (intermediate body, later managing authority)	—
Beneficiary contracting authority /	Yes, for regional projects	No	No
Ownership of investments	No, transferred to mayoralities	No	No
Legitimacy	Direct elections	Agency	Representatives of tiers I and II and civil society
Institutional control coordination /	Not clearly defined	Technical body / managing authority	Representative and approval body

The first problem is the double overlap: the Concept does not explain what would happen to the RCDs, which already approve regional strategies and priorities today. The second concerns the nature of competences. The ten responsibilities assigned to the regions relate almost entirely to facilitation, assistance and voluntary participation, without any mandatory competences of their own. The result is a paradox: a directly elected regional council, with strong democratic legitimacy, but without real power, risks becoming either a political arena or an institution deprived of substantive content.

A fundamental question therefore remains unanswered: what exactly is the regional council directly elected to do?

Direct elections confer greater democratic legitimacy on the regional council than on an administrative structure or agency, but this legitimacy must be matched by corresponding competences and responsibilities. In the current version of the Concept, the region is not granted a clear set of mandatory competences of its own, does not manage regional funding programmes, and its institutional relationship with the RDA and the existing regional development structures is insufficiently defined.

This creates a potential asymmetry between democratic legitimacy and effective legal authority: citizens vote directly for a regional council, yet it is unclear what essential decisions that council may take, what resources it controls and for what results it may be held accountable. In a system of local public administration, direct election must correspond to real competences, resources and public accountability.

Accordingly, the draft legislation should explicitly answer four questions: (1) what mandatory competences of its own the region will exercise; (2) what

financial resources it will control; (3) what relationship of authority or coordination will exist between the regional council and the RDA; and (4) for what concrete results the regional council will be politically accountable to voters. In the absence of these answers, direct elections for regional councils risk creating an institution with significant electoral legitimacy but limited decision-making capacity.

The relationship with the RDAs raises two further questions. A region may act as a project beneficiary, while the assets created would be transferred to mayoralties, even though post-project sustainability obligations under EU funding normally fall on the beneficiary. At the same time, the RDA would evaluate and select projects in which the region covering the same territory is itself the beneficiary, which requires explicit safeguards for institutional separation in order to avoid conflicts of interest.

The analogy with Romania is also incomplete. There, the second tier consists of 41 counties with genuine competences, while the development regions are not administrative-territorial units and do not have legal personality.

The Concept for the reform of second-tier local public administration does not sufficiently clarify how the new regions will integrate the needs of rural communities into development priorities. Mechanisms are required for the participation of Local Action Groups (LAGs) and local partners, for making use of existing local strategies, and for applying transparent criteria to the allocation of investments, in order to prevent the concentration of resources in urban centres and the widening of territorial disparities.

Beyond the regional architecture, the Concept also results in a degree of recentralisation. Education, social assistance, family doctor offices and health centres, archives, chief architects and budgetary assistance would be transferred to ministries and agencies, while mayoralties would mainly receive cultural institutions, youth services and camps. The net result contradicts the slogan that “local power does not need intermediaries”.

Regional financing also remains unclear. Regions would depend on transfers from the state budget and would have no own-source revenues. Mayoralties in former district centres would take over institutions that also serve neighbouring villages, but financial cooperation with those villages would remain voluntary. Since the financing formula is postponed until 2027, the risk of unfunded mandates is real.

Strong Mayoralties Without Own Revenues? The Missing Fiscal Decentralisation

This issue does not strictly concern the second-tier Concept alone, but it follows directly from the objective publicly declared by the Government. The reform of local public administration is publicly presented under the slogan “strong mayoralties”, which is also the name of the reform’s official platform. Yet a

mayorality is only strong to the extent that it can finance its own priorities. Without fiscal decentralisation, amalgamation and reorganisation of the second tier change the map, but not the balance of power between the centre and local communities.

The diagnosis is acknowledged by the Government itself. The April 2026 Concept on local public administration reform shows that 60.5% of mayorality revenues come from transfers from the state budget, while own-source revenues account for only approximately 11.1%, compared with around 30% in South-East European countries. The same document announced that the Government would propose adjusting the shares of personal income tax allocated to local budgets, redistributing a share of VAT to mayoralties, gradually adjusting property taxation and updating cadastral records. These intentions, however, have remained declarative: they have no deadlines, figures or draft legal acts attached to them.

The only financial components with figures and a timetable are the incentives for amalgamation: around MDL 6.5 billion for 2026–2030, including MDL 3,000 per inhabitant for new units resulting from merger. These are substantial resources, but they are transfers and grants from the centre, not own-source revenues. They finance individual investments without creating a stable tax base and preserve the mayorality's position as an applicant dependent on the Government.

Moreover, the concrete fiscal measures currently on the table point in the opposite direction. The draft fiscal policy for 2027, currently before Parliament, increases the personal income tax allowance from MDL 29,700 to MDL 40,020, which, according to CALM, would reduce local budget revenues by approximately MDL 820 million without compensation from the central budget. The same draft provides that if a local council fails to adopt a decision on tax rates in due time, the minimum property tax rate will apply rather than the previously approved rate. CALM estimates that some localities could thereby lose between 50% and 83% of this revenue source. The year 2027 could therefore combine property revaluation, local elections, new administrative maps and a narrower local tax base.

Independent analyses reach the same conclusion. Expert-Grup argues that excessive fragmentation of mayoralties is a structural barrier, but that amalgamation alone is insufficient: territorial reform must be combined with broad fiscal decentralisation that strengthens local revenue-raising capacity and reduces dependence on transfers. The same requirement follows from Article 9 of the Charter, under which local authorities must have sufficient own resources proportionate to their responsibilities.

The solutions are well known and have been advocated by local authorities for years. CALM has proposed that personal income tax should be allocated in full to first-tier local budgets and paid according to the taxpayer's place of residence rather than place of employment, so that revenues remain where people actually live. It has also proposed allocating 25% of corporate income tax

collected within each administrative unit and increasing the local share of charges for natural resources from 50% to 75%. These measures should be complemented by a property tax based on updated values and effectively administered by mayoralities, as well as by a transparent equalisation formula for units with a weak tax base.

Territorial reform is the natural moment for these changes, because amalgamated mayoralities would finally have the scale and administrative capacity needed to manage larger own-source revenues. If fiscal decentralisation is postponed once again, “strong mayoralities” will remain strong only on paper.

Other Gaps

Taraclia municipality is the most unclear construction in the Concept. A second-tier municipality incorporating villages is a new legal formula, with competences “to be defined”. Its compatibility with the criteria for municipal status and with the principle of equal treatment must be examined. The reference to the Framework Convention for the Protection of National Minorities is correctly formulated, but it does not substitute for a legal model.

The impact assessment is almost entirely absent. The Concept promises lower costs but provides no estimate of savings, staff positions, organisational structures or transition costs. Nor does it explain why the 10-unit model proposed in April was abandoned or why a municipalisation model was not chosen.

The transfer of district assets is to take place “with the consent and by decision of district councils”, without any mechanism for situations in which a council refuses or delays the process. As regards personnel, the Concept acknowledges that some employment relationships may be terminated, but does not quantify the impact. Almost all 32 district-seat towns, with the exception of Cahul and Taraclia, would lose their status as administrative centres, with local economic consequences that have not been assessed.

The Concept should provide for a public monitoring mechanism for the reform, with periodic reports comparing results with the initial situation and serving as a basis for addressing bottlenecks or problems in access to services.

Three Coherent Options for the Second Tier

The Concept combines a weak, directly elected region with an RDA that becomes a managing authority. In doing so, it takes the most costly features from two otherwise coherent European models: elections and a regional administrative apparatus without meaningful competences, plus a separate agency. There are, however, three consistent alternatives, each with its own advantages and risks.

Option	Core idea	Advantages	Risks	Problem addressed
1. Genuine region	Elected regions with own competences: regional roads, regional water and waste systems, vocational education and possibly regional hospitals. In the long term, the region becomes the managing authority and the RDA becomes its executive agency (Polish, Italian and French models).	Democratic legitimacy has substance; one actor is accountable for regional development; strongest basis for cohesion funding	Higher cost and complexity; requires administrative capacity and own revenues; cannot fit within the current timetable	The absence of a regional tier with effective competences and accountability for regional development. Clarifies who decides, who implements and who is accountable for infrastructure and services of regional interest.
2. Associative region	No direct elections: an association of mayoralties or a strengthened RCD, with the RDA serving as the technical arm	Cheaper; honest about the real mandate; mayoralties control priorities	Indirect legitimacy; risk of deadlock between larger and smaller mayoralties	Overlap between an administrative region, the RDA and the RCD, and the creation of a regional structure without sufficient competences. Preserves coordination of regional development without creating a new directly elected administrative tier.
3. No second tier for districts	Strong mayoralties and municipalities acting as regional poles, RDAs for programmes, and inter-community development associations for shared services (municipalisation; models from Estonia and Denmark)	Most consistent with the “no intermediaries” rhetoric; former district centres retain their role as poles	Most significant systemic change; dependent on the success of amalgamation	Administrative intermediation between mayoralties and central authorities. Eliminates the second administrative tier and shifts the emphasis to strong mayoralties, regional-pole municipalities, inter-community cooperation and RDAs for regional development.

Whichever option is chosen, the choice must be explicit and justified through a cost analysis and constitutional assessment. The current version does not make such a choice. All three options also share a common condition: a genuine region needs own-source revenues, an associative region depends on the financial capacity of the mayoralities that form it, and the option without a second tier relies entirely on strong mayoralities. Without fiscal decentralisation, none of them can function as intended.

Recommendations

Based on these findings, we formulate the following recommendations around **4 mandatory conditions for the reform**:

1. Legitimacy

1.1. Postpone submission of the package to Parliament until a genuine consultation has been completed on the three-region model itself, not merely on the text of the law.

1.2. Conduct a structured consultation process lasting at least 60 days, including hearings in all 32 districts and involving CALM, district councils and civil society, in accordance with Article 4 para. (6) and Article 5 of the Charter, and conclude the process with a public synthesis report indicating which proposals were accepted.

2. Legality

2.1. Obtain an opinion from the Venice Commission or from the Congress of Local and Regional Authorities on the draft law.

2.2. Develop a complete legal model for Taraclia municipality before adoption of the framework law.

3. Financial Viability

3.1. Conduct a quantified impact assessment covering savings, staffing levels, transition costs and the effects on district-seat towns.

3.2. Adopt the financing formula before institutions are transferred, not afterwards.

3.3. Adopt a fiscal decentralisation package together with the territorial reform, with clear figures and a timetable: larger shares of personal income tax for mayoralities and payment according to place of residence, a share of corporate income tax, a property tax based on updated values, a transparent equalisation formula and an agreed target for the share of own-source revenues. Until then, any fiscal-policy measure that reduces local revenues, including those contained in the 2027 draft, should be accompanied by an impact calculation for each administrative-territorial unit and full compensation.

4. Functionality

4.1. Establish safeguards separating the roles of RDAs and regions in project selection and monitoring.

4.2. Publish baseline indicators and reform targets, followed by annual reports and an independent evaluation of the effects on services, local autonomy and territorial disparities.