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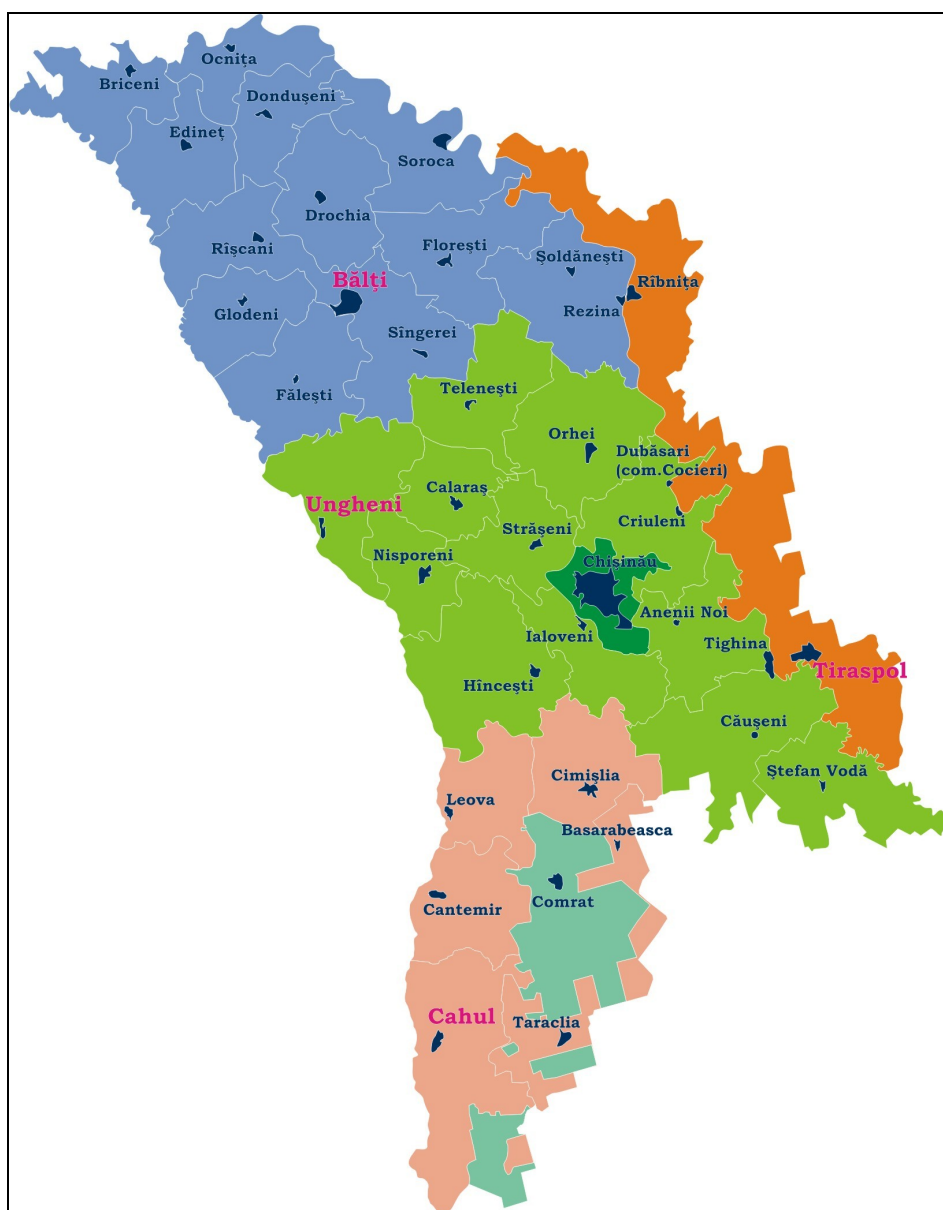


**NATIONAL STRATEGY
OF REGIONAL DEVELOPMENT**

WORKING PAPER FOR INTERNAL USE

Chişinău, ianuarie 2007

Regiunile de Dezvoltare ale Republicii Moldova



	Nord	Centru	Sud	Chisinau	UTA Găgăuzia	Transnistria	Total
Populația, mii locuitori	967	1022	525	717	156	556	3942
Pondere	25%	26%	13%	18%	4%	14%	100%
Populația urbană, mii locuitori	305	176	121	648	58	361	1309
Pondere	32%	17%	23%	90%	37%	28%	33%
Suprafața, km2	10015	10636	7379	568	1848	3401	33846
Pondere	30%	31%	22%	2%	5%	10%	100%
Densitatea, loc/km2	97	96	71	1263	84	163	116
Producția industrială, mln. lei	3472	2241	1187	9315	726	7716	24656
Pondere producției industriale	14%	9%	5%	38%	3%	31%	100%
Producția agricolă, mln. lei	3558	3477	2146	195	486	358	10219
Pondere producției agricole	35%	34%	21%	2%	5%	4%	100%

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ACRONYMS:

ADR	Agenția de Dezvoltare Regională
BEI	Banca Europeană de Investiții
BERD	Banca Europeană pentru Reconstrucție și Dezvoltare
BIM	Biroul Internațional de Migrație
BM	Banca Mondială
CE	Comisia Europeană
CSI	Comunitatea Statelor Independente
CNCDR	Consiliul Național de Coordonare pentru Dezvoltarea Regională
CRD	Consiliul Regional de Dezvoltare
DDR	Direcția de Dezvoltare Regională
DUP	Documentul Unic de Programare
ECE	Europa Centrală și de Est
FMI	Fondul Monetar Internațional
FNDR	Fondul Național pentru Dezvoltarea Regională
IMM	Întreprinderi Mici și Mijlocii
ISD	Investițiile străine directe
MAPL	Ministerul Administrației Publice Locale
NUTS	Nomenclatorul Unităților Teritoriale pentru Statistică
OECD	Organizația pentru Cooperare și Dezvoltare Economică
OMC	Organizația Mondială a Comerțului
ONG	Organizațiile Non-guvernamentale
OPEM	Organizația de Promovare a Exportului din Moldova
PIB	Produsul Intern Brut
PRB	Produsul Regional Brut
PATN	Planul de Amenajare a Teritoriului Național
RNDU	Raport Național al Dezvoltării Umane
RM	Republica Moldova
SCERS	Strategia de Creștere Economică și Reducere a Sărăciei
SNDR	Strategia Națională pentru Dezvoltarea Regională
SDR	Strategia de Dezvoltare Regională
UE	Uniunea Europeană
USD	Dolar SUA
UTA	Unitate Teritorial-Administrativă

SUMAR EXECUTIV

INTRODUCERE

Purpose of this Paper

This paper proposes a strategy for regional development in Moldova. It provides a framework in which the draft Law on Regional Development will take effect. It sets out the rationale and arguments for a Regional Development policy in the Republic of Moldova and explains what the policy is and what it is not.

The paper does not provide a full-scale socio-economic analysis of the Republic of Moldova or of its regions. The former will be done in the context a future National Development Plan and is implicit in the existing EGPRSP. The latter will be done within the context of the three regional development strategies to be developed by mid-2007 within the first phase of the regional development process which this Strategy enables.

The National Strategy for Regional Development will take effect immediately on adoption of the Law on Regional Development and will provide a comprehensive framework for a regional development process and policy throughout all of Moldova (including Transnistria) in coming years.

However in an initial period the first regional development strategies will be limited to 3 newly defined regions, since in this manner, with relatively scarce resources, the Government wants to focus on the most acute development weaknesses and gaps.

These principally concern the lack of development underpinning current growth and the narrow base of current growth, manifested by the economic and social marginalisation of large part of the country outside the Capital.

Since the policy is new, it will be appropriate to run the first programmes over a four year period, long enough to learn from a solid experience but not so long as to prevent revision and deepening of the policy in the medium-term. This is also consistent with the Law on Regional Development.

The Regional Development Policy proposed by the Government is practical and efficient. It will not involve any new administrative reform but rather will build on the institutions that have already been put in place at raion and municipal levels, and in communes. Above all else, it will promote co-operation among existing public institutions, non governmental organisations, private organisations with one goal in common: namely to identify appropriate solutions, within their capacity, that will contribute to developing their regions and localities.

The Strategy presents an analysis of the specifically territorial nature of the development challenge for the Republic and underlines the need to develop capacities among local and regional actors in order to tackle specific territorial issues and more generally address the many challenges identified in the PRSP.

The Strategy is entirely consistent with the PRSP, specifically Article 6.10 which states:

“The considerable differences in the level of regions’ economic development are causing substantial territorial differentiation of economic conditions, and the level and quality of population’s life. This phenomenon aggravates the problems related to inequality and poverty, because citizens and families’ welfare and opportunities are strongly correlated with their place of residence.” (456)

And goes on to set the main objectives of regional policy as:

- i) balanced and sustainable socio-economic development throughout the country’s territory through reduction of differences in socio-economic

development amongst regions, and, especially, between center and periphery;

- ii) augmentation of resources potential for addressing problems that are related to socio-economic development of regions
- iii) provision of support to local administration bodies in the socio-economic development of territories and coordination with national, sector and territorial development programs;
- iv) achievement of significant progress in solving the Transnistrian problem and the country's reintegration, based on respect of the Republic of Moldova's sovereignty and territorial integrity (458).

As presented the Strategy is for discussion only. After discussion and consultation, it will be further refined and will provide a sound basis to accompany the implementation of the Law on Regional Development.

1 CONTEXT OF REGIONAL DEVELOPMENT

1.1 National Dimension of Development

2.1 The Republic of Moldova's economy has passed through two distinct periods since 1990 – before and after 2000. The first period was characterised by a dramatic economic transformation, and as a result GDP was cut to almost 60%. But between 2000-2005 the economy has registered steady growth, at an average of 6.1% annually. The economy's return to an upward trajectory was favoured by macro-economic stability and strong evolution of internal and external consumption demand.

2.2 Among the main factors stimulating economic growth are the increase of imports (78% of GDP) and remittances by citizens who had emigrated abroad in search of work (30% of GDP)¹. However, according to some estimations² in order to recover 1990 year level of GDP, a further decade of economic growth will be necessary.

2.3 The service sector has made the most significant contribution to growth since 2000. Transportation services, telecommunications and real-estate transactions increased significantly: together these branches generated 30% of GDP growth. At the same time, there has been a significant reduction in agriculture's contribution to economic growth. The processing industry has made up a fifth of GDP growth. These trends have led to a significant change in structure of Moldovan production. Over the period, agriculture's share in gross added value has decreased from 25% to 14%, services increased from 48% to 54%, industry's share did not modify substantially and stays the same at 17%.

2.4 Although the Republic of Moldova has a liberalized trade regime (since 1994), restructuring and diversifying external trade has been very slow. As a result, the country remains excessively dependant on CIS markets and on a fairly reduced range of traditional products with a reduced added value. In 2005 more than half of all Moldovan exports were to Eastern markets and 2/3 of total exports were represented by alcoholic beverages, textiles and vegetal products. Excessive concentration of Moldovan exports on unstable CIS markets and on a limited number of products threatens the sustainability of economic growth and leaves RM vulnerable to external shocks such as the introduction in 2005-2006 of trade barriers on Moldovan products exported into the Russian market³.

2.5 As a result of external pressures, the proportion of exports to Russia is permanently decreasing (from 44% in 2000 to 32% in 2005). However the proportion of EU and ECE countries is growing (from 25% to 42%).

2.6 Moldova imports a high share of raw materials and energy resources, as well as of capital-intensive goods. Apart from the period after the Russian crisis (of 1998-1999), imports have continually grown faster than exports. In 2005 they were twice as large as in 2000. The origin of imports is more diverse - 10 countries making up 3/4 of the total. In the period 2000-2005 the tendency towards growth in imports from CIS states (from 34% to 40%) and reduction of EU and ECE countries share (from 54% to 43%) was maintained. On the side of increase in imports of electric energy and oil Ukraine's as increased (from 14% to 25%).

2.7 Moldova has been a WTO member since 2001. In relations with the EU, Government's actions aim to obtain from the EU most advantageous Autonomous Trade Preferences, that could take the shape of an asymmetric Free Trade

¹ BM, 2005

² RNDU, 2006

³ According to some estimates the losses from the ban on wine exports in 2006 exceeded USD 40 million.

Agreement, according to which EU is to offer to Moldova free access (at zero rate on customs tariff) for almost all goods, except for those that could substantially influence certain segments of Community market.

2.8 In the last two years growth in the rate of investments in fixed capital has accelerated and in 2005 it constituted 23% of GDP. But this level is insufficient to ensure sustainable growth. According to some estimates, in the agricultural sector alone capital investment of over USD 2 billion is required to bring the sector to its optimal production level⁴. In 2005 only USD 31 million was invested in this sector, and it received the lowest level of investment relative to its share of GDP. The substantial lack of investments has deep consequences not only for the decline of the agricultural sector, but also for the increase in rural poverty. Investments financed from local enterprises' own resources prevail over those financed by financial intermediaries. This indicates the inadequacy of the banking system as a support to economic development.

2.9 To date, RM has not become an attractive destination for direct foreign investments (FDI). Attracting FDI into economy has been a difficult task with and uneven results, the highest level being reached in 2005. Although the share of FDI in overall GDP is above the average in the region, the FDI level per capita in Moldova is rather low and reached in 2005 only USD 343. The origin of FDI reflects to a great extent the external trade structure. In the first place is Russia (23% of GDP), being followed by USA (10%), Great Britain, Germany, Spain and France (between 5-7%)⁵. EU countries have 33% of GDP, and non-EU countries 24%⁶.

2.10 Transfer of emigrants' remittances make up the main capital flows into the country: in 2000-2005 this grew from 13.8% to 30.5% of GDP reaching, according to some estimates, over USD 500 million per year.

2.11 Negative demographic tendencies are considered among the most unfortunate consequences of the economic and social transition in Moldova. Natural growth rate and net immigration rate have been constantly negative since 1998. Besides the absolute decrease in number of population there exist important structural declines with negative impact on efficiency of labour factor. Among these there are the increase in the share of the rural population proportion and the decrease in the active population.

2.12 The labour market is shrinking. In 2005 the number of employees was 20% less (in agriculture - 50%, including a decrease in female employment of 53%, and in construction - 30%) as compared to 2000. Nevertheless about 40% of working population is still "active" in agriculture (independent farmers or workers in agricultural companies) with average monthly salary of 966 MDL (56 Euro)⁷. The attractiveness of the local labour market is decreasing, a fact demonstrated by the enormous decline in the volume of active population from 60% in 2000 to 49% in 2005. In parallel, employment rate decreased from 55% in 2000 to 45% in 2005, and for men it is significantly greater than for women. The main problems affecting functionality of labour market in RM are: high number of jobs

⁴ USAID/CNAF, 2004

⁵ Prohntichi, 2005

⁶ The main companies ensuring important DFI stocks are in: Telecommunications and IT – Voxtel (France), Moldcell (Turkey), Compudava (UK), Sun Communication (USA); Trade – Green Hills Market (Russia), Metro Cash & Carry (Germany) Energy – MoldovaGaz (Russia), Union Fenosa (Spain), Lukoil (UK), Azpetrol (Azerbaijan), Mabanaf (Germany) Industry – Cricova Acorex (Russia), Glass Container Co (Spain), Dionis Group (Russia), Lafarge (France) Banks – Moldova Agroinbank (USA), Mobiasbank (France), Eximbank (Italy).

⁷ Source: National Human Development Report 2006, UNDP Moldova

with low productivity and low salary level⁸; salaries are often inadequate to the productivity and qualification level; there is a high proportion of unofficial and informal activities; high unemployment of young people, low participation of the unemployed in professional training courses and a lack of an adequate system to monitor and forecast labour market and to mediate labour supply and demand.

2.13 The structure of employment is changing. The period of economic growth has seen a substantial reduction in the share of the population working in agriculture and an increase in the share of those employed in services. Agriculture has lost ground against services as the sector employing the largest number of labour. But these structural changes occurred not because labour transferred from non-performing sectors to the performing ones, but simply by eliminating excessive labour from the economically active category.

2.14 In 2005, the employed population was 13% lower than in 2000, and in agriculture 30% lower. These changes have led to high external migration abroad. In the period of economic growth the number of unemployed decreased by 44%, the unemployment rate remaining at a level lower than in ECE and CIS countries and constitutes 7.3% (following BIM methodology). But the duration of unemployment is very high, and averages 2 years. The main reason why unemployment is recorded at relatively low levels is that the population has the possibility to emigrate. With the aim of increasing labour employment and reducing unemployment, the Government approved the Strategy for Labour Employment (Government Decision 655 of 15.05.02). But the objectives and the actions stipulated have a declarative character and are have not yet been backed by financial resources.

2.15 At present, labour emigration is amongst the main factors influencing economic, social and political evolutions in the Republic of Moldova. The central role of emigration is shown by the fact that almost 20% of labour resources work outside country's frontiers, and the revenues transferred by workers-emigrants in 2005 is equivalent to 30% of GDP. Within and across a large part of the country, especially rural areas and small towns, there continues to be a exodus of population - if not abroad - then as a form of internal migration mostly to Chisinau (from the whole country), Balti (from North rayons) and Cahul (from South rayons). There is some internal migration from villages to administrative centres of rayons. Mostly internal migration has one destination - capital city of Chisinau (the tendency is predominant for young generation -most educated persons move to Chisinau if not abroad). Following the portion of revenues from citizens' activity abroad as related to GDP, the Republic of Moldova occupies the second place in the world⁹.

2.16 The level of poverty increased until 1999, a period in which the Republic of Moldova was economically devastated. In 1999-2004 the incidence of absolute poverty decreased substantially, from 74% to 27%. In the same period the incidence of food (extreme) poverty decreased from 37% to 15%. There also improved the indicators specific to poverty, as well as the depth and severity of this phenomenon. In 2005 the incidence of poverty to the national threshold returned to the level of 2003 (29%). The cause of poverty increase are the unfavourable evolutions in the rural environment and small towns, where the incidence of poverty increased from 37% in 2004 to 43% in 2005 and, respectively, from 46% to 49%. Besides increase in the poverty rate, there increased its depth and severity.

2.17 Except for the year 2005, the evolution of poverty has largely mirrored recorded economic growth. Official statements are that poverty rates decreased

⁸ See Annex 1 : Current Averages Incomes

⁹ IMF, 2005

in proportion of two thirds due to the economic growth obtained in the country and in proportion of one third – due to redistribution from the wealthiest households to the poorest ones, by means of social policies, promoted by the Government. According to other sources¹⁰ poverty reduction was determined in large measure by revenues remitted from abroad, that concomitantly also influenced positively the economic growth. In 2005 GDP continued to grow strongly, while the incidence of poverty worsened, a fact suggestive of a weaker than expected connection between economic growth and poverty level. Increase of poverty rate in rural areas is explained by a complex set of causes¹¹. Among the most important are the decrease in revenues from individual agricultural activity, limited impact of governmental policies in creating jobs in rural space, unfair distribution of the national product, limited access of population to goods and services, as well the lack of viable mechanisms to support poor persons.

2.18 In recent years Government has approved several sectoral development strategies: an Energy Strategy until 2010 (Government Decision 360 of 11.04.03), a Strategy for Sustainable Tourism Development for 2003-2015 (Government Decision 1065 of 2.09.03); Strategy for Agro-Food Sector Development for 2006-2015 (Government Decision 1199 of 17.10.06). However until now the Government has generally lacked the financial resources to promote factors and processes of growth through public investment. The opportunity now arises.

Conclusion

2.19 Growth has been very positive in recent years. It remains however too thinly-based, too dependent on a relatively small number of precarious factors. An unacceptably large share of the population and the country's territory contributes little to economic growth and derives little from it. Growth is conditioned by an excessively narrow base, focused on too few products. Exports are too dependent on uncertain markets, imports growing at an unhealthy rate. But for the "invisible" contribution to around one third of GDP derived from Moldovan workers abroad, the veneer of growth and dynamism at home would be less impressive. A view of the national picture argues for a more inclusive, broader approach to developing internal factors of a more sustainable growth.

1.2 Territorial Dimension of Development

3.1 The territorial distribution of growth and income throughout Moldova is uneven and overall inefficient as well as unequal. The pattern of economic decline since 1990, which hit certain industries and sectors more than others, and disrupted previous trade and distribution patterns, impacted somewhat differently in different parts of the country. This has exacerbated certain, already existing territorial disparities. But this is not only a problem of disparity: this is a problem of lack of development. Addressing it is a main route to making growth sustainable.

3.2 Economic and social development differs across Moldova, and the differences can be seen along a number of **key fault lines in the economic and social fabric of the country**. Four main development issues with territorial significance can be identified:

- the role of towns
- the situation in villages
- the concentration of factors of development and growth in Chisinau (and to a slight extent in Balti)

¹⁰ RNDU, 2006

¹¹ BCI, 2006

- the existence of specific problems in various localities.

Each in their own way is a symptom of under-development, and a cause of distress and lack of prosperity to the populations concerned. But each also indicates a route towards new opportunities in the context of appropriate policies.

Urban Areas

3.3 The upheaval of the 1990s saw a process of de-urbanization of Moldova which became apparent not only in the reduction of the share of the urban population from 47.4% in 1990 to 41.0% in 2004 (January 1) but in "ruralization" of the style of life and employment in many small towns and in even in the suburbs of Chisinau. Most towns – even the larger and most prosperous - have undergone depopulation since the onset of economic and political transition¹². Between 2004 and 1989, Balti lost over a fifth of its population, Soroca and Orhei close to one-third, while Cahul and Ungheni lost less than a fifth. This contrasted with the previous period when from 1961 – 1990 the urban population had increased from 670 thousand up to 2.1 million people i.e. by three times. Balti is the main non-capital town within the non-occupied part of the country, which significantly influences the fortunes of its surrounding areas.

3.4 All towns faced collapse of industry, but the most difficult situation was registered in towns dependent on one or two main industries. In Biruinta and Frunze the collapse of sugar producing – practically only local economic activity – impacted severely. In Soroca it was the collapse of former important machinery production companies, in Cantemir, the collapse of the tinned food factor, the town's main economic activity. Only in a few cases has the decline been reversed: in Rezina cement production has partially recovered after abrupt decline in the 1990s and with it, to some extent, the fortunes of the city.

3.5 This abrupt decline in the economic and social fabric and function of urban centres has led to several consequences:

- Generally it is the decline in urban settlements and the rupture of their support function to surrounding villages that has driven down living standards outside of Chisinau
- Outside of Chisinau, most towns whose population is less than 15 thousand have been especially affected - especially those where one or two large enterprises have essentially gone bankrupt
- The agro-industrial areas in the Prut, Codru and the Southern zones of the country have been substantially affected.

3.6 All of the above leads to a major development problem: even though there exists a relatively well distributed network of 12 larger towns this is no longer functioning as it once did. These towns no longer play the role that is so essential to surrounding villages and populations, namely act as dynamic service centres and sources of support and opportunity. The larger of them are more advantaged than the surrounding villages that look to them for support and local services.

¹² Of the 65 urban settlements in the country, apart from Chisinau, only 3 cities have populations over 100,000 and two of these, Tiraspol and Tighina lie in Transnistria.. 25% of total country population (50% of urban population) lives in small towns with less than 20,000 inhabitants. Of the 12 most populated towns four lie in the future northern region, and only two in the south (3 are however in Gagauzia), while three lie in the centre region. Outside the capital, Bălți, Cahul, Ungheni, Orhei are the most populated and appear to be the most economically significant. Biruinta, Marculesti, Ghindesti, Frunza and Bucovat - all lying in the north region – are the least populated and make the least contribution to economic development.

But many of the smaller towns are as distressed as their surrounding villages¹³, 80% of towns today having no industry. Chisinau dominates the country, its position even an obstacle to the development of the central region. There a few if any obvious growth poles, no pattern of polycentricism and towns do not play traditional "market town" function to surrounding areas.

Villages

3.7 The process of re-ruralisation (mentioned above) has meant that since the early 1990s Moldova is characterised by an increasingly rural population. The rural share of overall population was 54% in 1989 but 61% in 2004, despite massive external emigration. Both the collapse of industries in towns and the direct collapse of the rural economy with de-collectivisation and poorly organised privatisation leading to peasant agriculture, have negatively and massively affected rural populations. Today, the situation of the rural population, living in small villages, is precarious with little economic perspective and with difficult access to and support from relevant public services and support mechanisms. In practice rural areas are largely dependent on poorly productive (mainly subsistence) agriculture which evidently cannot provide for basic necessities. While remittances provide a significant proportion of income to rural communities, it remains a fact that 90% of remittances from Moldovans abroad (including many Moldovans of rural origin) are in fact directed to consumption in the Chisinau.

3.8 In general in rural areas life expectancy is lower (by about three years) than in urban areas (including Chisinau). Dependency rate is significantly higher and this is explained by a higher proportion of the population both under 15 years and over 65 years in rural as opposed to urban areas. 17% of the rural population have access to central water supply. Fewer than 1% of rural families have bathrooms and showers indoors. The fact that officially recorded unemployment is significantly lower in rural than in urban areas appears to be explained by the lack of incentive among rural dwellers to register as unemployed and by the high proportion of the population that is partially active in subsistence agriculture, rather than by any positive factor.

3.9 While disparities in economic and social well-being between village dwellers and those in the larger towns are significant, the same pattern of decline and under-development that affects many towns has unfolded in villages. But the villages have been hit by their own decline and the impact of urban decline. Their situation is therefore is doubly bleak. Whether analysed in terms of residence

¹³ Poverty rate (%)

	1997	1999	2002	2003	2004	2005
Big cities	32,1	50,4	28,6	22,7	17,3	14,7
Small cities	62,5	80,9	62,3	49,4	45,7	48,5
Rural area	51,9	76,9	51	35,7	37,1	42,5

Source: World Bank Moldova, Report nr. 35618-MD, MOLDOVA: Actualisation of Poverty

(urban v rural), social-economic groups (source of income (farmers/ agricultural employees v non agricultural employees, entrepreneurs, pensioners and other), or according to source of income (individual agricultural activity v other categories), the likelihood and intensity of poverty for rural and village populations is greater, at times hugely so and especially with regard to being extremely poor.¹⁴¹⁵

Chisinau and the Rest of the Country

3.10 By far the largest, most significant and most obvious economic and social disparity in the Republic of Moldova is between the Municipality of Chisinau and the rest of the country. Even though some data may be interpreted differently, it is indisputable that Chisinau is the key centre of wealth creation, consumption, tax revenue but also public expenditure. Its inhabitants in general enjoy a significantly higher standard of living than those in the rest of the country the exception of Balti. On almost all available and relevant indicators, persons living outside Chisinau are relatively less favoured.

3.11 Attention has often been focused on the lack of “equity” or “fairness” of this reality. Indeed this is a real issue that needs to be addressed. But it essential to underline the practical economic aspects of the problem: **Moldova as a country cannot prosper in a sustainable manner if a huge proportion of its resources – natural, human, organisational, cultural, economic and social – located outside the capital are under-utilised or even marginalised.** Broader participation in society and the economy is a practical as well as social justice imperative. With so much concentrated in Chisinau, Moldova’s economy functions like a car on one cylinder!

3.12 There are three basic characteristics to the “gap” between Chisinau and the rest of the country:

- There is a relatively high concentration of economic activity in Chisinau municipality, higher indeed than is usual for most capital cities and even for capital cities in under-developed European countries¹⁶
- There is a severe imbalance between the high living standards in the capital city and significantly lower standards elsewhere
- There is an enormous imbalance between the capital and the rest of the territory in terms of physical infrastructure and a broad series of factors related to competitiveness and productive potential.

3.13 With few exceptions, according to the main indicators of socio-economic development per inhabitant, all rayons (outside of Chisianu) are under the

¹⁴ SCERS, Annex 2A, 2005

¹⁵ **Absolute and Extreme poverty in urban and rural areas**

	Absolute poverty	Extreme
poverty	20012002200320042005	20012002200320042005
National	3826,21514,716,154,640,42926,529,1	Big
Cities*)	3016,512,86,95,917,28,55,32,92,3	Small
Cities	73,146,842,434,934,256,533,923,417,517,8	Rural
Rural	58,245,131,131,23640,330,216,21820,5*)	Big Cities:-
Chisinau and Balti	Source: Calculation of the authors based on the Household Budgets Surveys, 2001-2005	

¹⁶ It is not atypical to find a significant disparity between a capital city and regions: indeed this is a feature of many if not most European countries and is particularly marked in the cases of historically lagging regions in the EU – Greece, Portugal, and Ireland, though to a lesser extent Spain. It is also a feature of all new EU member states in Central and Eastern Europe: indeed in many of these countries the difference of the capital relative to the regions is much more significant than in historical cohesion states. Nevertheless the difference as manifested between Chisinau and the rest of Moldova is without equal as compared to all EU states.

national average, while Chişinău municipality is placed far above this level. The difference between the extremes is enormous. Thus, according to the data for 2004 for industrial production per inhabitant, the level of Chişinău municipality constitutes 249% of the national average level. In comparison, for Soldaneşti rayon this indicator is only 2%. For ten rayons the volume of foreign investments per inhabitant is less than one US dollar, while for Chişinău municipality, it is US\$ 666. The proportion for Chisinau as compared to the national average for the collected taxes and duties chapter per inhabitant is 550%, but in Călăraşi, Nisporeni, Teleneşti and Dubăsari – less than 70%.¹⁷

3.14 It is a recognised reality of much economic development – everywhere in the world – that economic, cultural and scientific activity tends to concentrate in regions with more developed infrastructure and higher living standards. On this basis, current trends towards concentration on Chisinau (and its corollary, marginalisation and relative exclusion of the rest of the country) risks on-going perpetuation unless a new way is found of harnessing the Capital’s growth and development to that of the rest of the country. This is a major issue affecting the overall development of the Republic, over the medium to long term.

3.15 These realities indicate the need to address this through public intervention and public expenditure **targeted on the rest of the country**. This does not however mean that Chisinau should be excluded from the regional development policy per se. In a further stage of the implementation of the policy it will be essential to support the development of the capital in a manner that enhances national growth and development and at the same time supports the development of the rest of Moldova. In a globalised world, even Moldova, from its present low base, will have to compete in the long run on quality rather than price, in knowledge-based, tradeable services and higher value products. In facing that challenge, the role of Chisinau as capital will be crucial, both as the country’s major concentration of knowledge, capital and labour, and as a key strength in competition with other international centres. These issues however cannot be addressed directly now: for now the main task is to identify new sources of productive and developmental capacity outside of the capital that will both increase economic and social participation and build on the broader base of skills and capacities the rest of the country has to offer.

Local (reion-level) disparities

3.16 A further set of development “gaps” or disparities can be found in the various reions across the country. To a large extent these reflect the disparities between urban and rural and especially between medium and larger towns and the surrounding countryside. In other words, the more densely urbanised a reion is, in general, its situation will be more favourable.

3.17 Measured at Reion levels there are sharp disparities between the extremes, in fact a differential of 4 times between the highest and lowest according to a number of aggregated economic and social indicators. However a large number of reions are close to the average. There is strong evidence of various disparities in

¹⁷ Discrepancies between Chişinău municipality and the rest of administrative-territorial units (per inhabitant, the Republic of Moldova = 100)

Indicator	Mun. Chişinău	Mun. Balti	The Rest of administrative-territorial units	Maxim	Minim
Industrial production	249	350	120	222	2
Services	301	165	60	153	Foreign investments
	408	441	190	4	No. of SMEs per 1000
inhabitants	308	102	63	115	Average salary
	136	118	112	556	Collected taxes & duties
	550	404	226	487	No. Telephone
per 1000 inhabitants	168	134	107	368	Water supply, km/1000 inhabitants
villages	30	123	43	055	12
	112	161	226	613	No. of doctors per 1000
	162	185	108	341	Mortality per 1000 inhabitants
	59	158	169	54	15
	205	118	103	6	Cars per 1,000 inhabitants.

the provision of infrastructure and services and the overall economic and social well-being of different rayons¹⁸.

3.18 It is much less clear that any substantial or definitive geographical pattern exists to these. Despite these disparities across reions, there is no preponderant or conclusive pattern, supported by relevant and available indicators in disparities that exist between rayons. By this we mean that there is no single set of closely grouped or contiguous rayons that can be distinguished **consistently according to a relevant and adequately comprehensive set of positive or negative factors**¹⁹.

3.19 Principal differences are:

- Across rayons (outside Chisinau and Balti), significant differences can be identified in infrastructure endowment and specific soci-economic indicators – especially between the extremes (a good few reions are bunched together with relatively similar strengths and weaknesses, sometimes one being significantly better according to one indicator (eg infrastructure) than to another (eg productive investment)
- According to the data for 2004, the level of *industrial production* per inhabitant by rayons of the Republic of Moldova had a deeper imbalance. The highest level of industrialization is in Rezina, Cahul and Ialoveni rayons – more than twice over the average of all rayons. At the lowest extreme we can find Șoldănești, Briceni and Ocnița rayons – having 5-14% as compared to average of all rayons.
- Rayon differences for *services delivered to population* are less emphasized. Thus, in TAU Gagauzia the volume of services per inhabitant is 1.6 times bigger than the average of all rayons. Nevertheless the ratio of the mamimum compared to the minimal level is fourfold.
- Substantial discrepancies are registered at the medium level of cumulative *foreign investments* per inhabitant, where a non-homogeneous distribution across reions is manifest, having a negative impact over balanced development. Thus, rayon level is between USD 200 in Cahul rayon and less than USD 1 in ten rayons of the republic.
- Territorial imbalances in location of production factors generates differences in ensuring financial autonomy of rayons²⁰. In all Moldova's judets *own revenues* are insufficient and vary between 60-80% of the total of duties and taxes collected in the territory. At the same time, inter-rayon discrepancy in collection of duties and taxes per inhabitant is in a range of

¹⁸ In order to measure territorial disparity, there would ideally exist more relevant indicators to describe the level of economic social development, for example, Regional Gross Product (RGP), unemployment rate, population revenues and so on. Unfortunately these indicators cannot be calculated under current conditions by the National Statistics Bureau, since the rayon level is too small and the number of reions too numerous. Nevertheless it has been possible to obtain the majority of indicators on labour market and on living standards by means of survey method, since determining them at the level of rayons implies high costs. Based on this, the indicators presented in table 2.1 (Annex 1) have been used to determine if and to what extent clear patterns of disparity can be measured. This methodology has been developed by Dr Roscovan etc.....

¹⁹ For example, as an approximate indicator of material well-being per capita, average salary would suggest that citizens in rayons Briceni, Leova, Riscani, Soldanesti and Telenesti are significantly less well off than those of Balti, Basarabeasca, Drochia, Ialoveni and Orhei. The most pertinent fact is that both Balti in the North and Basarabeasca in the South appear on this indicator to score significantly higher than all other reions outside Chisinau. Available statistics for fixed capital and car ownership fail to yield any decisive territorial pattern across reions either viewed for the whole country (except Chisinau) or for any of the three regions.

²⁰ In Moldova, unlike EU and other OECD countries, income tax is paid by workers in function of the location of their place of work, rather than their place of residence.

1:4. Central rayons are under the average level of all rayons, north and south rayons are over the average level.

- Territorial distribution of the level of agricultural production for 2004 is more homogeneous, the maximum level being reached in Rîșcani (136%), and the minimal one - Ialoveni and Ungheni – 64% as compared to the average of all rayons.
- Analysis over *infrastructure* development in rayons indicates backwardness as compared to EU and Central Europe states. At the same time, essential inter-rayon imbalances persist when it comes to population wired to fixed phones, roads built and, especially, natural gas network.
- The difference between population wired to fixed phones between maximum and minimum level is 3:1 , maximum level being registered in Glodeni (268 phone stations to 1,000 inhabitants), and minimum level in Dubasari (90). A similar misbalance is maintained in road density, maximum level is in Edinet (30,4 km/km²), and the minimum – in Strășeni (9,2 km/km²). Discrepancies between rayons in gas networking are enormous. Thus, imbalance between territorial-administrative units constitutes 1:87. In Anenii-Noi, Dubăsari and Taraclia we have 80% of dwellings connected to the gas network, but in Nisporeni, Hancesti, Telenesti and Ungheni rayons we have by one dwelling. [check Mihae Roscovan – what does this mean?] As to the density of natural gas network, rayon hierarchy stays the same, but misbalance is even bigger.

3.20 It is possible – though with some margin of error – to identify what appear to be the stronger reions in overall terms of development according to a single aggregated indicator for each of the categories (a) infrastructure, (b) economic development and (c) social development, and indeed for an overall composite indicator for all three. (see Annex 2): Accordingly:

- The economic indicator shows that the first 5 most developed administrative-territorial units (except for Chișinău and Bălți municipalities) are placed in the south of the republic. These rayons are beyond the national average for all indicators components of the aggregated economic indicator (with little exceptions). At the other end of the hierarchy we have 3 central rayons (Telenești, Dubăsari and Nisporeni) and 2 southern (Leova and Cantemir). These are considered the least developed from an economic perspective.
- According to social indicator, the best situation is in northern administrative-territorial units of the republic. Thus, the first 5 are Edineț, Dondușeni, Ocnîța, Soroca and Râșcani (Figure 2.1 B and appendix No. 2). For the lowest positions of the hierarchy we have central rayons.
- According to the infrastructure indicator, we find greater variation and wider geographical distribution of differences. Thus, on top we find Anenii-Noi and Orhei in the centre, Taraclia in the south, and Ocnîța and Edineț in the north.

3.21 The Rayon hierarchy obtained based on overall composite indicator for economic social development (ESDI) synthetically reflects the same order found according to each of the three aggregated indicators taken separately. (Annex 2: Figure 2.2). At the top of the hierarchy we find certain administrative-territorial units from the north and south, and at the bottom we mainly have central rayons.

3.22 Assessments made in 3.20 and especially 3.21 however need to be treated with some caution, not only for methodological reasons (see Annex 2 for explanation), but also because of the size of regions which can mean that relatively few factors – partly explained by ad hoc decisions or developments – can lead to quite substantial increases or decreases on any of the three or the entire aggregated indicators. For example the significantly higher than average economic performance recorded for certain regions is largely explained by the presence of economic free zones²¹ on their territory or by the presence of one or other major surviving industry.

3.23 Nevertheless, an overview of aggregated indicators allows to identify territories' weaknesses and this will become even more useful, when in the regional development process, each region must define its relative strengths and weaknesses. Thus, Cahul rayon with a good economic and social ranking, has a weak infrastructure as compared to the national average. At the same time, social and economic indicators for Anenii-Noi and Ocnita rayons contributes to overall decrease of these rayons. There do therefore exist certain tendencies to disparities in Moldova. But there appears a lack of consistency and even though the available data needs to be interpreted cautiously, it is clear that according to different parameters the same regions can differ significantly.

3.24 This suggests that in terms of difference across rayons, it is local factors and in some cases statistical anomalies that explain the disparity: as such these differences can best be identified, understood and remedied in the context of regional or local development. The conclusion is clear – notwithstanding the relative paucity of relevant data and the extremes between the most and least favoured rayons according to certain indicators, there are no comprehensive generalised geographical pattern to identifiable disparities in terms of rayons. But all of them, even the most developed, are according to any reasonable standards of human development, "under-developed", in need of a new approach that will arrest and indeed reverse their fortunes.

NUTS 2 Regions

3.25 In the context of the Government's Regional Development Policy, it is envisaged to focus the new development approach at the regional, ie NUTS 2 level, outside Chisinau and with certain small modifications specific to the Moldovan situation. These regions are in relatively good conformity to those used for "planning and implementing" regional development strategies and programmes. They are in effect planning regions. This does not mean that certain of the problems to be addressed within the framework of the region and within the remit of regional and local actors, do not also have some national or local dimension. It simply implies that, as in the rest of Europe, it is important to devise solutions at a sufficiently large level to sustain higher impact efforts, and yet not so high as to marginalise the efforts of local and regional actors. For this reason there will be three such regions in Moldova.

3.26 These regions obviously mirror realities at local level. But since there is no generalised pattern of local development differences (ie across regions), then we find that, in general, the three regions are relatively similar in terms of overall development. Put simply they are at about the same level of development, even if they somewhat different challenges and start with a slightly different mix of

²¹ In RM there are created 6 Free Economic Zones (FEZ): "Expo-Business-Chisinau", located in Chisinau, "Ungheni-Business", "Tvardita" and "Taraclia" (in South-East), "Otaci-Business" (in the North) and "Valkanes" (in the South). 120 residents are registered in FEZ. These have a significant impact on the economic performance of the local areas concerned.

strengths and weaknesses. All have a relatively similar potential to “win”: the decoupage into planning regions has been undertaken so that all can be winners, and none losers.

3.27 In general regions all face relatively similar degrees of overall strength and weakness despite certain differences related to nature, economic production, productivity of agriculture, degree of urbanisation and so on. There are no decisive disparities between the 3 regions though all embrace certain local disparities, and disparities between town, especially larger towns and villages. The 3 regions have been selected as viable planning regions, large enough in which to plan regional and local development able to make a real difference in terms of national development, and small enough to facilitate consensus development and decision-making by regional stakeholders. Each provides a locus in which different, more local disparities and dynamics come into play, and it is in the context of the region, in negotiation between relevant regional and local actors, that they can best be identified, understood and addressed.

3.28 There do exist certain differences in overall profile between the regions²². Thus:

- The north is a somewhat more urbanised region, largely because of Balti
- The South is somewhat smaller in population and land mass largely due to the non-inclusion of ATU Gagauzia
- The north is the most industrial, the south the least industrial. The south is also the least agricultural.²³

3.29 Further differences may well become evident in the regional development planning process itself, when actors within the regions, work together to understand their situation and propose various solutions. That is a key objective of the future regional development strategies. The Government is committed to giving them optimal planning freedom in this regard: that is the meaning of subsidiarity and the entire Regional Development Policy and Law is designed to facilitate this. This is entirely consistent with typical practice in EU member states.

Conclusion

3.30 The development process in Moldova is insufficient to make growth sustainable. The country is using only a small proportion of its potential human and organisational resources, only a small part of its territorial assets. Not only are territories and localities, especially rural areas excluded from the benefits of existing growth. Many are also excluded from participation in efforts to sustain future growth. Social exclusion – a major issue in Moldova - is in part related to a lack of economic participation. Because these phenomena are especially acute

²² See further details, Annex 3 (TBC)

²³ **Characteristic features of the Development Regions (2004)**

North	Centre	South	Chisinau	ATU	Găgăuzia	Total
96710225257171563386						
Population, thousand						
305176121648581309						
Urban Population, thousand						
305176121648581309						
Area, km²						
10015	10636	7379	568	1848		
Portion, %						
33%	35%	24%	2%	6%	100%	
Density, inhabitants/km²						
2979671126384111						
Portion of industrial production, %						
23%	14%	7%	53%	4%	100%	

outside the Capital, then it is through a regional development process that they will be tackled.

1.3 Legal Context, Synergy and Relations with Donors

1.1 The Regional Development Policy proposed by the Government and approved by the Parliament in the will not involve any new administrative reform but rather will build on the institutions that have already been put in place at reion and municipal levels, and in communes. **Above all else it will promote co-operation among existing public institutions, non governmental organisations, private organisations with one goal in common: namely to identify appropriate solutions, within their capacity, that will contribute to developing their regions and localities and thus to make current growth sustainable.**

1.2 Since the turn of the millenium the main macro-economic indicators in the Moldovan economy have stabilised and indeed improved in certain respects. The overall economic picture has become more favourable, growth has returned and there has even been some reduction in poverty. Economic growth and income redistribution policies promoted in the context of EGPRSP implementation have contributed to higher incomes and improved access of population to social services, leading to higher living standards and poverty reduction. By 2004, only 26.5% of the population of Moldova was poor (ie their welfare was below the absolute poverty line (as compared to 40\$ in 2002). In 2005 the growth rate was 7.1% of GDP.

1.3 There exist however at least two fundamental problems that continue to threaten future prospects:

- The drivers, nature and pattern of growth are uneven and in certain cases unreliable: this means Moldova's growth is not necessarily sustainable and could falter
- The benefits of growth and of more dynamic economic activity are not shared adequately: this means that significant groups and territories are disfavoured and vulnerable: moreover they cannot participate fully in economic and social opportunity and this itself is not favourable to growth and development over the longer term.

1.4 For example: current growth tends to be geographically over-concentrated in the Capital City, too dependent on consumption and foreign remittance, too focused on a few products and few export markets. Above all it involves too few resources that the country has to offer: people and their skills, territories, different levels of public administration, the combined efforts of civil society, public administration and private sector.

1.5 Territorial disparities are particularly acute. Whatever the measure, Chisinau today generates a disproportionate level of wealth and are the focus of a disproportionate level of public and private investment. Outside of the capital, the network of medium sized towns that was once the focus for industrial production has not adequately recovered from the disruption of the nineties. These towns – often centres of reions – are in most cases more advantaged than the surrounding villages that look to them for support and local services, but their growth and development is not assured, many have lost parts of their population to internal or external migration and failed to replace their older industries that have declined. Critically these towns cannot play the role that is so essential to surrounding villages and populations, namely act as dynamic service centres and sources of support and opportunity.

1.6 The villages themselves remain profoundly poor in every respect, and are the focus of the most enduring poverty and disadvantage. Almost wholly dependent on poorly productive or subsistence agriculture, they present a picture of decline and marginalisation.

1.7 In towns and villages public authorities have not had adequate financial, technical or professional capacity to initiate and lead new forms of economic promotion and development. Whatever the level of territory – village, town, reion – there has been no fundamental process of organisation, co-operation and partnership that supports new conditions for business and community entrepreneurship and initiative, and local and regional renewal and regeneration. Indeed approaches of this kind have been little understood and of they have occurred at all, it has been largely through external donor activity.

1.8 Now is the time – in more favourable macroeconomic circumstances – when Government wishes to act to address these issues. Government has therefore decided and taken steps to promote a development policy that is **regional** in nature. That means that the Government will seek to promote development processes and activities among organisations, actors and individuals sharing the same territory. Territories have been designated at an appropriate level to allow for the greatest working possibility to promote growth and development. It will do so in a more proactive, supportive manner than previously, using whatever means it can mobilise directly and indirectly.

1.9 While developing the Economic Growth and Poverty Reduction Strategy (2004-2006), the Government of the Republic of Moldova determined as one of the priorities: “regional development, the improvement of conditions for sustainable growth throughout the country.” It recognized that “during the transition insufficient attention was paid to regional aspect of reforms. In most cases policies were essentially macro-economic. No mechanisms were created to promote the institutional and legal framework, which were necessary for the development of regional and local self-administration.”²⁴ This is now being addressed through the Regional Development Policy.

1.10 The Regional Development policy is also consistent with the Government’s overall approach to European Integration and with the EU-Moldovan Partnership and Co-operation Agreement. The key methodologies, practices and to a large extent aims of the policy are consistent with established EU practice, will fit in well with the extension of neighbourhood programmes with nearby EU states and will assist in adapting the ethos of economic and social cohesion to Moldova. The Government fully expects the EU to support its regional development policy and to use its mechanisms as far as possible.

1.11 In principle the Policy applies to the whole country. However it will be implemented in phases. In an initial period therefore, the Government will focus on building the capacity and conditions for development that will sustain growth on areas outside the capital, since current evidence suggests that growth promotion and poverty reduction should go hand in hand and be as immediate as possible. At a later stage it will be appropriate to explore how Chisinau can be harnessed more effectively to supporting the growth and development of other regions.

1.12 In the first (four-year phase) there will be three main target regions in which regional development efforts will be channelled: North, South and Central. The difference between these regions is relatively small though all three do include

²⁴ Economic Growth and Poverty Reduction Strategy (2004-2006), Government of Moldova, www.scers.md

areas of greater or less economic or social disparity. Each of these regions comprises many regions and in each a partnership of relevant actors will be invited to develop a regional development strategy that identifies the key socio-economic needs of the region, the main strengths and weaknesses confronting the region and its actors, the main possibilities for co-operation and action relevant to the development of a significant part of the region, and the main manner in which persons, capacities and institutions will be supported to develop appropriate development activities and investments.

1.13 The three regions in which regional development initiatives will firstly take place are:

- **North region** formed of 12 rayons and one municipality, comprising an area of 10,015 km² (33% of the total) and a population of 967 thousand inhabitants (29%). Population density is 97 inhabitants/km², or with 13% lower than the average by country.
- **South Region** constituted of 8 rayons, has the smallest area (7,379 km², 24% of the total) and population (525 thousand inhabitants, 15%). Population density is 71 inhabitants/km², or with 1/3 less than average by country.
- **Centre Region** constituted out of 13 rayons, with an area of 10,636 km² (35% of the total) and a population of 1,022 thousand inhabitants (30%). Population density is 96 inhabitant/km², or with 14% lower than average by country.

1.14 1% of overall State Budget expenditures (stipulated in the Draft Law approved on first reading on 15 December 2006) will be the State contribution to Regional Development. However it will be possible only from 2008 budget year, since the Law on 2007 State Budget is already approved. Projects and development activities will be proposed by actors in the regions direct to the Regional Development Fund which will be managed and implemented by the MLPA.

1.15 Regional Development strategies will be developed through a process and methodology supported by the Ministry of Local Public Administration with support from EU Tacis. Together they will feed into and help define a single programming document which will establish the priorities and areas to be supported from regional development financial resources. This model of regional development will therefore embody the following characteristics:

- It will be both **bottom up and top down**: local and regional actors will propose strategies to address identified problems which will help shape a single programming document. The Single Programming Document (SPD) itself will embrace local and regional aspirations in a wider framework that will be inspired as well from the main principles of the regional development policy as proposed in this Strategy and in the Law.
- The process will be **experimental, innovative and incremental** in its activities and results: there will be no single all-embracing approach imposed on regional and local actors. Each partnership will be encouraged, within a framework, to identify and understand their needs, develop ways of decision-making and participation appropriate to them, learn from what works and from what does not work, improve their organisation, planning and implementation, take prudent risks.
- Each partnership will be encouraged to try out a variety of possible solutions rather than focus on a single issue (eg infrastructure) while avoiding spreading resources too thinly.

1.16 Regional and local actors will be asked to provide a framework in which both Government and donors can identify feasible and rational proposals that merit public financial support because they pioneer or pilot solutions that can lead to greater development and benefits for local and regional actors.

1.17 The Government expects that the policy it is enabling will become manifest in the Regions from early 2007 as regional and local actors begin the process of identifying problems and solutions, developing strategies and feeding into the future Single Programming Document for public investment in favour of regional development.

1.18 In addition to the obvious economic and social benefits that will over time derive from the regional development process, the Government fully expects that regional development will help develop a more competent and efficient local public administration and reinforce social capital. Both local administrations and NGOS²⁵ will be required to work together in partnership in order to identify and deliver solutions to development problems. Of course this will make demands on these sectors but will equally provide new opportunities for participation, co-operation and initiative.

Relations to Other Policies and Initiatives

1.19 The Regional Development Policy is different from but will work in synergy with a number of other Government initiatives that are at various stages of public discussion, policy or legislative formulation. In the administrative and fiscal spheres these are mainly proposals for fiscal decentralisation and local public administration reform, a new Spatial Plan and a new law on public procurement.

1.20 In the area of local public administration the Government is currently developing and will implement a new legal framework for administrative decentralization, a new National Training Strategy for Local Public Administration Officials. The recent Law on ... has provided greater freedom for the establishment of special tax zones for certain economic activities. The current policy review on administrative decentralisation offers real possibility to give reions and communes clearer competencies. The Government recognises that reforms in this area do need to be accompanied by adequate financial resources and this is one of the many issues being addressed in the proposed new draft on Local Public Administration, expected for 2008. [check]

1.21 The following general orientations which will characterise these developments will contribute to the general conditions for regional development: financial transfers from Central Government to Reions and Communes will be more direct and less project-based, thus giving these entities more autonomy over their prioritisation of expenditure, there will be more incentives for reions and communes to seek private investment in their areas since they will retain a greater proportion of taxes locally gathered, measures are foreseen to facilitate co-operation and even fusions between smaller municipalities. The Government is committed to the principle that changes in fiscal and administration especially at

²⁵ The NGO sector in Moldova is largely based in Chisinau and many NGOs are weak. Based on the CONTACT Center's Study on the Development of Non-Governmental Organizations in the Republic of Moldova, only 53% of registered CSOs declared themselves active, primarily those located in Chisinau and partially in Balti and other relatively "large" cities (Balti, Cahul, Ungheni, Soroca). For further on the NGO sector see the recent National Human Development Report 2006 elaborated with the support of UNDP Moldova - <http://www.undp.md/publications/2006NHDR/NHDR%20english.pdf>

reion and commune level should also allow these actors to play a more significant developmental role in the context of regional development.

1.22 Both in law and in policy Moldova is committed to developing its territory in an orderly and balanced manner²⁶. Consistent with this legislation a new The National Spatial Arrangement Plan (NSAP is currently being developed and will be published in 2007. Insofar as this proposes a vision for how the territory should be developed, the future regional development strategies should take account of it. The MPLA's Directorate for Regional Development will liaise with other ministries to ensure that this initiative is fully supportive of balanced and environmentally sustainable regional development.

1.23 Certain short-comings have been identified in the current practice of public procurement in the Republic. After considerable study the Government has decided that new legislation is required both to meet international commitments related to WTO membership and EU integration and to ensure a better system of overall territorial planning. To this end a new draft law was approved in Government session on September 13, 2006. It is estimated that the Law would be approved by Parliament in the first half of 2007. The new law substantially aligns Moldova's public procurement policy and practice on EU norms. It is likely that insofar as investments financed under the Regional Development Policy require recourse to public markets, then the practices to be implemented in this regard will be very close to EU standards. This should function in a more efficient and transparent than currently and will greatly facilitate an increase in public investments within the context of the Regional Development Policy.

1.24 Regional Development will work best if it is supported by increasingly effective policies and policy implementation in the following areas of related economic and social policy: :

- Labour market and human resource development: this covers a series of largely national policies such as education, vocational training and labour market organisation. The MPLA's Regional Policy Directorate will liaise with relevant ministries to ensure that policy evolution in this area supports the development of human resources in the regions.
- The provision of public support to entrepreneurship and business start up and advice is rudimentary in Moldova, outside of the agriculture sector. Practically most forms of business support derive from donor programmes. The MPLA's Regional Policy Directorate will encourage new local and regional initiatives in this area within the Regional Development strategies and will liaise with relevant ministries to see how wider developments in this area can support regional development.

Donor Assistance

1.25 The Government notes that In recent years several donor organisations have been active in initiatives and areas close to regional development, such as UNDP, World Bank, and DFID. Since the proposals on regional development are fully consistent with the EGPRSP then Government expects that international

²⁶ Main legislation is Spatial Planning is regulated by The Law nr. 835 from May 17, 1996 on urban principles and spatial arrangement and The Decision of the Government of the Republic of Moldova nr. 1362 from December 7, 2001 on "Endowment of places and territories documented as urban settlements and spatial arrangements."

donor efforts in the country will be seriously interested in supporting the process and, consistent with their overall approach to SWAPs, be keen to use the instruments to be established under the policy. In particular the foreseen mechanisms will provide a means to channel financial assistance to needs in regions and local areas that have been clearly identified through a participative and strategic process. The Government also expects that donor organisations will see in this approach a means by which to target assistance on specific “clusters” of related problems in local areas, thus addressing more directly issues such as poverty or rural decline.

1.26 The processes and policies proposed under Regional Development provide a more promising basis for more effective donor assistance in the future. The MPLA’s Directorate for Regional Development will pursue discussions in this regard with donors through the NCU. The Government will negotiate with all Donor Organisations to ensure maximum support to the Regional Development Policy and to ensure optimal “pooling” of resources consistent with the policy and more widely with the EGPRSP.

1.4 SWOT Analyses

STRENGTHS	WEAKNESSES
<p>The regional development policy framework is comprehensive and widely supported:</p> <ul style="list-style-type: none"> ● The Economic Growth and Poverty Reduction Strategy acts as a key government policy framework which underpins the new approach to regional development together with other strategic planning documents and is linked to the European aspirations of Moldova through the current Partnership and Cooperation Agreement and the European Union–Moldova Action Plan. ● The Government of Moldova has adopted the relevant legal framework through the adoption of the Law on Regional Development of the Republic of Moldova (Government Decision No. 00/XX.XX.XXX) to enable the regional development process to move forward. ● The regional development approach is widely supported by the Parliament, the Government and more widely in the country at the rayon and local administration levels. The Government of Moldova has mandated the Ministry of Local Public Administration to take the lead responsibility for the regional development process. ● The regional development approach is financially supported through a real contribution from the State Budget and by international donor organisations (e.g., European Union, United Nations Development Programme, United Kingdom’s Department for International Development) and the created National Fund for Regional Development. ● Awareness raising and information workshops on regional development issues have already been undertaken and some initial and relevant capacity exists through the previous planning processes and donor activities. In general terms, the regional development process is supported by a broad range of local stakeholders. ● The three (3) development planning regions, initially identified to receive financial support for regional development represent coherent clusters (elaborated on the basis of the EU NUTS nomenclature) and a similar mix of strengths and weaknesses, with each identified region being included within a specified 	<ul style="list-style-type: none"> ● The large existing socio-economic disparities between Chisinau (capital city and region) and the rest of the country and affecting efficient regional development. ● Agglomeration and regional imbalance due to the low accessibility of (peripheral) villages to neighbouring towns and the lack of interest of such towns towards encouraging local (market) development in the surrounding villages. ● Small towns within a particular region are also not truly connected in joint economic activities together. ● There are specific local disparities and areas of economic distress. ● A continued de-urbanisation and de-industrialisation of the smaller (second-level) towns. ● A lack of physical, technical and administrative capacities at all levels. Limited human capacities for good local governance, partially due to migration and brain drain. Lack of capacity for efficient implementation of investments at local level and to implement public services (e.g., water supply and garbage collection etc). ● Limited natural resources (apart from some mineral and good soils) for the promotion of tourism, industry and energy. ● An existing plethora of local development plans that are not fully integrated or linked up and consistent with one another. ● There exists no real, apparent or consistent national or public investment programmes. ● There is a limited understanding of the need for a balanced response to local and regional development problems: specifically there is an understanding, at times apparently shared by donors, that infrastructure alone can ensure sustainable development in Moldova. ● The operation of fiscal policy, public finance and revenues presently disfavour effective regional development, by giving little incentive to towns and regions to seek private sector investment.

<p>“Euroregion” and each with an urban tissue that can act as a significant driver for development. There tends to be a homogenous distribution of urban and rural settlements together with a homogenous distribution of educational and learning centres. Each of these 3 designated regions is eligible for receiving financial support under the European Neighbourhood Partnership Instrument.</p>	<ul style="list-style-type: none"> ● Difficulties with the effective monitoring of regional activities due to a lack of comprehensive and reliable data that can be gained due to poorly developed statistical databases. ● Monitoring and controlling system for procurement procedures is still inefficient in relation to public expenditure. ● A fragmentation of existing state funds (16 of them) which could be rationalised given the intuitively obvious regional development character of some of them. ● Poorly developed networks for transportation and communications infrastructure including use of ICT. ● The economy depends excessively upon specific productive sectors and specific geographically-orientated export markets. ● A still incomplete legal framework for regional development.
<p>OPPORTUNITIES</p> <ul style="list-style-type: none"> ● The European aspirations of the Republic of Moldova continue to emerge and tend towards the further development and harmonisation of the regional development policy and required legal frameworks. ● Increased donor coordination should enable, in coming months and years, a more effective concentration of available financial resources towards the objectives and activities of regional development. ● Utilising the non-governmental organisations (voluntary) sector and wider civil society should enhance human and administrative capacity for absorption and implementation of regional development programmes and projects. ● Continued use of effective partnership models will enable an improvement in social dialogue between government, public institutions, educational institutions, employers, trade unions, citizens etc. ● Forthcoming regional development strategies will promote the optimum use of any natural resources and a concentration of funds enables for better social development and economic growth. ● The introduction of a comprehensive institutional structure, i.e., through the various implementing bodies and particularly the regional development agencies will strengthen the efficient role out of regional development activities. ● Wider involvement in interregional cooperation will strengthen the capacities for better economic relations with other countries. ● An improved geographical accessibility of the Republic of Moldova to the outside world through the development and promotion of different transport and communications networks and facilities will favour regional development. ● The strengthening of small towns and accessibility of the (peripheral) villages through the promotion of a network of 12 growth poles/urban centres via the introduction of good investment programmes. ● Strengthening the quality of life and promoting the social inclusion of villages through the use of applicable socio-economic investment instruments. ● The level of direct productive investment and employment gained from individual remittances received from abroad increases has the potential to act not only as a stimulus of economic growth but, more 	<p>THREATS</p> <ul style="list-style-type: none"> ● A continued trend of labour migration and “brain drain” of highly educated and/or skilled persons. ● Continuing political instability in relation to the unresolved conflict with Transnistria and its possible future involvement in the regional development process. ● That the Autonomous Territorial Unit of Gagauzia, through its own choice, continues not to be a part of the regional development process. ● Possible price instability and consequent threats towards energy security due to reliance upon external supplies from Russia and Ukraine. ● Possible macro-economic instability and a consequent worsening of the budgetary situation causing further public expenditure constraints. ● Due to internal EU enlargement fatigue, future financial resources made available under the European Neighbourhood Partnership Instrument may be cut-back or become less generous. ● The continued commitment of the critical mass of required stakeholders will be diminished. ● In the course of upcoming rayon and municipal elections, newly elected decision-makers may lack support to regional development due to a lack of awareness. ● Lack of further reforms in legal and policy framework (e.g., laws on public procurement, fiscal decentralisation and spatial planning) can affect the efficiency of the regional development policy framework.

importantly, if appropriately harnessed, as a source of finance to productive activities.

- Reduction of dependence upon external energy sources through building a framework for renewable energies (e.g., bio-mass) will offer better economic prospects.

2 Conclusion

The policy of regional development is driven by a high degree of support and strong political will. That is its abiding strength. The challenges posed are however great: precisely because there are fundamental weaknesses in Moldova's model of development, then regional development is both necessary and will be a difficult challenge.

Nevertheless the contextual opportunities external to the policy itself as well as the practical benefits of the regional development process, even in the early years, will gradually ease the process. Nevertheless a substantial number of wider economic risks could threaten the policy: on the other hand, progress in regional development will itself lessen, over time the impact of any such risks. In this manner, regional development policy represents a fundamental opportunity for the country, but one which, because of inherent weaknesses will be far from easy.

In the early years then Government will nurture and support the policy vigorously in full recognition that this is the right policy and in the recognition that its benefits will not be instantaneous.

3 VISION, OBJECTIVES AND POLICIES

6.1 An optimistic vision underpins the strategic approach to the Government's Regional Development Policy. The Government's long-term vision is:

- ***A stable, peaceful, integrated Moldova where all territories and communities are afforded equality of opportunity, participation and esteem, where communities are happy to live and work where they wish, contributing in a co-operative manner to the development, growth and cohesion of their territory and the entire country, and deriving necessary and fair benefits from sustained regional and national prosperity. In the regions, citizens and their political and civil representatives will be prime architects of their own development, enabled and facilitated by Government and supported by a favourable European, inter-regional and international context for which the Government will continue to strive.***

6.2 This vision is based on the following key values:

- The national territory should be in a state of peace and harmony and all parts integrated
- The State respects, supports and esteems all territories and communities equally and is committed to full territorial and social inclusion
- Territories and their populations should be enabled to act freely, less impeded than currently by adverse economic constraints and possibilities
- Growth should be sustained by an inclusive, co-operative, and endogenous, mobilising the social, human, natural and economic capital of all regions and the entire country
- The benefits of growth and prosperity should be spread fairly and all territories and citizens should be afforded at least a minimal quality of life and share in prosperity
- Moldova will be internally cohesive and integrated surrounded by and co-operating with all its neighbours and in particular close to the European Union.

Objectives of the Regional Policy

6.3 The overall objective of the policy is:

- ***To ensure sustained, more balanced development through participation and inclusion of all territories, their citizens and leaders, working together to identify, design and propose solutions to the general and distinctive problems internal to their territory and relative to neighbouring regions.***

6.4 Intrinsic to the regional development policy is the objective to ensure that all parts of the country participate in and derive benefit from broader based economic activities. This is in line with the general application of the principle of "cohesion" within the Republic of Moldova and is in line with the underlying principles of European Union's policy of Economic and Social cohesion. Each region will be free –within the framework proposed by this Strategy – to design their own solutions in their own distinct manner to these issues.

6.5 Regions will design and propose solutions to their development according to the following general methodology and process that be specified in greater detail by the Regional Directorate of the MPLA at a later stage:

- Forming and developing appropriate partnership mechanisms at regional level to develop regional development strategies and operational programmes
- Participating in a process of identification and prioritisation of needs and corresponding operations that will be proposed for public financial support
- Monitoring the implementation process through a Regional Development Agency acting on behalf of the regional partnership (Regional Development Council)
- Evaluating the results as appropriate
- Ensuring support to all sections and parts of the territory, especially those suffering from identified disadvantage, to enable full participation and benefit from all parts of the territory in the regional development process.

6.6 For its part, the Government will be an engaged, strategic actor, interested in quality outcomes that address territorial issues and disparities, while at the same time enabling regional actors to design their own solutions. In this regard the Government will promote the following orientations within the Regional Development Strategies:

- The process by which the Regional Development Strategies and Regional Operational Programmes will be developed must be inclusive and partnership-based: the MPLA will provide guidance and support in this regard
- Strategies will explicitly identify, analyse and address the main issues of economic, social, cultural or other disparities found on the territory of the region
- The analysis will be classically socio-economic, but in addition must explicitly identify and explore all relevant territorial disparities and trends including their economic, social, cultural or other dimensions
- The Operational Programme to be developed on the basis of the analysis must explicitly and demonstrably promote territorial integration within the Region and between the Region and other parts of the country, and where appropriate with neighbouring countries
- All territorial disparities must be assessed and correspondingly addressed by efficient and effective solutions that are designed to reinforce territorial solidarity (eg development of urban centres, reinforcement of town-rural linkages and access for all to urban opportunities, specific attention to local disparities)
- Thus Regional Development Strategies will fully analyse and address the following issues:
 - **Situation, function, needs of urban centres, particularly relative to economic and social development and social exclusion and poverty, including their impact or influence on the overall region**
 - **Situation, function, needs of rural areas, particularly relative to economic and social development and social exclusion and poverty, including their impact or influence on the overall region**
 - **Situation, needs of all local pockets of particular disadvantage, particularly relative to economic and social development and social exclusion and poverty, including how problems could be alleviated by better support to and linkages with other parts of the region**

- **Role of interregional and international co-operation in supporting the development of the region**
- Within the Regional Development Strategies and Regional Operational Programmes, operations specified must represent a justified balance between hard (infrastructural) and soft (economic and social development) interventions
- Operations from no single priority or set of the same or very similar priorities will exceed 50% of the entire foreseen budget for the Regional Operational Programme: moreover in the process of allocating financial resources to projects – both national and donor- the MPLA will ensure that the development solutions are strategically broad-based rather than limited to a single sector (eg physical infrastructure) while at the same time, avoiding undue dispersion.
- An indicator system that can measure the trends of territorial disparities consistent with the socio-economic analysis, in each RDS must be set up. This will be one element of the foreseen interim evaluation process and subsequent reporting and evaluation.
- The MPLA's Directorate of Regional Development will provide advice to ensure that the MPLA itself can aggregate from such indicators in order to develop a three-yearly "Vision for Territorial and Regional Development in the Republic of Moldova". The first such report will be presented to Government no later than February 2009, somewhat earlier than three years from now, since it will inform future regional development planning in the second phase.

Priorities

6.7 The National Strategy's overall objective will be realised through actions and groups of actions (measures) falling into three distinct priority areas.

- Priority 1: Capacity Building and Promotion of Favourable Conditions for Regional Development at National and Regional Levels
- Priority 2: Ensuring synergy between Regional Development Policy and other related policies and initiatives
- Priority 3: Ensuring support to Appropriate Regional Development initiatives that addresses identified territorial problems

Priorities 1 and 2 create and develop capacities and conditions internal and complementary to the Regional Development process; Priority 3 – to be largely articulated through the Regional Development strategies, programmes and projects – will address identified territorial issues directly. Since the policy is innovative in the Moldovan context, then Priorities 1 and 2 are especially important in the initial stages in order to ensure appropriate chances of success.

6.8 Priority 1 "*Capacity Building and Promotion of Favourable Conditions for Regional Development at National and Regional Levels*" will involve the following main measures:

Measure 1: Ensure establishment, development and full organisational capacity of the following organisations or bodies:

At National Level:

- The Regional Directorate of the MPLA – tasked with overall executive responsibility for the implementation of the National Strategy

- The National Coordinating Council –

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At Regional Level:

- The Regional Working Groups, tasked with development of the Regional Development Strategies, to be subsumed into the Regional Development Council
- The Regional Development Agencies, tasked under supervision of the RDC, with providing technical and practical support to the regional development process.

Additionally the following entities and stakeholders will be supported in order to ensure their full and effective participation in specified activities foreseen under the regional development process:

- Reion leadership and administration
- Commune leadership and administration
- CSO leadership and administrations
- Private sector organisations, their leadership.

The functions and tasks of these organisations are described in chapter X and the fuller description of measures and composite actions set out in table x at the end of this chapter.

Measure 2: Ensure development and deployment of relevant instruments, tools and methodologies essential to the regional development process

- The Regional Development Fund to be jointly managed by the MPLA and the MoF, its rules, procedures for financial management, control, internal and external audit
- Guidance and orientations for participatory elaboration of the regional development strategies, regional operational programmes and the Single Programming Document
- Competitive calls for project proposals – rules, procedures
- Indicators system for each regional strategy linked to an overall indicator system for the entire regional development strategy
- Instruments, Guidance, rules and procedures on on-site monitoring, monitoring and evaluation of regional development strategies and monitoring and evaluation of entire Regional Development strategy
- Guidance, tools and methodologies related to project identification and development and to specific processes of project pipeline development
- **Guidance, tools and methodologies related to project management and evaluation**

6.9 The main results deriving from the two measures under Priority 1 will be:

- All key national and regional organisations and bodies established, effectively operational to specified standard by appropriate deadlines
- All key instruments, tools elaborated and accepted and effectively used by relevant user organisations.

Details are given in the table at end of this chapter.

6.10 Priority 2 “*Ensuring synergy between Regional Development Policy and other related policies and complementary initiatives*” will involve the following main measures:

Measure 1: Ensuring synergy between Regional Development Policy and related policies

Under this measure actions will be pursued by the MPLA Directorate for Regional Development to ensure optimal synergy and complementarity between the new policy and other policies. Where appropriate the Minister of PLA will recommend specific initiatives to Government. Actions under this measure will relate to the following policies:

- Public Procurement Law and Policy
- Spatial Planning
- Fiscal and Administrative Decentralisation
- Local Government Reform

The issues surrounding these policies have been described in chapter X. A fuller description of the measure and actions is set out in table x at the end of this chapter.

Measure 2: Ensuring necessary complementary initiatives

Under this measure actions will be pursued by the MPLA Directorate for Regional Development to ensure optimal conditions for regional development. Where appropriate the Minister of PLA will recommend specific initiatives to Government.

Actions under this measure will relate to the following policies:

- Donor Activity – specifically coordination by the Government of donor assistance in support of Regional Development
- Data Management – development of relevant data essential to support monitoring and evaluation of regional development results and impacts (specifically serialised and systematic data, collected and co-related to international standards, in order to quantify base-line and target indicators)
- Definition of the main economic and financial criteria to be applied appraisal of public investments (capital and non-capital) above 50,000 EURO (Lei equivalent) including specification of the procedures pertaining to their application

6.11 The main results deriving from the two measures under Priority 2 will be:

- Donor assistance channelled, in a systematic manner, multi-annual manner, to regional development process; donors fully implicated in the Regional Development process.
- Relevant and essential data series, provided in usable form, to international standards to inform policy strategy making, monitoring and evaluation related to regional development
- Effective system for economic and financial appraisal of investments that can be used universally including for actions under regional development

6.12 Under Priority 3: "*Ensuring support to Appropriate Regional Development initiatives that addresses identified territorial problems*" actions will be articulated principally in the regional development strategies. In the spirit of subsidiarity which motivates the policy, Government will enable rather than implement these actions directly (Measure 1).

However Measure 1 foresees a set of actions to be undertaken directly within this strategy and which will support actions to be undertaken by the Regions.

Measure 1: Government Action to Address Territorial Disparities

Subject to successful completion of actions under Priority 1 and 2, it will be possible to address the core issues that motivate the Regional Development Policy and Strategy. As indicated in chapter 2, these relate primarily to the overall uneven and unequal model of development in Moldova which are manifested by and exacerbate serious territorial disparities as follows:

- Chisinau and the rest of the country
- Urban (especially larger) urban areas and villages or rural areas
- Specific pockets of local disparity.

Consistent with the overall objective, the Government through the MPLA will specifically develop an "Orientations" Framework for Regional Development Strategies, Operational Programmes and the SPD. This "Orientations Framework" will be consistent with the principles set out above at 6.6 and they will in turn be reflected in the SPD and in its specific criteria which specify eligible actions under the Regional Development Fund.

They will encourage participants in the regional process to identify concrete approaches and operations to:

- Develop a form of polycentricism that supports wider regional and local development
- Address the urban –rural linkages with a view to alleviating the distress of rural areas by connecting them more fully to urban opportunities.
- Develop inter-communal, reion-commune and more generally urban-rural co-operation.

The results of this measure are expected to be:

- That regional development strategies, regional operational programmes and SPD directly address key territorial issues and that the Regional Development Fund directly support, as a part of its overall activities, operations specifically addressing identified territorial problems.

Costs

6.13 It is evident that the actions set out do not come cost-free. At this stage it is possible to give only very preliminary costs for certain categories, especially the investments and development activities that would be carried out within the SPD. Investment and "Soft" Development Costs (all three regions) (Single Programming Document)

Note: By Year of Expenditure is meant the year in which costs are actually incurred spent and certified) not actually programmed.

Year of Expenditure	Costs	Amount (MEUR)
2007	Project Costs, esp "soft" projects	1
2008	Project Costs, inc. certain "hard" and "soft" projects	5
2009	Project Costs, inc. certain "hard" and "soft" projects	10
2010	Project Costs, inc. certain "hard" and "soft" projects	14

Nevertheless indications are given synthetically in the table below and again for each action in the table at 6.14.

6.14 By contrast it is easier to estimate the cost of activities directly within the National Strategy which involve various aspects of capacity and institution-building. Indeed in certain cases no specific costs are implied by these since they can be carried out by existing administrative resources. An overview of all measures and actions is as follows:

	Total annual	P1	P2	P3	A11	A12	A21	A22	A31
2007									
2008									
2009									
2010									
Total	2249,3	2006,8	79,5	163	1387	619	9	70,5	163

4 IMPLEMENTATION AND MONITORING

4.1 Institutional Responsibilities

Policy Coordination and Provision of Financing, Implementation of National Strategy for Regional Development

7.1 The National Strategy for Regional Development is a national, governmental policy to enable regional and local actors promote the development of their regions. As such the overall roles of policy formulation and policy implementation fall to the Ministry of Public Local Administration and especially its Regional Development Directorate. This body is responsible, under the direction of the Minister, to inform and propose to Government all relevant steps and to supervise the implementation of the entire policy and strategy. It will develop, monitor and evaluate the implementation of the National Strategy for Regional Development. The Ministry of Local Public Administration will forward a yearly report on the implementation of National Strategy to the Government and to the National Council for Regional Development.

7.2 With regard to the many actions set out in measures in section 6 it is the responsible of the Ministry of Public Local Administration and especially its Regional Development Directorate either to carry them out directly or at any rate ensure their effective and timely implementation.

7.3 It is the responsibility of the Minister of Public Local Administration to propose, within the overall Government Budgetary Framework, provisions for public financing of the entire regional development process. The Minister will also propose to the NCC all support and inputs from donors and pursue all necessary discussions with them to ensure optimal support to the regional development process.

7.4 Specifically with regard to Priority 3.1.4, the will submit to Government for discussion and approval no later than February 2009 a "Vision for Territorial and Regional Development in the Republic of Moldova" based on all available analyses and experience gained up to that date, with a view to proposing how the regional development policy will be articulated after 2010.

7.5 The following bodies will give support to the Minister of PLA at all times to carry out the above responsibilities: the NCC, the Minister of Finance, the Regional Development Councils, the Regional Development Agencies, reion administrations, all relevant line ministries. Any major disagreements that cannot be resolved between the Minister of Public Administration and other ministries will be referred to Government.

Overall Management and Implementation

[Ensure consistency with the following sections and final version of Law]

7.6 Consistent with 7.2 above, the Ministry of Local Public Administration as an implementing authority for regional development policy has the following competencies:

- Manage the National Fund for Regional Development;
- Together with other ministries, with the National Coordination Council for Regional Development and with the Regional Development Councils, set national priorities for regional development;
- Propose the Single Programming Document, based on Operational Plans and submit it to the National Coordination Council for Regional Development in order to take a decision over the Yearly Implementation Plan;
- Methodologically regulate the process of working out regional development strategies and operational plans;
- Define criteria to identify disparities in the regional development, monitor regional development indicators, and present intervention proposals to the National Coordination Council for Regional Development;
- In cooperation with the Regional Development Councils, coordinate and monitor the process to develop regional development strategies and programmes;
- Evaluate the process to implement regional development strategies;
- Propose the finance mechanism for the regional development process;
- Attract additional financial means aimed at implementing the National Strategy for Regional Development.
- Forwards to NCCRD the composition of RCDs for approval.

7.7 The Ministry of Local Public Administration will organize the selection of representatives from private sector and civil society that would be part of regional councils (see below). It will also provide a secretariat to the National Coordination Council for Regional Development.

Role of National Coordination Council for Regional Development

7.8 The National Coordination Council for Regional Development (hereinafter referred to as the National Council) is set up to promote the objectives of the regional development policy at the national level. The National Council is not a legal entity and operates according to its Operational Regulation. The structure and the Operational Regulation for the National Council are developed by the Ministry of Local Public Administration and are approved by the Government.

7.9 The National Council is set by a Governmental decision and comprises the following: the Minister of Local Public Administration, the Minister of Economy and Trade, the Minister of Finance, the chairmen of the Regional Councils for Development and by one representative of the private sector delegated by each Regional Development Council. The Chairman of the National Council is the First Deputy Prime Minister. The MPLA will provide a secretariat to the Council.

7.10 The National Council has the following competencies:

- Approve the National Strategy for Regional Development
- Approve the Single Programming Document
- Approve the criteria to evaluate discrepancies in regional development and national priorities on regional development
- Approve the financing from the National Fund for Regional Development;
- Approve the Yearly Implementation Plan, in accordance with the financial means available in the National Fund for Regional Development
- Approve composition of RCDs
- Contribute to attracting additional financial means in order to implement the National Strategy for Regional Development, the Single Programming Document and the regional development strategies

- Deliver assistance to inter-regional and cross-border cooperation, and to other types of cooperation aimed at developing the regions in the Republic of Moldova
- Exercise other competencies having the objective to support the regional development policy.

Role of Regional Development Councils

7.11 The Regional Development Councils are deliberative functional bodies, at the level of each development region, they are constituted to coordinate and promote the objectives of the regional policy at the local level. They are responsible for the general development in their region and for the approval of regional development strategies and the corresponding action plans. They will comprise the Rayon chairmen, mayors and representatives of the private sector and civil society. The chairman and deputy chairman of the Regional Council are elected from among Council members - representatives of local public administration. The Regional Councils will operate based on the Regulation approved by the National Council.

7.12 The Regional Councils have the following duties:

- Approve the Regional Development Strategy and the Operational Plan, developed by the Regional Development Agency;
- Approve and promote regional development projects;
- Represent the development region and its interests in the National Council;
- Based on nationally defined criteria, identify the less-favoured territories within the development region;
- Monitor the use of financial means allocated from the Fund to the respective development region;
- Evaluate the impact of implementation of the regional projects and programmes, and the achievements of the regional development objectives;
- Promote sub-regional, inter-regional and intra-regional cooperation with public institutions and private organizations.

Role of Regional Development Agencies

7.13 There will be a Regional Development Agency in each of the three regions. Regional Development Agencies (hereinafter referred to as the Agency) are legal entities and operate according to their Functioning Regulation. Agency's Structure and Functioning Regulation are developed by MLPA and approved by the Government.

7.14 The financing of projects and programmes, as well as the expenses for organizing and functioning of the Regional Development Agency are performed according to the lists of expenses coordinated with the Regional Council and approved by MAPL, including from the budgets of the administrative-territorial units of level II at an extent of 0,15% of their yearly budget.

7.15 Within the Regional Development Process, the Agency has the following competencies:

- Analyze the socio-economic development of the respective development region, draft regional development strategies, plans, programmes and projects
- Co-ordinate the implementation of the regional development strategy, programmes and projects

- Monitor and evaluate the implementation of the regional development strategy, programmes and projects
- Attract non-budgetary resources to support the implementation of regional development programmes and projects
- Provide information, methodological, consultative and other support to the Regional Councils and the local public administration with respect to the balanced and sustainable socio-economic development of their respective regions
- Stimulate cooperation of the active civil society in socio-economic area of the region

Planning Process

7.13 In brief, the Process of Planning will work as follows:

- Each Region through its regional partnership and once constituted its RDC will elaborate a regional development strategy and operational programme and submit it to MPLA. Once set up, RDAs will assist in this task under the guidance of RDC.
- The MPLA working with the NCC will elaborate from the various strategies a Single Programming Document. This will be a framework for all public monies channeled in support to regional development.
- In brief, the Process of Management and Implementation will work as follows
- The MPLA will initiate the entire process of regional development, providing all necessary guidance and support to RDCs, RDAs.
- Once the SPD is approved the MPLA will ensure that all necessary implementing mechanisms and resources are in place to ensure that it can be supported.
- Calls for project proposal will be undertaken to the National Fund in function of criteria rooted in the SPD and agreed by MPLA with NCC. The number, frequency and nature of such calls will depend on available resources as well as available good projects. Donors will be invited preferably to finance the National Fund directly or failing this individual calls.
- Projects will be submitted and appraised centrally. Appropriate appraisal and selection mechanism will be put in place by MPLA in agreement with NCC
- Projects will be elaborated by regional and local actors with support of RDAs as appropriate and will be submitted after agreement among the RDC. The RDAs will undertake all project monitoring under the guidance of the MPLA.

Financing Process

7.14 In brief the Process of Financing will work as follows:

- A National Fund for Regional Development will be constituted (hereinafter referred to as the Fund). The Fund will comprise yearly allocations from the State Budget, as a distinct item for the regional development policy and other, preferably donor sources, as well. The Fund will finance the regional development projects and programmes included in the Single Programming Document

- The Fund's quota constitutes at least 1% that is yearly approved through the Law on the state budget and is managed by the Ministry of Local Public Administration
- The way to form and use Fund's financial means is performed according to a Regulation approved by the Government. The Fund may comprise any other financial sources from the public and private sectors at the local, regional, national and international levels, including EU assistance programmes
- There will be a priority to allocate Fund's resources to less - favoured zones within the development regions
- The financial operations on the execution of investment projects will be performed by the Regional Development Agencies via the territorial units of the State Treasury.

4.2 Monitoring and Evaluation

7.16 Monitoring and Evaluation will take place at several levels and it is important to distinguish them:

- The entire National Strategy for Regional Development will be subject to monitoring and evaluation
- The SPD and individual Regional Operational Programmes will be subject to monitoring and evaluation
- Individual projects will be subject to on the spot monitoring and some of them will be evaluated as part of the evaluation process of the Regional Operational Programmes.

7.17 Modalities for monitoring and evaluation at programme and project levels will be elaborated more fully later: suffice to say that programme monitoring will record financial and physical progress through an electronic support for which each actor from project level upwards will have to submit relevant reports and information. RDAs will play an essential part in this. At national level the MPLA's Regional Directorate will play the role of monitoring and evaluation of SPD, which depends partly on the lower level monitoring of programmes.

7.18 Specific criteria, questions and issues will be identified to ensure focused evaluation. However they will reflect the overall criteria common to all evaluation of public policy interventions as follows:

- **Relevance and Utility:** is the programme relevant to needs? Does it provide clear benefits to society or identified groups within society? Is the intervention necessary or could it have been achieved by other means?
- **Efficiency:** has the programme been implemented efficiently? Have programme resources been used economically? Do they represent value for money? Are programme outputs commensurate with financial inputs?
- **Effectiveness:** have programme/priority objectives been met or are they being met? To what extent?

- Impact: What are the longer-run benefits of the programme as measured against the overall objective of the programme? To what extent, at moment of evaluation is their attainment assured?
- Sustainability: will the wider programme benefits endure overtime?

Monitoring, Evaluation and Future Formulation of Strategy

7.20 The MPLA will report annually to both the NCC and to Government on the progress of the National Strategy relative planned objectives and actions. This reporting will include an assessment on the actual progress of the implementation of the SPD. As such it will be developed on the basis of aggregated monitoring data and analysis received from the regional as well as national levels.

7.21 The MPLA's Regional Directorate is mandated to ensure orderly and timely delivery of this Report to NCC and to Government. Within the Report the MPLA will give an assessment according to the on-going relevance, efficiency, effectiveness, impact and sustainability of the National Strategy but not of individual regional operational programmes or of the SPD itself.

7.22 Consistent with Priority 3.1.4 the MPLA's Regional Directorate will initiate a study, based on wide consultation, to define a viable vision for future territorial development by identifying the trends and proposing optimal directions for regional development. The NCC will be closely involved in this exercise.

7.23 This study must be preceded by a full evaluation of the both of the National Strategy as it has been implemented to date and of the context in which the strategy has been and continues to be implemented. It will pay particular attention to identifying, and quantifying and evaluating the various territorial disparities, assessing how they are responsive to public intervention within the National Strategy and SPD and what changes, if any need to take place within the National Strategy for future years to ensure greater effectiveness.

7.24 The Terms of Reference for this major exercise need to be elaborated for summer 2008 at latest in order to ensure the evaluation and study can start before September 2009 and results can be available by February 2009

4.3 Action Plan

Priority 1: Measure 1: Ensure establishment, development and full organisational capacity of the following organisations or bodies

Action	Elements	Output/Result	Lead	Involved	Start	Finish	Possible Sources or Assistance	Cost (2007-2010) EUR
1. MPLA: Regional Directorate: Establishment and Institution-building, Capacity-Building	Establishment and Equipment – 6 staff	Directorate set up	MPLA	-	01/07	06/07	SB	70200
	Institution-Capacity Building – Functional/Process Analysis of Tasks, OD, PDP approach	Directorate increasingly effective	MPLA	-	02/07	12/10	DFID, UNDP	90500
2. The National Coordinating Council	Definition and initial embedding of rules or procedure, culture/method of work	Effective NCC	MPLA		03/07	05/07	EU-RBID	22000
	Further Development				10/07-12/10		DFID	
3. Regional Working Groups (2007) & RDC (3)	Initial Capacity Building	Regional partnerships established and functioning; RDC functioning	MPLA	RDCs, Regional Work Groups	01/07	03/07	EU-RBID	4000
	On-going capacity-building	RDC competent to all functions	MPLA	RDCs	04/07	12/10	Initially EU-RBID DFID	35000

4. Regional Development Agencies	Establishment and Equipment – 6 staff	RDAs set up and functioning	MPLA	RDCs, reions	03/07	09/07	Reions	318000
	Institution-Capacity Building – Functional/Process Analysis of Tasks, OD, PDP approach	RDAs effectively organised	MPLA	RDCs, RDAs	05/07	10/07	EU-RBID, DFID	90500
	Capacity-building with specific tasks	RDAs competent to all tasks/functions	RDCs		11/07	12/10	DFID	
5. Regional and Local Stakeholders	Phase 1: Capacity-building to Process/Partnership Development (does not include project development – see below: Priority 2, Measure 1, Action 7	Effective co-operation and partnership to support regional development	RDAs	RDCs, reions, communes, other local actors	01/07	10/07	EU-RBID (DFID)	178,500
	Phase 2: Capacity-building to Process/Partnership Development	As above	RDAs	RDCs, reions, communes, other local actors	10/07	12/10	DFID	475,500
6. Ministry of Finance	Establishment and Equipment – 2 persons for National Fund		MoF	MPLA	9/07	12/07	SB	15200
	Capacity Building and Support		MoF	MPLA	01/08	12/10	DFID/ UNDP/ EU	88000
Analysis: Total Priority 1 Measure 1:	Total Cost: 1387400 EUR of which: 85,400 EUR = SB, 318,00 EUR = reions. Sources of Support: in 2007, mainly RBID, from last qtr of 2008 = DFID, with possibly , UNDP, EU							

Priority 1: Measure 2: Ensure development and deployment of relevant instruments, tools and methodologies essential to the regional development process

Action	Elements	Output/Result	Lead	Involved	Start	Finish	Possible Sources or Assistance	Cost (2007-2010) EUR
1. 1. Single Programming Document	Elaborate SPD on basis of Regional Development Plans and Financial Possibilities	SPD elaborated	MPLA	RDCs	06/07	09/07	EU-RBID (DFID)	36000
	Modification of SPD	SPD elaborated as required	MPLA	RDCs	12/08	12/10	DFID/UNDP	45000
2. National Fund - Design	Rules, Procedures, Regulation elaborated based on financial courses	Fund designed	MPLA	MoF , donors	01/07	08/07	EU-RBID, DFID	87000
3. Definition of Guidance to elaboration of RDS, SPD etc	Phase 1: (2007)	Guidance elaborated	MPLA	RDCs	01/07	07/07	EU-RBID	10,000
	Phase 2: (2008-2010)	Guidance updated	MPLA	RDCs	01/08	12/10	DFID, UNDP	12,000

4. Design and Implementation of Communications Strategy	Design Strategy and Plan (for 2007)	Design Strategy and Plan designed	MPLA	RDCs	02/07	03/07	EU-RBID	15600
	Update Plan		MPLA	RDCs	01/08	12/10	DFID	
	Implementation (mainly by RDAs, MPLA)	Strategy and Plan implemented and monitored	MPLA	RDCs, RDAs	04/07	12/10	DFID	9000
5. Design and Preparation of Competitive Calls (3 per year from 2008)	Design implementation scheme, overall scope, rules of call, appraisal procedures etc	12 calls designed for implementation	MPLA	RDAs	07/07	03/10	(EU RBID), DFID, UNDP	208,000
6. Design on Indicators System and Updating (RDS and SPD)	Phase 1: (2007)	Indicators elaborated	MPLA	RDCs	05/07	08/07	EU-RBID	5500
	Phase 2: (2008-2010)	Indicators updated or reviewed	MPLA	RDCs, RDAs	01/08	02/10	DFID	10500

7. Design & Implementation of Intensive Project for Development Programme	Design & Updating	Materials designed and updated as required	MPLA	RDCs	02/07	03/07	EU-RBID	15600
	Design and Implementation of Certification of Successful Participants	Certification system designed and refined as required	MPLA	RDCs	01/08	12/10	DFID	26000
	Preparation of Trainers/Coaches	Trainers, coaches (esp. local, incl RDA staff) trained	MPLA	RDCs, RDAs	04/07	12/10	DFID	9000
	Implementation of 4 Modules and 4 Group Coachings per Programme (2 per region each year)	2 programmes implemented in each Region each year. Target: 60 persons certified per year, 35 projects finalised/submitted per year, in all 3 regions	MPLA	RDAs, RDCs, project actors	04/07	12/10	(EU RBID), DFID, UNDP	110,400

8. Instruments and Guidance to Monitoring and Evaluation	Definition of Procedures for project monitoring	Project monitoring procedures designed and embedded, updated in 2008	MPLA	RDCs, RDAs, (donors)	09/07 10/08	10/07 11/08	EU-RBID DFID	3300
	Definition of Procedures for Regional monitoring	Regional monitoring procedures designed and embedded, updated 2008	RDCs	RDAs, MPLA	09/07 10/08	10/07 11/08	DFID DFID	6600
	Definition of Procedures for SPD monitoring (operational and strategic/committee)	SPD monitoring procedures designed and embedded	MPLA	RDCs, NCC	09/07 10/08	10/07 11/08	DFID DFID	6600
	Definition of Procedures for Monitoring of Entire Policy	Procedures for monitoring entire Regional Policy/Strategy designed and embedded, reviewed 2008	MPLA	NCC	06/07 02/08	07/07 02/08	EU-RBID DFID	3300
Analysis: Total Priority 1 Measure 2:	Total Cost: 619,400 EUR of which 100% is to come from donors, mainly DFID, UNDP. EU-RBID support until 10/07							

Priority 2: Measure 1: Co-ordination with other Policies

Action	Elements	Output/Result	Lead	Involved	Start	Finish	Possible Sources or Assistance	Cost (2007-2010) EUR
1. Coordination of RD with Public Procurement	Coordinate to ensure optimal synergy between policies and their implementation	Policies coordinated at formulation and implementation stages	MPLA (from pt of view of RD)	NCC, other ministries, Government	01/07	-	EU-RBID	1000 Covered almost totally by core staff
2. Coordination of RD with Spatial Planning	Coordinate to ensure optimal synergy between policies and their implementation	Policies coordinated at formulation and implementation stages	MPLA (from pt of view of RD)	NCC, other ministries, Government	01/07	-	EU-RBID, DFID	1000 Covered almost totally by core staff
3. Coordination of RD with Local Administrative Reform	Coordinate to ensure optimal synergy between policies and their implementation	Policies coordinated at formulation and implementation stages	MPLA (from pt of view of RD)	NCC, other ministries, Government	01/07	-	DFID, UNDP	1000 Covered almost totally by core staff
4. Coordination of RD with other sectoral policies	Coordinate to ensure optimal synergy between policies and their implementation	Policies coordinated at formulation and implementation stages	MPLA (from pt of view of RD)	NCC, other ministries, Government	01/07	-	DFID, UNDP	1000 Covered almost totally by core staff
5. Coordination of RD with donors	Coordinate to ensure optimal synergy	Policies coordinated at	MPLA (from pt	NCC, other ministries,	01/07	-	EU-RBID, UNDP,	5000

	between policies and their implementation	formulation and implementation stages	of view of RD)	Government			DFID	Covered almost totally by core staff
Analysis: Total Priority 2 Measure 1:	Total Cost: 9000 EUR which is the cost of TA required for these tasks. Most work in this area is done a a core administrative function by MPLA.							

Priority 2, Measure 2 : Ensuring Necessary Complementary Initiatives

Action	Elements	Output/Result	Lead	Involved	Start	Finish	Possible Sources or Assistance	Cost (2007-2010) EUR
<p>1. Definition of Economic/Financial Appraisal Criteria (per type/size of project)</p> <p>There should be a strong commonality to the rules governing economic and financial aspect of public investments irrespective of source. Value for Money, costs, benefits, etc need to be appraised through documents accompanying project applications, that are relevant, independent, and can support appraisal</p>	<p>Easy system for these needs to be set related to nature, size of project/investment, for projects over 50,00 EUR</p>	<p>Workable, user friendly and objective rules to appraise investments</p>	<p>MPLA (from pt of view of RD)</p>	<p>MoF, NCC, NCU</p>	<p>06/07</p>	<p>12/07</p>	<p>DFID, UNDP</p>	<p>28500</p>

2. Data Management	Define and design system of key regional development data required; specify collection methods and responsibilities and presentational methods	System of regional data established and operational to EU/OECD standards	MPLA (from pt of view of RD)	National Stats Office, NCC, MoF	03/07	12/07	EU-RBID, DFID	42000
Analysis: Total Priority 2 Measure 2		Total Cost: 70500 is the cost of TA required for these tasks.						

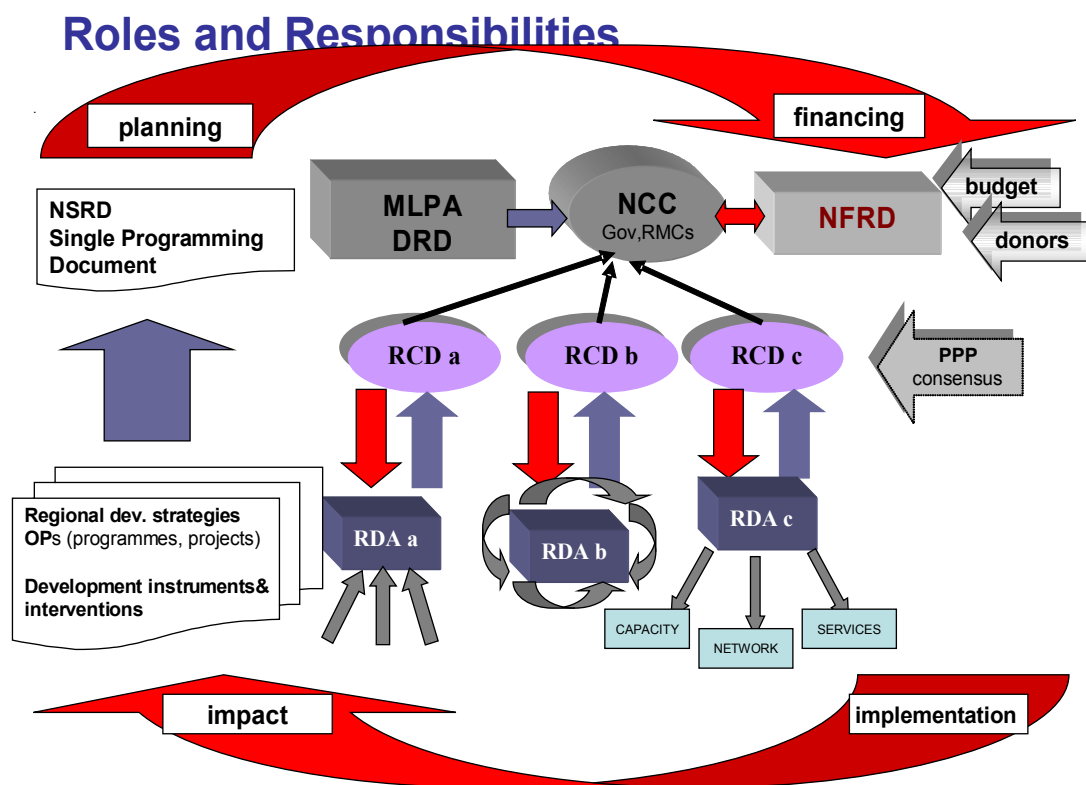
Priority 3, Measure 1 : Ensuring Deepening of Effective Regional and Territorial Concept and Policy

Action	Elements	Output/Result	Lead	Involved	Start	Finish	Possible Sources or Assistance	Cost (2007-2010) EUR
1. Support to Annual Interim Evaluation (SPD programme)	Evaluate according to specified methodology SPD each year	Interim (annual) SPD evaluation, informing any required modifications	MPLA	RDCs, NCC	01/08	02/08	DFID/EU	20,000
2. Support to Policy Evaluation (complete by start 2009)	Evaluate according to principles of policy evaluation experience and lessons of implementation of entire RD policy , with a view to situation start 2111	Overall policy evaluation on operation of the policy, incl. relation to other policy developments	Government	MPLA, RDCs, NCC, donors	01/08	02/08	DFID/EU	43000

3.Study on Territorial and Regional Disparities (complete 02/09)	Implement comprehensive study, based on work at 1 & 2 above + newly available data (Priority 2, Measure 2, Action 2), on state of regional and territorial disparities RoM. On this basis develop a full concept for Regional and Territorial Development in RoM to inform process from start 2011	Full concept for Regional and Territorial Development in RoM to inform process from start 2011, based on initial 4 years of policy	Government	MPLA, RDCs, NCC, donors	09/08	02/09	DFID/EU. UNDP	100,000
Analysis: Total Priority 3 Measure 1	Total Cost: 163,000 EUR is the cost of TA required for these tasks.							

5 ANNEXES

5.1 Rolul și Responsabilitățile Instituțiilor



5.2 Scenario for Roll-Out of Strategy

This annex provides a scenario of how and entire regional development process will get underway in 2007 and 2008 and continue up to 2010.

The National Strategy for Regional Development will take effect immediately upon adoption by the Government. The Action Plan set out in will be implemented under the overall responsibility of the MPLA's Directorate for Regional Development.

Already preparatory actions are underway in the regions. These will be supported for the duration of 2007 by the Tacis RDIB Project. The MPLA envisages that future donor technical assistance, especially DFID and UNDP will continue to support its work after completion of RDIB.

The National Strategy is an "enabling" strategy for regional development processes to be undertaken principally in the regions. Therefore it creates the conditions for but does not itself include the actions that regions themselves will carry out. Nevertheless below is set out the likely scenario for the roll out of the regional development process in the regions. It is evident that the Action Plan within the National Strategy is designed to support those processes.

		Timing	Actors			
			Govt. RM	MPLA (RD Directorate)	Regions or other regional/local actors	With initial support of EU-RDIB
1.	Preparation and Planning for Regional Development - National					
1.1	Present draft of NSRD to WG	1/07		X		X
1.2	Define Communications Strategy for Roll Out of National Strategy	2/07		X		X
1.2	Consult stakeholders (WG), donors etc on Strategy	2/07		X		
1.3	Adopt National Strategy for Regional Development and its Action Plan	3/07	X			
1.4	Promulgate Strategy to broader stakeholders regions, etc)	3/07-		X	X	X
1.5	Prepare and ensure conditions for establishment of Regional Development Fund (legislation, financial management, control, audit procedures etc)	2/07-3/07	X	X		X
1.6	Ensure financial resources for first projects to be supported end 2007	6/07		X In consultation with donors		X
1.7	Ensure financial resources for Fund (2008+)	09/07 (and annually)	X	X		
2.	Preparation of Regional Development Strategies, Programmes and Activities - In 3 Regions					

2.1	Develop regional working groups for preparation of regional development strategies	1/07-		X		X
2.2	Prepare Socio-Economic Analysis in each of 3 regions					X
2.3	Set up Regional Councils and establish appropriate working methods, procedures	05/07		X	X	
2.4	Promulgate Strategy to broader stakeholders reions/communes in regions	02-06/07		X	X	X
2.4	Elaboration of Regional Development Strategies	01-05/07			X	
2.5	Elaborate Action Plan (Programming)	06-07/07			X	
2.6	Establish Regional Development Agencies	06/07			X (Regional Council)	X
2.7	Ensure effective capacities of RDAs	07-12/07		X (to accredit RDAs)	X	X
3.	Selection of Measures for Single Programming Document					
3.1	Develop SPD measures on basis of Regional Development Strategies	07-08/07		X		X
3.2	(a) Put in place and (b) develop capability of National Coordination Council	(a) 03/07 (b) 03-06/07		X X		X
3.3	(a) Put in place and (b) develop capability of Directorate for Regional Development	(a) done (b) until 10/07		X X		X X
3.4	Implement on-going Communication and Information Strategy	Continuously after 03/07		X		X
4.	Management and Implementation Tasks related to Support to ROPs					
4.1	Ensuring preparation of Call for Proposals**	01/08		X		
4.2	Launching the Call for Proposals (on internet + newspapers)	02/08		X		
4.3	Providing applicants with advice and information	02-03/08		X	X	

4.4	Collection and registration of applications	04//07		X		
4.5	Establishing and Preparation Evaluation Committee incl external assessors	04/07		X		
4.6	Project Appraisal & Selection	05/07		X		
4.7	Decision on funding on the recommendation of the Evaluation Committee	06/08	X	X		
4.8	Preparation and conclusion of Contracts	07/08		X		
5.	Implementation Regional					
5.1	Identification of project ideas				X	X
5.2	Development/design of specified projects				X (RDAs 2008+)	X
5.3	Publicise regional development funding opportunities				X (RDAs 2008+)	X
5.4	Project monitoring (Physical on-site controls of projects, Verification of reports on projects submitted by Beneficiaries)				X (RDAs 2008+)	
5.5	Regional Development strategic monitoring at regional level				X (RC)	
5.6	Support on-going capacity building				X (RDAs 2008+)	
5.7	On Going Communication and Information				X (RDAs 2008+)	
6.	Overall Monitoring, Evaluation, Promotion of National Policy for Regional Development					
6.1	Policy Monitoring – NCC – Annual Report Elaborated and Published			X		
6.2	Implement on-going Communication and Information			X		
6.3	Full Policy Evaluation: Evaluation and Study - "Vision for Territorial and Regional Development in the Republic of Moldova"	Feb- 2009	X (report to)	X		
6.	Technical and Financial Management					

6.1	Technical and financial check of the documentation submitted, approval of the Request for payment and payment to the Special Account of a project			X (Fund management)		
6.2	Ongoing verification and payment of invoices and receipts for services/supplies/works delivered to sub-contractor(s) (if applicable) or preparing own documents showing the eligible budgeted cost incurred			X (Fund management)		
6.3	Preparing Request(s) for interim payment/ payment of the balance along with all supporting documentation including Interim (if applicable)/ Final report and submitting it to the IA			X (Fund management)		
6.4	Overall Financial Report on Fund Activities	Report to annually		X (Fund management)		
6.5	Internal Audit	On-going according to specified procedures		X (Fund management)		
6.6	External Audit	Annually before acceptance of Fund's annual report		External Auditor		

5.3 Selective Indicators of Territorial Development

Tabelul 1 Distribuția spațială a creșterii economice

Unitățile administrativ-teritoriale	Ponderea unităților administrativ-teritoriale, %, în total								
	populație		vânzări cu amănuntul		producție industrială		investiții în capital fix		venituri fiscale colectate
	1997	2005	1997	2004	1997	2004	1997	2005	2005
Mun. Chișinău	20,6	21,7	40,9	56,3	41,7	55,0	49,2	56,2	62,9
Mun. Bălți	4,3	4,1	8,2	8,8	10,4	11,7	11,2	5,4	8,4
Raioane	70,6	69,8	48,1	32,4	45,3	29,1	36,7	34,4	26,4
UTA Găgăuzia	4,5	4,4	2,8	2,7	2,6	4,3	2,9	4,0	2,3
Total	100	100	100	100	100	100	100	100	100

Sursa: BNS

Tabel 2: Ponderea populației aflate sub nivelul sărăciei absolute și extreme, %

	Sărăcia absolută					Sărăcia extremă				
	2001	2002	2003	2004	2005	2001	2002	2003	2004	2005
Național	38	26,2	15	14,7	16,1	54,6	40,4	29	26,5	29,1
Orașe mari*)	30	16,5	12,8	6,9	5,9	17,2	8,5	5,3	2,9	2,3
Orașe mici	73,1	46,8	42,4	34,9	34,2	56,5	33,9	23,4	17,5	17,8
Rural	58,2	45,1	31,1	31,2	36	40,3	30,2	16,2	18	20,5

*) Orașe mari:- Chisnau și Balti

Sursa: Sursa: Calculele autorilor în baza Studiilor privind Bugetele Gospodăriilor, 2001-2005

Tabel 3: Dezechilibrele dintre municipiul Chișinău și restul unităților administrativ-teritoriale (pe cap de locuitor, Republica Moldova = 100)

	Indicator	Mun. Chișinău	Mun. Balti	Restul unităților administrativ-teritoriale	
				Maxim	Minim
1	Producția Industrială	249	350	120	2
2	Servicii	301	165	60	15
3	Investiții Străine	408	44	119	0
4	Nr. IMM-uri la 1.000 locuitori	308	102	63	11
5	Salariul Mediu	136	118	112	55
6	Taxe și impozite colectate	550	404	226	48
7	Nr. posturi telefonice la 1000 locuitori	168	134	107	36
8	Alimentarea cu Apă, km / 1000 locuitori	121	112	320	21
11	Alimentarea cu Gaz Natural, Nr. de sate	301	234	305	5
12	Nr. profesori la 1000 locuitori	112	116	122	66
13	Nr. medici la 1000 locuitori	162	185	108	34
14	Mortalitatea la 1000 locuitori	59	158	169	54
15	Mașini la 1000 locuitori	205	118	110	36

Sursa: Calculele autorilor

Tabel 4: Disparitățile între rural și urban

Indicatori	1995	2000	2001	2002	2003	2004	2005
Ponderea populației rurale (%) în ansamblu pe republică	53,6	54,0	54,6	54,7	54,7	54,8	
Ponderea populației rurale (%) fără Transnistria și mun. Bender		58,0	58,7	58,6	58,6	58,6	58,6
Speranța de viață la naștere (ani):							
- total	65,8	67,6	68,2	68,1	68,1	68,4	67,8
- rural	64,6	66,8	67,3	67,1	67,1	67,4	66,5
- urban	67,3	68,8	69,6	69,7	69,8	70,4	70,0
Ponderea populației în vârstă de 0-15 ani (%):							
- rural	30,5	27,8	26,7	25,8	24,7	23,8	22,9
- urban	26,3	22,9	22,0	21,0	19,9	18,9	18,0
Ponderea populației în vârstă de 65 ani și peste (%):							
- rural	10,7	11,0	11,1	11,1	11,1	11,0	10,9
- urban	7	7,1	7,6	7,6	7,9	8,1	8,4
Raportul de dependență demografică (%):							
- rural	70,1	63,3	60,5	58,3	55,8	53,4	51,0
- urban	49,9	42,9	41,4	39,9	38,4	37,1	35,7
Rata natalității (%o):							
- total	13,0	10,2	10,0	9,9	10,1	10,6	10,5
- rural	14,9	11,4	11,2	10,8	11,2	11,5	11,5
- urban	10,8	8,4	8,4	8,5	8,6	9,4	9,1
Rata fertilității (%o):							
- total	1,8	1,3	1,2	1,2	1,2	1,3	1,2
- rural	2,2	1,5	1,4	1,3	1,4	1,4	1,3
- urban	1,3	1,0	1,0	1,0	1,0	1,1	1,1
Rata mortalității infantile (%o):							
- total	21,2	18,3	16,3	14,7	14,4	12,2	12,4
- rural	22,3	17,8	16,0	14,4	14,6	12,3	12,1
- urban	19,5	19,3	16,9	15,1	13,4	12,0	13,0
Suprafața totală, în medie pe locuitor (rrQ)							
- total	19,9	20,8	20,9	21,0	21,3	21,3	21,4
- urban	16,9	18,8	18,9	19,0	19,1	19,0	19,2
- rural	22,2	22,3	22,3	22,5	22,9	22,9	23,0
Suprafața totală, în medie pe locuitor (m ²) la 31 decembrie:							
- total	14,0	14,5	14,6	14,6	14,8	14,8	14,9
- urban	10,9	12,2	12,3	12,3	12,3	12,3	12,4
- rural	16,4	16,3	16,2	16,3	16,6	16,6	16,7
Rata șomajului:							
- total		8,5	7,3	6,8	7,9	8,1	7,3
- urban		15,7	13,8	12,1	12,2	11,9	11,2
- rural		3,4	2,7	3,0	4,5	5,0	4,0

Sursa: RNDU 2006

Figura 1: Distribuția raioanelor după nivelul de dezvoltare economică, socială și a infrastructurii²⁷

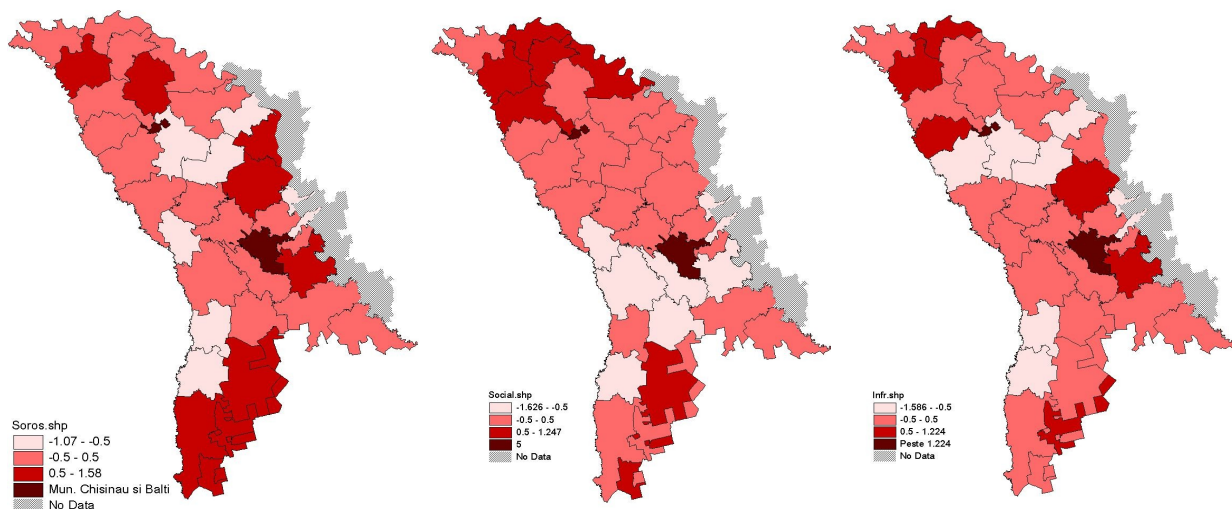
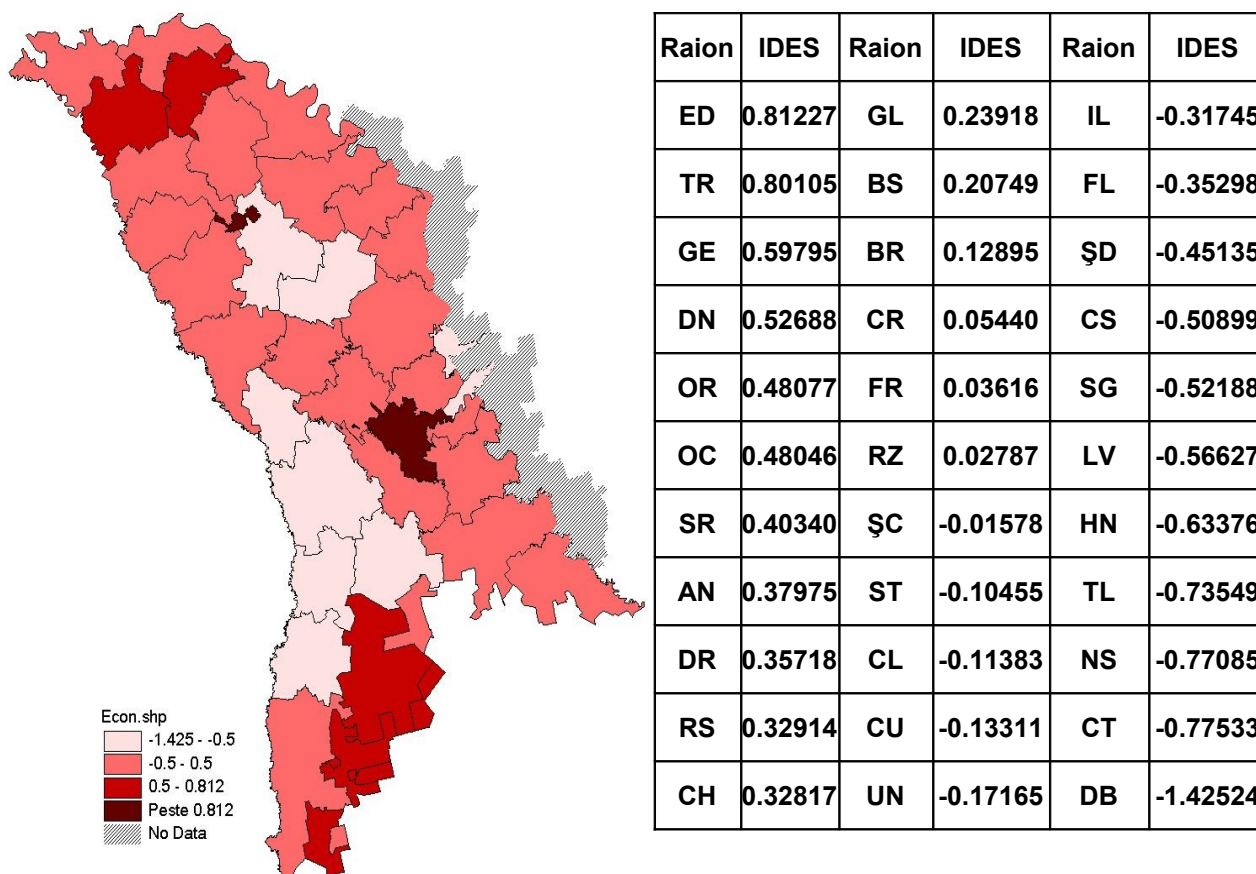


Figura 2: Ierarhia raioanelor după valorile IDES



Notă: nivelul de dezvoltare social-economică este cu atât mai înalt cu cât mai închisă este culoarea unității administrative-teritoriale

²⁷ Roscovan M., 2006

5.4 Regional Development: Relevant Definitions

Politica de dezvoltare regională – activitate coordonată a organelor guvernamentale, a comunităților locale și a altor organizații, orientată spre planificarea, realizarea unei dezvoltări echilibrate social-economice teritoriale și sprijinirea nemijlocită a dezvoltării social-economice a zonelor defavorizate.

Regiune de dezvoltare – unitate teritorial-funcțională, care reprezintă cadrul de planificare, implementare și evaluare a politicii de dezvoltare regională.

Consiliul Național de Coordonare a Dezvoltării Regionale – structură funcțională de competență generală, fără personalitate juridică, constituită în scopul elaborării, promovării și coordonării obiectivelor de dezvoltare regională la nivel național.

Fondul Național pentru Dezvoltare Regională – sursă de finanțare a programelor și proiectelor orientate spre realizarea obiectivelor de dezvoltare regională.

Consiliul regional pentru dezvoltare – structură funcțională reprezentativă, fără personalitate juridică, creată în cadrul fiecărei regiuni de dezvoltare pentru elaborarea, promovarea și coordonarea implementării programelor de dezvoltare la nivel regional;

Agenția de dezvoltare regională – instituție publică necomercială, subordonată Ministerului Administrației Publice Locale, creată pentru implementarea strategiei și planului operațional.

Strategie Națională de dezvoltare regională - document principal de planificare a dezvoltării regionale, care reflectă politica națională în acest domeniu și introduce mecanismele naționale pentru dezvoltarea regională.

Documentul unic de program – document guvernamental, elaborat în baza strategiilor de dezvoltare regională și planurilor operaționale regionale, de programare pe termen scurt (3 ani) a implementării politicii de dezvoltare regională.

Plan anual de implementare – document de planificare anuală a procesului de implementare a Strategiei naționale de dezvoltare regională.

Strategie de dezvoltare regională – document al politicii de dezvoltare regională pe termen mediu (7 ani) la nivel regional, care identifica priorități, include proiecte și măsuri specifice pentru implementarea politicii de dezvoltare regională în cadrul regiunii de dezvoltare.

Plan operațional – plan de implementare a Strategiei de dezvoltare regională prevăzut pe 3 ani, care conține programele, proiectele și activitățile prioritare.

5.5 Bibliographical References