

European Association of Development Agencies

Regional Development Agencies in
Moldova

Regional Development Agencies in the Republic of Moldova

Administrative-territorial organization of the country

From an administrative perspective, the Republic of Moldova is organised into administrative-territorial units: districts, cities, and villages. Its administrative territorial organisation is split into two levels:

- 1) The first level is comprised of villages, sectors and cities (municipalities).
- 2) Districts constitute the second level; Chisinau, Comrat, Tiraspol Municipality, Balti Municipality, and Bender Municipality.

Currently, Moldova has 32 districts, three municipalities (Chisinau, Balti and Bender), two Autonomous Territorial Units (Gagauzia – officially the "Autonomous Territorial Unit of Gagauzia") and Transnistria (officially the "Administrative Territorial Units of the Left Bank of the River Dniester"). The status of this region is disputed; according to the Tiraspol Government it is an "Independent Republic" under the name of the "Transnistrian Moldovan Republic", whilst according to the Government of Chisinau and the international community it is the "Transnistrian Autonomous Territorial Unit" .

In 2014, the Republic of Moldova signed an Association Agreement with the European Union. The legal and normative framework, the opportunities available through association with the EU and the public perception towards regional development are important factors which will support the advancement of regional development policy implementation in Moldova in future. According to the National Strategy for Regional Development in 2016-2020, there are three main elements to the development of the regions: competitiveness, cohesion, and good governance.

Regional Development Policy

The new strategy for regional development was elaborated with the support of a mixed group of experts in cooperation with Regional Development Agencies (RDAs). The general goal pursued by Moldovan regional development policies is ensuring a balanced development of the national territory in terms of economy, society, culture, environment, and the avoidance of disparities and regional imbalances. Regional development policy is an important aspect of EU structural policy, though in Moldova its implementation remains a relatively new field. Although many regional development initiatives have been launched

since the early 2000s, with the assumption of the European foreign policy vector (2009), Moldova's central authorities have taken concrete steps to initiate, promote, and implement a new policy concept for the development of regions.

By fulfilling the provisions of Law no. 438-XVI of 28 December 2006 on Regional Development in the Republic of Moldova, the government has started implementing regional development policy aimed at:

- achieving balanced and sustainable social and economic development throughout the country;
- reducing the socio-economic development imbalances between and within regions;
- strengthening financial, institutional, and human opportunities for balanced social and economic development of the regions. The legislative support of these actions was ensured by the approved legislative and normative framework, including:
- Law no. 438-XVI of 28 December 2006 on regional development in the Republic of Moldova;
- Government Decision no. 127 of the 8th of February 2008 on Measures for the Implementation of Law no. 438-XVI of 28 December 2006 on Regional Development in the Republic of Moldova, approving the Regulation of the National Council for Coordination of Regional Development, the Regional Development Council Framework Regulation, the Regional Development Agency Framework Regulation, the Regulation for Training and Use of the funds of the National Fund for Regional Development.

This Strategy and the Single Programming Document represent the framework for regional development policies at national level. At regional level, actions are guided by the Regional Development Strategy and the Regional Operational Plan. These key documents define the priorities and tools for the implementation of regional development policy in the regions, and each region can develop its own visions of development corresponding to specific needs. Effective achievement of the objectives of regional development policies and effective management of development processes are ensured by a well-defined institutional framework consisting of both national and regional authorities, structures, and institutions.

Institutions at national and regional level

In this respect, **at the national level**, the institutions responsible for the coordination of regional development policy are the **National Coordination Council for Regional**

Development, the Ministry of Regional Development and Construction and their subordinated structures.

At the regional level, the institutional framework for the implementation of regional development policy is constituted by the **Regional Development Councils North, Central, South and ATU Gagauzia** and the **Regional Development Agencies North, Central, South and ATU Gagauzia**.

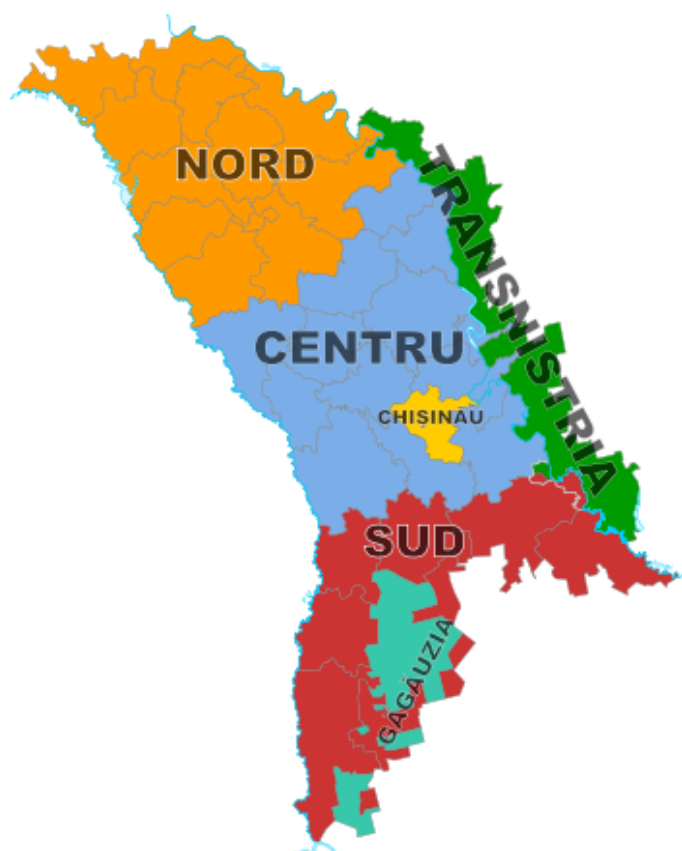


Fig. 1 Regions in Moldova

The specificity of the regional institutional framework is that the regional development councils are made up of representatives of the public and private sector, whose operational activity is carried out with the support of the Regional Development Agencies, these being also the institutions that provide the secretariat. An integral part of the institutional framework of regional development are also the local public administrations at both levels, which coordinate the development process at the local level. They are increasingly involved

in developing, promoting, creating partnerships with public and private institutions, and implementing regional development projects.

According to the law, the entire range of programs, projects, and actions of regional development policy must be carried out in the six Development Regions: **North, Center, South, Chisinau, ATU Gagauzia, and Transnistria**. According to Government Decision no. 158 of 4 March 2010 on the Approval of the National Regional Development Strategy during the Period 2010-2012, regional development policy was to be strengthened in three Development Regions: North, Center and South, and in the period 2012-2019 - in the other regions three regions: Chisinau, ATU Gagauzia and Transnistria.

Financing

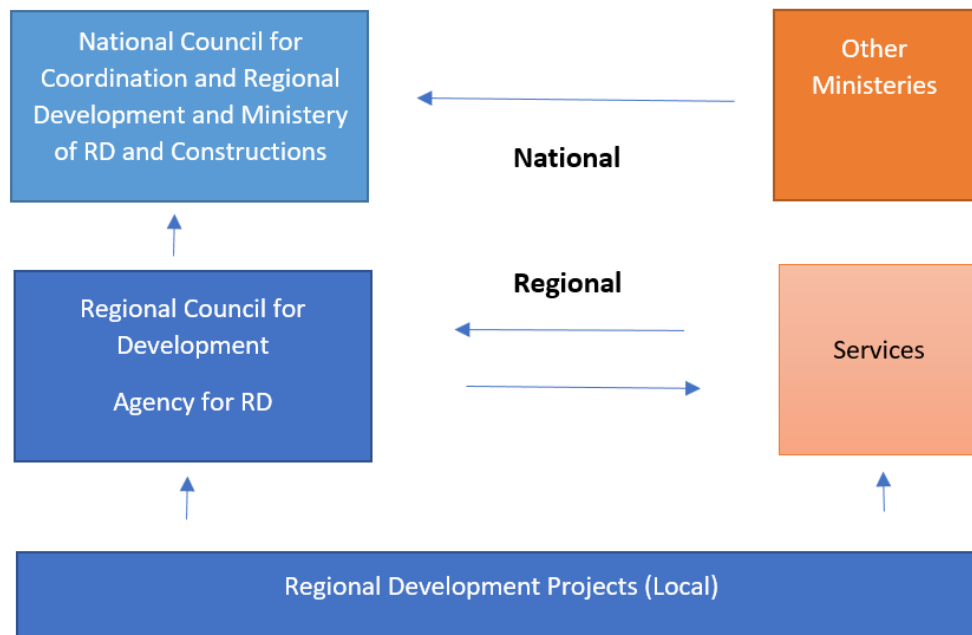
One aspect of regional development policy in the Republic of Moldova is related to the financial support of this process. According to the legislation in force, the programs and projects defined as priority, included in the Single Programming Document and approved by the **National Council for Coordination of Regional Development**, are financed by means of the **National Fund for Regional Development**, which represents 1% of the budget revenues for that year, except for special-purpose revenue.

At the same time, the implementation of the regional development policy in the Republic of Moldova is also supported by the external development partners. Starting with 2010, the European Union, the governments of Great Britain, Germany, Romania, and Sweden, through their cooperation agencies and other external partners, provide financial, logistical, and multi-dimensional support to regional development policy. In this respect, assistance is provided for the implementation of various investment projects oriented towards infrastructure development, increasing the efficiency and quality of public services, and strengthening the institutional capacity of the beneficiaries. Support for development partners also covers the policy framework. Thus with a twinning project supported by the European Union, the capacities for regional development have been strengthened. With the participation of the external partners, the National Regional Development Strategy for the years 2013-2015, the regional development strategies for the North, Central, and South regions, the regional operational plans for the regions concerned were elaborated. Support was also given to the development of the Sectoral Regional Program in the fields of water supply and sanitation, solid waste management, energy efficiency in public buildings, and regional and local roads. The implementation of the Sectoral Regional Program will be ensured by identifying a flow of "ready-to-finance" projects, including feasibility studies, environmental impact assessments, etc., for investments in the identified sectors.

Institutional framework

Moldovan regional development policy is implemented by a wide range of institutions and structures, located at different levels of administration, which form the institutional framework of the regional development process. Thus, at the central level, the National Council for Coordination of Regional Development (NCCRD) and the Ministry of Regional Development and Construction are set up. At regional level, on the other hand, Regional Development Councils and Regional Development Agencies are set up and operate in four of the six regions established by the legislation.

The NCCRD was created for the purpose of approving, promoting, and coordinating at national level the objectives of regional development policy. It has no legal entity, it operates in accordance with its regulation. Its structure and regulation are approved by the national government



The NCCRD is established on the principle of parity by Government decision. It consists of: the Minister of Regional Development and Constructions, the Minister of Finance, the Minister of Economy, the Minister of Environment, the Minister of Agriculture, the Minister of Transportation, the presidents of the Regional Development Councils (RDCs), and a representative of the private sector delegated by each RDC, as well as a representative selected from civil society, based on a competition, through a procedure established by the Government. Depending on the topic of the debated projects, other ministers will be invited to act ex-officio.

One of the deputy prime ministers is also president of the NCCRD.

The National Council for Coordination of Regional Development has the following powers:

- a) Endorsement of the National Strategy for Regional Development;
- b) Approval of the Single Program Document;
- c) Approval of the criteria for evaluating the discrepancies in the regional development and the national priorities of the regional development;
- d) Approval of the financing from the National Fund for regional development;
- e) Approval of the annual implementation plan, corresponding to the financial means available in the National Fund for regional development;
- f) Contribution to attracting additional financial means for the implementation of the national regional development strategy, the single program document and the regional development strategies;
- g) Provision of assistance in the activity of interregional, cross-border and other cooperation for regional development in the Republic of Moldova;
- h) Exercising other tasks that have the objective of supporting the regional development policy.

The authority for the implementation of regional development policy ensures the secretarial work of the National Council.

National Fund for Regional Development (NFRD) the national fund for regional development represents the main instrument for financing projects and programs for regional development, focused primarily on the disadvantaged areas of the Development Regions. The fund consists of annual allocations from the state budget, as a distinct position for regional development policy, as well as from other sources. The size of the Fund represents 1% of the approved revenues of the state budget for that year, except for the special purpose revenues provided by the legislation. Other financial resources can be attracted to the Fund from the public and private sectors at local, regional, national, and international level, in addition to the resources offered by the assistance programs of the European Union.

Other information about NFRD

- 1) The National Fund for Regional Development exists for the financing of the regional development projects and programs included in the Single Program Document.
- 2) The volume of the Fund is approved by the annual law of the state budget.

- 3) The fund is under the management of the authority for the implementation of the regional development policy, which carries out the allocation of its means, with the prior approval of the NCCRD .
- 4) The form of formation and use of the funds of the Fund is according to the regulation approved by the Government.
- 5) Money from the Fund shall be allocated as a priority to the disadvantaged areas of the Development Regions.
- 6) The financial means received from the component budgets of the national public budget by the Regional Development Agencies are managed through the Single Treasury Account of the Ministry of Finance, and the financial operations for executing the investment project financed by the regional development partners are carried out by **Regional Development Agencies** through commercial banks.

Regional Development Council

The Regional Development Council (RDC) is a deliberative functional structure at the level of each Development Region, constituted for the coordination and promotion of the objectives of the regional development policy at local level. The RDAs are responsible for the policy development of their region and for approving the regional development strategy and action plan. Each RDA is made up of district presidents, mayors, and representatives of the private sector and civil society. The President and the Vice-President of the RDA are elected from among the members of the council representing the local public administration authorities. The authority for the implementation of the regional development policy organizes the selection of the representatives of the private sector and civil society who will be part of the RDA. This composition is based on the principle of parity between state structures, on the one hand, and the private sector, civil society, and non-governmental organizations, on the other.

Regional Development Agencies

A Regional Development Agency is constituted in each Development Region, has legal personality and operates in accordance with the regulation elaborated and approved by the Government.

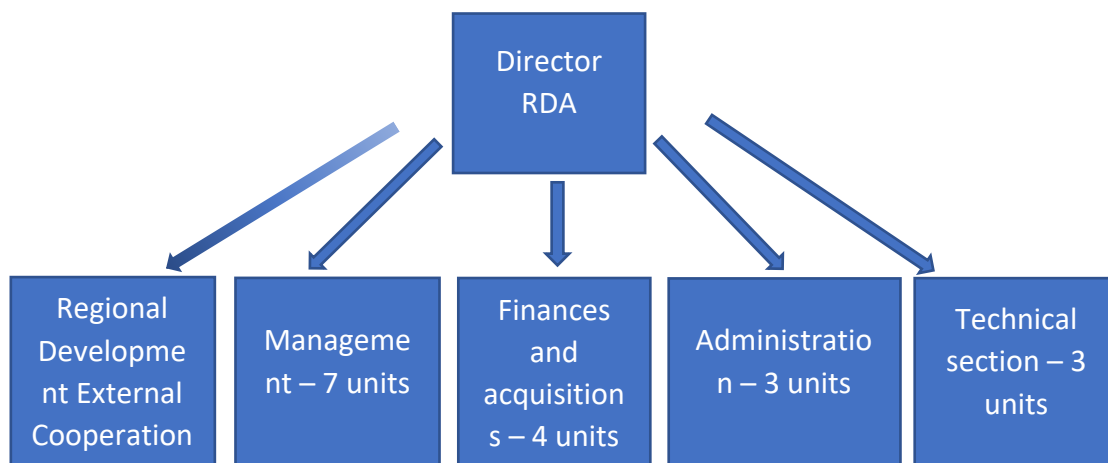
The financing of the projects and programs, as well as the expenses for the organisation and functioning of the RDA, shall be made from the Fund's account according to the quotations coordinated with the Regional Development Council and approved by the authority for the

implementation of the regional development policy. There are around 20 employees within each RDA.

Each Regional Development Agency fulfills the following tasks:

- a) carrying out the analysis of the social-economic development of their Development Region, elaborating strategies, plans, programs, and projects for regional development;
- b) coordination of the process of implementation of regional development strategies, plans, programs, and projects;
- c) monitoring and evaluation of the implementation of regional development strategies, plans, programs, and projects;
- d) presentation of annual reports on the implementation of regional development strategies to the Regional Development Council, the authority for the implementation of the regional development policy and the NCCRD, attracting non-budgetary means for implementing regional development strategies, programs, and projects;
- e) provision of informational, methodological, and advisory support to their local RDC and public administration authorities in order to develop a balanced and sustainable development of the region;
- f) stimulation of the cooperation of civil society in the field of the socio-economic development of the region;
- g) ensuring the secretarial work of the local RDC.

Internal organization of RDA Centru:



There are still many barriers that should be overcome in order to improve the activities of Moldovan RDAs. There are also some shortcomings, the removal of which could give new impetus to the process of regional development. These deficiencies refer to the indefinite status of the Regional Development Agencies: structures subordinated to the Ministry of Regional Development and Construction or institutions with functional and financial autonomy. The role of the RDA should also be examined considering its implication in the process of attracting external financial resources for regional development projects. Under the conditions of the institutional framework and the existing financing mechanism, RDAs are situated as the main bodies at regional level which deal with developing strategies, programs, and projects, as well as implementing and monitoring them according to the decisions and directives approved by the Regional Development Councils. The RDA of UTA Gagauzia was founded in 2016, therefore the specialists of the Agency have been informed about regional development policy implemented in the Republic of Moldova, as well as in other states. Several training sessions have been organised in the field of strategic planning and programming, project management, public procurement, cross-border cooperation, inter-community cooperation, and the use of regional statistics, among other things. Additionally, a series of workshops have been held for the elaboration of the Regional Strategy for the development of RD UTA Gagauzia. Within these measures, the specialists of the agency were guided by national and international experts to establish a strategic vision; to identify the priorities and objectives for the development of the region in the medium term.

Issues related to the institutional framework

According to a report made by Berbeca Veaceslav in 2016, there are many issues related to regional development and most of them are related to institutional framework. According to Berbeca (2016) many changes should be made to the current institutional framework. The National Council for the Coordination of Regional Development (NCCRD) has general functions and is not efficient in its decision-making process. This institution is composed of several bodies without clear roles, making the decision-making process more difficult. Thus, the NCCRD has no freedom to take decisions within the regional development process since its activity is generally limited to NFRD approval. It also does not establish mechanisms for coordinating financial resources from all national funds. When we talk about the concept of synergy, we mean the role that the NCCRD should fulfill to ensure the collaboration process between different entities on regional development projects. Also, the NCCRD does not establish the directions and criteria for the development of regional development programs; these tasks are left to RDAs. Another problem identified is that the NCCRD does

not contribute to the creation of platforms for discussions with partners. One problem is the unclear status of the RDAs. These are subordinated structures of the Ministry of Regional Development and Construction or institutions with autonomy. According to the current legal framework, RDAs are responsible for developing strategies and programs and implementing and monitoring them according to the decisions of the Regional Development Councils (RDCs). However, their direct relationship of subordination to that Ministry limits the motivation and ability of the RDAs to attract external resources.

CRDs, in turn, have an overcrowded composition, which creates impediments to the exercising of their functions. There are also other issues, such as the political affiliation of the members, promoting their own interests to the detriment of those of regional development (Berbeca, 2016). These problems are significant impediments in promoting the policy objectives of regional development and, as a result, it is important to make institutional changes to improve the efficiency of these institutions. Finally, it is worth mentioning the importance of developing a unique portfolio of projects. This means that the Unique Document for Planning must include all projects planned to be implemented. It is necessary to organize a strict monitoring of all resources to know the level development of regions. Under these conditions, subsequent actions will be planned based on the principle of convergence of regional development projects

Conclusion

There exist many issues related to the institutional framework of regional development in Moldova.

The relationship of subordination of RDAs to The Ministry of Regional Development and Construction limits both their drive and capacity to get involved in attracting the resources of external donors.

For these reasons, the status, responsibilities, duties, and tasks of Moldovan Regional Development Agencies should be revised to give them greater flexibility and reinforce their capacity to get involved in the process of regional development and access different resources for the co-financing of programs and projects implemented in regions of Moldova.

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