

SPECIFIC ACHIEVEMENT OF REGIONAL DEVELOPMENT POLICY IN THE REPUBLIC OF MOLDOVA

Associate Professor Ph.D. Tatiana TOFAN

Academy of Public Administration, Chişinău, Republic of Moldova

E-mail: tatianatofan@yahoo.com

***Abstract:** This article describes the specific achievement of regional development policy in the Republic of Moldova. The implementation of regional development policies in the Republic of Moldova is a relatively new field. Since the 1990s, under the aegis of the ministries responsible for economic policies, public policies have been implemented aimed at the balanced development of the country's regions, but only at the end of 2009, the regional development process was stimulated by institutionalizing the instruments for implementing the regional development objectives.*

***Keywords:** regional development in the Republic of Moldova, regional development policy, regional development council, regional development agency.*

***JEL Classification:** O1, O2, R1.*

1. Introduction

Regional development policy has become one of the most important and most complex policies of the European Union because its objective of reducing the existing economic and social disparities between the various regions of the member-states, is that the European Union acts on significant areas for development, such as economic growth and small and medium enterprises sector, transports, agriculture, urban development, environmental protection, employment and training, education.

In the Republic of Moldova, the implementation of regional development policies is a relatively new field. Since the 1990s, under the aegis of the ministries responsible for economic policies, public policies have been implemented aimed at the balanced development of the country's regions.

2. Specific achievement of regional development policy in the Republic of Moldova

In the Republic of Moldova, the regional development became more important with the adoption of Law no. 438-XVI from December 28, 2006, defining the functional development regions on the Republic of Moldova territory, the way of interregional cooperation, the institutional framework, the specific instruments for the regional development policy and the means necessary for the creation and functioning of the development regions.

Only at the end of 2009, the regional development process was stimulated by the institutionalization of the instruments for implementation of the regional development objectives.

At the regional level, the institutional framework for implementation of the regional development policy consists of: North, Central and South RDC (Regional Development Council), Gagauzia TAU (Administrative Territorial Unit), as well as North, Center and South RDA (Regional Development Agency), Gagauzia TAU, Chisinau and Transnistria RDA. The creation of a department empowered exclusively to coordinate regional development within the Ministry of Agriculture, Regional Development and Environment and then of the Central, North and South Regional Development Agencies located in Ialoveni, Balti and Cimislia, that contributed to the intensification of the regional development policy implementation.

In turn, the Regional Development Councils (RDC) represents regional deliberative structures without legal personality, established to develop, coordinate and monitor

regional development policy on Development Region level, consisting of districts representatives in the development region.

Each RDC has a different number of members, being composed of the presidents of the component districts and one representative of the mayors associations, civil society and private sector in each district and municipality of the region. The list with the nominal component of the Regional Council is made public by the Ministry of Agriculture, Regional Development and Environment after the completion of the selection procedure of members. In its activity, the Regional Council is governed by the Constitution and the laws of the Republic of Moldova, the Parliament decisions, the decrees of President of the Republic of Moldova, the normative acts of the Government and of the Ministry of Agriculture, Regional Development and Environment, the Framework Regulation on its functioning and other normative acts. The Regional Council is responsible for general development in the region and for the approval of the Regional Development Strategy and the Action Plan. The Regional Council is formed on the basis of the parity principle between representatives of public administration authorities on the one hand and representatives of the private sector and civil society on the other hand (Framework Regulation of the Regional Development Agency, 2008). The RDC consists of representatives of the local public administration authorities, appointed by office, district presidents, mayors of the respective development regions, delegated by the mayors' association, representatives of the private sector and civil society, selected according to the procedure established by the Ministry of Agriculture, Regional Development and Environment. The structure and nominal component of the RDC will ensure the representation of the private sector and civil society in each district of the respective development region.

Within the RDC, a non-legal structure is created, with a consultative role for RDC at the Development Region level, aiming at multidimensional approach and the development of RDC benchmarks and recommendations to ensure sustainable development of the sector, including effective use and attraction of new financial and human resources under the name of the Sector Regional Commission of each RDC, based on a number of tasks such as the analysis and distribution of information and data on the dynamics of the sector development of local and regional territories, as well as the existing inequalities between them, the vision of policy documents in the context of territory-use planning and development, the consolidation of a forum within local and regional authorities to examine and share experiences that help to standardize observation and analysis methods at regional level, as well as adjusting the interventions identified in the national policies at regional level and encouraging the development of innovations and analytical solutions by identifying the development needs for regional actors' capacity and by identifying the resources for organizing study programs and research that would contribute to the development of conceptual frameworks and effective tools in this respect. SRC (Sector Regional Commission) is created at the initiative and approved by RDC decision in its activity, SRC is governed by the Regulation of organization and functioning, approved by RDC decision (Framework Regulation of the Regional Development Agency, 2008).

The implementation of the regional development policy in the Republic of Moldova is based on a complex legislative framework consisting of:

➤ *Provisions of international treaties to which the Republic of Moldova is a party.* On June 27, 2014, the Association Agreement between the European Union and the Republic of Moldova was signed in Brussels. During the official negotiations on its signing it was proposed to include the field of regional development in the "Sector Cooperation" section. The Parties agreed on cooperation in the field of regional development, aiming at

the sustainable economic development of the entire territory of the Republic of Moldova by diminishing the economic development differences between the localities;

➤ *Special law in the field.* Law no. 438-XVI from December 28, 2006 on regional development in the Republic of Moldova, as amended, defines the functional development regions on the territory of the Republic of Moldova, the institutional framework, the specific instruments for the regional development policy, the means necessary for the creation and functioning of the development regions, the way of interregional cooperation, the way to implement and monitor the implementation of regional development programs and projects (Law no. 438-XVI from 2006 on regional development in the Republic of Moldova);

➤ *Secondary legislation.* The Government Decision no. 127 from February 8, 2008 on the measures for the implementation of Law no. 438-XVI from December 28, 2006 on regional development in the Republic of Moldova includes the Regulation of the National Coordination Council for Regional Development, the Regional Development Agency Framework Regulation, the Regional Development Council Framework Regulation, the Regulation for the formation and use of the National Fund for Regional Development, defining all institutional and procedural aspects of legal and administrative nature in the field. At this level are included the normative acts approving the national strategies of regional development (for the years 2010-2012 and 2013-2015), and the Single programming document (Framework Regulation of the Regional Development Agency);

➤ *Tertiary regulatory normative.* The Operational Manual of the National Fund for Regional Development, which provides mechanisms for accessing resources from this fund; operational manuals of the regional development agency, user instructions for participation in calls for project proposals; regional development strategy; regional operational plan. Also, for the procedures description of implementation of the regional development projects, the Commission Regulation for the project proposals evaluation, the Applicant's Guide, the Communication Guide and other regulatory documents were approved (Law no. 438-XVI from 2006 on regional development in the Republic of Moldova).

According to the opinion expressed in the studies of achieved legal expertise, including by the international experts, the legislative and normative framework in force is rich enough, practically regulates all normative and procedural aspects and largely corresponds to European norms and allows the achievement of regional development policy objectives (Munteanu, 2012, p.36).

At the same time, there are several gaps that have been several times approached over the years, but have not yet been removed. Thus, according to the same legal expertise studies, in the legislative and normative framework the following shortcomings persist (Munteanu, 2012, p.57):

a) there are no provisions governing the way of inter-ministerial management of the process;

b) the responsibilities and attributions of the local public administration for involvement in the regional development process are not regulated;

c) legal inadequacies persist regarding the development and implementation periods of this Strategy (3 years), the regional development strategy (7 years), the regional operational plan (3 years), the single programming document (3 years);

d) there are no rules on the ownership of the patrimony created by the implementation of the regional development policy and the management of this patrimony;

e) there are no legal provisions that would regulate the co-financing of the regional development programs and projects included in the Single programming document (from

the financial sources of the National Fund for Regional Development and other national and foreign sources);

f) there are no legal provisions that would regulate the application of an integrated control and evaluation information system for the achievement of an efficient inter-ministerial management of the regional development policy;

g) the integration provisions of territorial planning in the regional development policy are incomplete, the criteria for setting up the regions are not clearly defined and the requirements of the common nomenclature of the statistical territorial units regarding the constitution of the development regions are not respected.

For these reasons, the improvement of the legislative and normative framework in the field of regional development remains one of the important objectives of the strategic planning documents.

The Ministry of Agriculture, Regional Development and Environment is the regional policy implementation and management authority, the status of this institution being recognized and strengthened by increasing institutional capacity and increasing the capacity for financing projects with regional impact. At present, the Ministry of Agriculture, Regional Development and Environment has become an important institution in the process of implementing regional policy and is responsible for coordinating infrastructure investments. However, this has given it the status of a sector minister concerned with infrastructure projects and certain public services (water, sewerage, sanitation). Until now, politically it is not aware that regional development is a cross-sector area and requires the synergy of several sectors (Law no. 239 from 13.10.2016 on the approval of the National Strategy of Regional Development for years 2013-2025).

To become an efficient institution in this process, the Ministry of Agriculture, Regional Development and Environment needs to focus its efforts on the dimension of policy development and coordination with other ministries and government agencies, as well as submit them for approval to the National Coordination Council of Regional Development. Currently, several ministries and agencies are involved in the infrastructure rehabilitation process but their actions are not coordinated and do not contribute to achieving the major sustainable economic growth target of the regions by attracting investment. At regional development level, regional development councils are set up and operate. These structures are established on parity principles between the representatives of the local public authorities of both levels, on the one hand, and the representatives of the private and associative sector, on the other. Regional development councils have the status of decision-making bodies and ensure liaison between local public administration authorities and the central authority in order to have a good representation of regional priorities in the national regional development planning framework.

The regional development agencies are set up at regional level. The Regional Development Agency (RDA) is a non-commercial public institution with financial autonomy subordinated to the Ministry of Agriculture, Regional Development and Environment and is established to ensure the operational process of the Regional development strategy implementation and achievement. The agency is a legal person, has an autonomous balance sheet, bank and treasury accounts, State Emblem stamp, with its name in the state language. The Agency operates on the basis of the National Fund for Regional Development, donations and grants (from international donor organizations or other private and public entities) and other sources that do not contravene the legislation. The Agency operates in collaboration with ministries, other central administrative authorities and local public administration authorities, development partners, civil society, economic agents, irrespective of the type of ownership and form of organization in the Republic of Moldova and abroad. In its activity, the Agency is guided by the Constitution

and the laws of the Republic of Moldova, the decrees of the President of the Republic of Moldova, the Government ordinances, decisions and provisions, as well as the present Regulations on the RDA functioning (Framework Regulation of the Regional Development Agency, 2008). Executive structures, which, from a decision-making point of view, have a limited degree of independence, their role being to implement regional development strategies. In the period 2010-2015, several actions were taken to strengthen the institutional capacities of the regional development agency. The external development partners have financially supported the creation and consolidation of regional development agencies by endowing them with everything needed for the smooth running of the business. Based on the provisions of the Regional Development Agency's Framework Regulation, for each regional development agency, internal regulations and operational manuals have been developed and approved to guide the staff of the regional development agency on the procedures for performing functions, tasks and empowerments, staff rules are setting up and the way they should fulfill their obligations; establish the regional development planning and programming documents, the way of financing and the management of the regional development programs and projects (Framework Regulation of the Regional Development Agency, 2008).

The overall environment and operating conditions of regional development agencies are, overall, sufficient. At the same time, there are certain shortcomings, the removal of which could give new impetus to the regional development process. These shortcomings refer to the undefined status of regional development agencies: subordinate structures Ministry of Agriculture, Regional Development and Environment or institutions with functional and financial autonomy. At the same time, the role of the regional development agency in the process of attracting external financial resources to regional development projects should be examined (Law no. 438-XVI from 2006 on regional development in the Republic of Moldova).

Under the existing institutional framework and funding mechanism, the regional development agencies play the role of main institutions at the regional level, dealing with both the development of strategies, programs and, sometimes, projects, as well as their implementation and monitoring in accordance with the decisions and directives approved within the regional development councils. Also, the subordination relationship of the regional development agencies to the Ministry of Agriculture, Regional Development and Environment limits both the motivation and the capacity of these agencies to engage in attracting the resources of external donors, their role being practically negligible in this respect.

For these reasons, the status, responsibilities, duties and tasks of regional development agencies should be reviewed to give them greater flexibility and capacity to engage in the process of regional development and access to different resources for co-financing programs and projects implemented in the regions.

3. Conclusions

In the Republic of Moldova the existing institutional framework in the field of regional development is sufficient and operational, as well as the administrative capacity is constantly developing. At the same time, certain tasks and responsibilities of the participating institutions in the formulation and implementation of the regional development policy need to be further adjusted and strengthened, taking into account the provisions of the international agreements to which the Republic of Moldova is a party, is unsatisfactory. Thus, although the regional development policy is not a priority within the National Development Strategy "Moldova 2020", the Ministry of Agriculture, Regional Development and Environment carries out several activities in order to achieve the

document, as well as to successfully carry out the planned activities at national level on sector policies, through the development of strategic planning and programming tools at regional level. With reference to other national strategic documents, the results of the evaluation studies show that although the general and specific objectives as well as the majority of the regional development policy priorities are tangential to the provisions of several national strategic documents, coordination, and synergy with these policies are largely uninsured (Tofan and Frunze, 2018, p.139).

Similarly, 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 Coordination Council for Regional Development and the Ministry of Agriculture, Regional Development and Environment are set up and at regional level, in four of the six regions established by the legislation, are set up and operate regional development councils and regional development agencies.

According to the results of the evaluation studies, including external evaluation, the current institutional framework of regional development in the Republic of Moldova has been established in accordance with existing practices in European countries, is in accordance with these standards and ensures a high level of coordination and implementation of regional development policy.

It is also worth mentioning that the central public authorities of the Republic of Moldova have taken concrete steps to initiate, promote and develop a new policy concept on regional development, which includes not only the economic aspect but also the multi-sector aspect specific to the member states of the European Union.

References

1. Law no. 112 from 02.07.2014 on the ratification of the Association Agreement between the Republic of Moldova, on the one hand, and the European Union and the European Atomic Energy Community and their member states, on the other hand. In the Official Monitor of the Republic of Moldova no. 185-199 from 18.07.2014.
2. Law no. 166 on the approval of the National Development Strategy “Moldova 2020” from 11.07.2012. In the Official Monitor of the Republic of Moldova no. 245-247 from 30.11.2012.
3. Law no. 239 from 13.10.2016 on the approval of the National Strategy of Regional Development for years 2013-2025. In the Official Monitor of the Republic of Moldova no. 30-39, from 03.02.2017.
4. Law no. 438-XVI from 2006 on regional development in the Republic of Moldova. In the Official Monitor of the Republic of Moldova no. 21-24 from 2007.
5. Law no. 68 from 05.04.2012 on the approval of the National Decentralization Strategy and the Action Plan regarding the implementation of the National Decentralization Strategy for years 2012–2018. In the Official Monitor of the Republic of Moldova no. 143-148.
6. Munteanu, I., 2012. *Regional Development in the Republic of Moldova*. Chisinau: Cartier Publishing House.
7. Regulation of the National Council for Coordination of Regional Development, 2006. Government Decision no. 127 from 08.02.2008 regarding the measures to achieve the Law no. 438-XVI from December 28, 2006 on regional development in the Republic of Moldova.

8. Tofan, T. and Frunze, O., 2018. *Regional Development Management on Reducing Inter-regional Disparities within the Republic of Moldova in the Concept of the New European Cohesion Policy*. Chisinau: APA.