

**Committee of the Regions****CIVEX-V-004****86th plenary session
5 and 6 October 2010**

**OPINION
of the
Committee of the Regions
on
THE IMPLEMENTATION OF THE EUROPEAN NEIGHBOURHOOD
POLICY AND IN PARTICULAR THE EASTERN PARTNERSHIP
INITIATIVE: MODERNISATION, REFORMS AND
ADMINISTRATIVE CAPACITY OF THE LOCAL AND REGIONAL
AUTHORITIES OF THE REPUBLIC OF MOLDOVA**

THE COMMITTEE OF THE REGIONS

- welcomes the launch of the programme of ambitious reforms designed to strengthen democracy, market economy and the principles of the rule of law, the start of new association agreement negotiations and the opening of the dialogue on liberalising the visa regime;
- notes that it would make sense to extend CoR participation to the two other platforms as they cover activities directly involving LRAs (especially, Platform 2 – Economic integration and convergence with EU policies);
- recommends to consult and involve LRAs in the new association agreement negotiations, in developing regional development pilot programmes, and in monitoring and assessing implementation of regional development policy. Therefore, the CoR also wishes to play a constructive role in the negotiation and conclusion of a memorandum of understanding between DG REGIO and the Ministry for Construction and Regional Development;
- notes that consolidating financial autonomy of LRAs will be crucial for future management of European funds and for stepping up regional and cross-border cooperation;
- highlights the importance of continuous exchange of experiences by making twinning agreements between institutions and communities, teaching, study visits and participation of Moldovan LRAs in the EU regional bodies (as either members or observers) standard practice.

Rapporteur

Mr Alin-Adrian Nica (RO/ALDE), Mayor of Dudeștii Noi

I. POLICY RECOMMENDATIONS

THE COMMITTEE OF THE REGIONS

1. notes that, following the early parliamentary elections of July 2009 and the change in government, the Republic of Moldova has launched a programme of ambitious reforms designed to strengthen democracy, the market economy and the principles of the rule of law and, implicitly, to bring the country gradually closer to the EU; The new political situation and the approach taken by the Moldovan Government to reforms to align the country with European standards are opening up new opportunities for cooperation between local and regional authorities in the EU and Moldova;
2. welcomes the launch in January 2010 of negotiations on the new association agreement which will underscore the importance of cooperation between the EU and Moldova and bring the two sides closer together. The new agreement will be ambitious, going beyond the traditional forms of cooperation between the EU and Moldova and helping further political dialogue and economic development and improve the well-being of people in Moldova. The association agreement will include the establishment of a comprehensive free trade area which will promote the economic integration of Moldova into the EU market by stepping up trade relations and investment, which in turn will boost cooperation between economic actors at local and regional level;
3. welcomes the opening of dialogue on liberalising the visa regime, which could enable Moldovan citizens to travel without visas in the Schengen area; similarly, applauds the signing of the small border traffic agreement between Romania and the Republic of Moldova, which entered into force in March 2010. This agreement will enable Moldovan citizens living within 50km of the border between Moldova and Romania to travel the same distance into Romania; considers that this will help improve contacts between people as well as between local administrations along the EU's external border with Moldova, and is an important step in overcoming administrative barriers to the development of cross-border partnership;
4. supports the introduction of the "Rethink Moldova" programme launched on 24 March in Brussels, which entails a strategy to reform key sectors in the Republic of Moldova and sets mid-term development priorities (2011-2013) on the basis of three pillars: responsible governance, economic recovery and development, and investment in human capital;
5. notes that the European Commission has invited the Committee of the Regions to take part in the activities of Platforms 1 (Democracy, good governance and stability) and 4 (Contacts between people). However, it would make sense for these consultations to be extended to the other two platforms as well since they include activities in which local and regional authorities are directly involved. One pertinent example is cooperation with Moldova in the field of regional policy based on best practices in EU cohesion policy (Platform 2 – Economic integration and convergence with EU policies);

6. would like this own-initiative opinion to contribute to promoting local and regional democracy in Moldova and to bring new impetus to the tangible efforts in the context of the European Neighbourhood Policy and, particularly, the Eastern Partnership. This opinion focuses on opportunities for identifying solutions to common problems by stepping up regional and cross-border cooperation between the regional and local authorities of the EU and Moldova;
7. points out that local and regional authorities in the Republic of Moldova enjoy greater competitive advantages in their relationship with the EU than do other members of the Eastern Partnership, owing to the country's proximity to the EU, its size and the central government's openness to European territorial cooperation. In line with the traditions formed when European Neighbourhood Policy instruments were implemented, such as the Moldova-Romania-Ukraine cross-border cooperation programme (2007-2013), given the limited size of the country, all of the Republic of Moldova and its local and regional authorities are eligible for cross-border partnership projects. These traditions have naturally been extended to initiatives under the Eastern Partnership aiming to achieve territorial cohesion along the external borders of the EU;
8. welcomes that fact that the decentralisation of power and guarantee of local self-government is one of the five strategic priorities of the Moldovan Government's Action Plan on European integration: freedom, democracy and well-being for 2009-2013; hopes that decentralisation will represent an irreversible policy option on Moldova's domestic reform agenda;
9. considers it important that the local general elections announced for the summer of 2011 be held in accordance with the European principles of European local democracy, to ensure an appreciable and gradual improvement in the performance of the government and electoral authorities compared to the local elections of 2007, which the international community deemed free but only partly fair;

The decision-making process and key priorities at local and regional level

10. notes that the Moldovan Government is reviewing what is needed in terms of the modernisation and reform of local and regional autonomy; awaits with interest efforts to ensure genuine, well-functioning administrative and fiscal decentralisation, improve policies for financial equalisation and the allocation of resources at local and regional level, extend the tax base of local administrations, promote public-private partnerships in the development of public services and consolidate the administrative capacities of subnational authorities;
11. in light of recent developments in relations with the EU, recommends that local and regional authorities be formally consulted and involved in the negotiations on the new association agreement between Moldova and the EU. This consultation could take the form of non-hierarchical, structured, permanent dialogue with associations of local and regional authorities

during the negotiations on each chapter of the future association agreement in which the local tier of public administration is directly involved (chapters on domestic reform, tourism, agriculture and rural development, education, teaching and youth, cross-border and regional cooperation, institutional capacity-building, etc.). Currently, local and regional authorities and their associations are not included in the jointly agreed establishment plan's list of institutions participating in the negotiations;

12. welcomes the fact that, on 20 May 2010, a special parliamentary committee was set up to amend and complete the legislative framework concerning the process to decentralise and strengthen local self-government, with the specific remit of furthering measures to implement the constitutional principles of local self-government and the decentralisation of public services, in strict compliance with the European Charter of Local Self-Government; supports this committee's aim of conducting a comprehensive assessment of the legal framework covering all aspects of activity by local and regional authorities, which will enable decentralisation to be fully implemented, including at sectoral level, in the fields of education, health, social protection, the environment, law and order, etc.; expresses the hope that the reform measures to strengthen local self-government will be implemented in a timely fashion, so that all the implementation mechanisms can be operational by the time of the local general elections in the summer of 2011;
13. considers that, in order to reach a consensus among all stakeholders on the proper approach, an open and systematic dialogue is to be held with the national associations of local and regional authorities; praises the efforts that have recently been made to unite the local and regional authorities of Moldova in one single apolitical national association which would represent local and regional communities vis-à-vis the central authorities; urges the authorities of the Republic of Moldova to consider granting local and regional authorities the right of legislative initiative; recommends that efforts to reform the central public administration be harnessed to efforts to reform local and regional authorities; this would be an appropriate time to decide which competences should remain in the hands of the central government and which, flanked by the necessary funding, can be delegated or, insofar as administrative capacities permit, transferred to the local and regional authorities;
14. notes that the lack of systematic, robust autonomous management of local finances inevitably reduces local and regional authorities' ability to take full responsibility for managing European funds, which requires adequate administrative and planning capabilities and enough funds to cover the local financial contribution; points out that, with regard to the growing role of programmes aimed at local and regional communities in the EU's neighbouring countries, consolidating the financial autonomy of local authorities is a key part of the process to identify solutions for common problems through regional and cross-border cooperation between local and regional authorities in the EU and Moldova;
15. awaits with interest the implementation of a transparent, fair, credible system of local public finances, in which there would no longer be rigid practices and clientelism supporting an

unbalanced system of discretionary distribution of budget resources to local communities; it would no longer be possible to influence the structure of revenues accumulated by other administrative levels; greater independence would be given to the local budget process, guaranteeing adequate revenues and enabling the collection of own taxes, which would allow resources to be managed independently and, indirectly, would make it possible to design local economic development policies; powers would be delegated by the State to local communities, accompanied by the necessary financial resources; procedures for financial equalisation would become true instruments to support disadvantaged communities; resources would be allocated transparently, enabling predictable financial management by all local communities; local financial autonomy would be protected from the interference of public authorities at other levels;

16. points out that the lack of any clear delimitation of responsibilities among local and central authorities is preventing the decentralisation process from moving forwards, and the overlapping responsibilities of different levels of public administration are having a negative effect on the quality of public services; hopes that the reforms in this area will ensure that resources are proportionate to the powers assigned; highlights that the delegation of powers to local authorities can only take place under conditions of equality between the parties, with full coverage of costs and legal protection of local autonomy; considers that the administrative oversight of the implementation of powers delegated to local authorities by the State should not degenerate into the surveillance of local authorities by the central government;

Cross-border and regional cooperation

17. shares the opinion that the Republic of Moldova should closely monitor the recent discussions on the future of the European spatial development policy occasioned by the entry into force of the Lisbon Treaty, which explicitly refers to a new concept of territorial cohesion. This policy – a symbiosis between the EU's territorial and cohesion policies – is expected to have an impact on and boost extra-regional cooperation between European Neighbourhood Policy partner countries after 2013;
18. notes with satisfaction that the Republic of Moldova recently completed the process of establishing the legal and institutional framework for regional development, along the lines of the system in place in the EU Member States; welcomes the establishment of the development regions, functional territorial units which form a framework for the planning, assessment and implementation of regional development policy under the EU's nomenclature of territorial units for statistics, NUTS; applauds the creation of the national council for regional development coordination and the national fund for regional development which receive 1% of the State budget each year (approximately EUR 8 million in 2010); highlights the fact that money is distributed by the fund on the basis of a transparent and sustainable mechanism for financing regional development;

19. awaits with interest the role that will be played by the regional development councils set up recently in the development regions in order to coordinate development activities at regional level and to implement regional development projects aimed at sustainable economic growth at regional level; recommends building the operational capacity of the regional development councils, which accord equal status to representatives of local and regional authorities on the one hand and representatives of the private sector and civil society on the other, and highlights the importance of fully involving local and regional authorities in monitoring and assessing the implementation of regional development policy;
20. recommends, given that Moldova has a system and an institutional framework for regional development compatible with European standards, developing pilot programmes for regional development, structured around the interconnection of energy and transport (including rail) networks with those in the EU, local needs in terms of infrastructure, human capital and small and medium sized enterprises and modelled on EU cohesion policy; highlights that it would be beneficial for these projects to be geared primarily towards disadvantaged areas and regions that have greater need for economic growth and development;
21. since the regional development institutions are fully operational, recommends that part of the EU's 2010 rural development funds for the Republic of Moldova be allocated to the national fund for regional development;
22. considers that a major source of funding for regional development projects are cross-border cooperation initiatives either carried out under the aegis of the European Neighbourhood Policy (Moldova-Romania-Ukraine cross-border cooperation programme 2007-2013 and the joint operational programme in the Black Sea basin 2007-2013) or conducted jointly with the euroregions to which Moldova belongs: Lower Danube (Romania-Moldova-Ukraine), Siret-Prut-Dniester (Romania-Moldova) and Upper Prut (Romania-Moldova-Ukraine). In order to boost confidence, steps have recently been taken to set up a Dniester euroregion (Moldova-Ukraine) which would include local authorities from the left bank of the Dniester river, areas which are not governed by Chişinău. With some exceptions, the boundaries of the Central, North and South development regions correspond to the boundaries of the Moldovan administrative and territorial units which belong to these three euroregions. The problems requiring attention from the perspective of cross-border partnerships include administrative barriers (taxation, visa regime) and the limited local and regional capacity to identify and develop high-quality projects;
23. believes that the overall agenda for immediate local and regional administrative reform must be accompanied by continuous exchange of experience, so that the best practices of EU local and regional authorities can be adopted. Contacts must be stepped up with a view to transferring knowledge through specific cooperation projects between local and regional authorities: these would include twinning agreements between institutions and communities, teaching, study visits and the participation of national associations of Moldovan local and regional authorities in assemblies of representatives of EU regional bodies, as either members

or observers. Although such activities have been organised recently on an ad hoc basis, they should be made standard practice through a broad programme of institutional capacity-building and assimilation of best practices by local and regional authorities. The initiative to draft a framework agreement for cooperation between Moldovan and EU local and regional authorities, based on the provisions of the new association agreement, also deserves praise;

24. encourages the negotiation and conclusion of a memorandum of understanding between the European Commission's Directorate-General for Regional Policy and the authority implementing regional development policy in Moldova (Ministry for Construction and Regional Development) in order to promote the dialogue on regional policy and regional cooperation (in the context of the Eastern Partnership) and build administrative capacity in the field of regional development at national and regional levels;
25. encourages institutional capacity-building and the development of an institutional twinning scheme between Moldova's recently created regional development agencies and similar agencies in the EU, and within non-governmental bodies (European Association of Regional Development Agencies) and associations of local and regional authorities, such as the recently established congress of local authorities CALM (Congress of the Local Authorities from Moldova); proposes looking into the possibility of giving Moldovan local and regional authorities observer status on some EU institutions dealing with regional policy (Committee of the Regions, Economic and Social Committee).

Brussels, 6 October 2010.

The President
of the Committee of the Regions

Mercedes Bresso

The Secretary-General
of the Committee of the Regions

Gerhard Stahl

II. PROCEDURE

Title	The implementation of the European Neighbourhood Policy and in particular the Eastern Partnership initiative: modernisation, reforms and administrative capacity of the local and regional authorities of the Republic of Moldova
Reference(s)	
Legal basis	TFEU 307 (4)
Procedural basis	Rule 39b and 42 of the Rules of Procedure
Date of Council referral/Date of Commission letter	
Date of Bureau decision	10 February 2010
Commission responsible	Commission for Citizenship, Governance, Institutional and External Affairs (CIVEX)
Rapporteur	Mr Alin Adrian NICA (RO/ALDE), Mayor of Dudeștii Noi
Analysis	19 March 2010
Discussed in commission	1 July 2010
Date adopted by commission	1 July 2010
Result of the vote in commission	Majority
Date adopted in plenary	6 October 2010
Previous Committee opinions	<p>CdR 78/2009 fin, Opinion on "The role of local and regional authorities within the Eastern Partnership", Rapporteur: Mr István Sértó-Radics (HU/ALDE), adopted in CoR Plenary on 22 April 2009¹</p> <p>CdR 134/2008 fin, Opinion on "A strong European Neighbourhood Policy", Rapporteur: Councillor Sharon Taylor (UK/PES), adopted in CoR Plenary on 9 October 2008²</p> <p>CdR 155/2007 fin, Opinion on the "Black Sea synergy initiative", Rapporteur: Mr Krasimir Mirev (BG/PES), adopted in CoR Plenary on 7 February 2008³</p>

¹ OJ C 200, 25.8.2009, p. 31.

² OJ C 325, 19.12.2008, p. 87.

³ OJ C 105, 25.4.2008, p. 46.

	<p>CdR 34/2007 fin, Opinion on "Local and regional government in Ukraine and the development of cooperation between the EU and Ukraine", Rapporteur: Mr István Sértő-Radics (HU/ALDE), adopted in CoR Plenary on 11 October 2007⁴</p> <p>CdR 149/2009 fin, Opinion on "An EU strategy for the Danube area", Rapporteur: Mr Wolfgang Reinhart (DE/EPP), adopted in CoR Plenary on 7 October 2009⁵</p>
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⁴ OJ C 305, 15.12.2007, p. 20.

⁵ OJ C 79, 27.3.2010, p. 1.