



Association for Participatory Democracy

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PROCEDURAL AND INSTITUTIONAL FRAMEWORK OF REGIONAL DEVELOPMENT IN THE CONTEXT OF THE EU-MOLDOVA ACTION PLAN IMPLEMENTATION

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1. Introduction

The regional policy is a chapter of accession negotiations of candidate states to the European Union, while successful negotiations in this area mean access to large structural funds. Given the fact that the European Neighbourhood Policy instruments are set accordingly to those featuring the EU enlargement process[1], the necessity of building a territorial framework to match the one of EU member states included the chapter “Rural and regional development” in the EU-Moldova Action Plan (EUMAP). However, progresses made in this area are not covered enough by official and civil society reports on implementation of EUMAP.

The regional development policy of Moldova was preponderantly the preoccupation of donor community and researchers and less of governments that ruled the country after the declaration of independence. The EU interest for the regional development planning in Moldova was constant by consecutively implementing three TACIS programmes that helped drafting the concept, law and strategy on regional development.

As a rule, the sub-national development was superposed to the administrative-territorial organisation and it changed when counties replaced districts and vice versa, being understood as sporadic urbanism and territorial arrangements. The seriousness of intentions was confirmed just in late 2006, when the law on regional development[2] was approved and budgetary funds were allocated for the regional development in 2008.

The purpose of this article is to radiograph the developing procedural and institutional framework of regional development in order to early anticipate shortcomings capable of undermining the regional development process.

2. Procedural framework

The regional development area is excessively regulated. The law on regional development is full of national or regional action regulations, with some of them being already in force and others being ready to be endorsed: the National Strategy for Regional Development; the Single Programming Document; operational plans; the Annual Implementation Plan; operational books; Regional Development Strategies for every region; regional operational plans; regulations of the National Coordination Council for Regional Development, Regional Development Councils, Regional Development Agencies, National Fund for Regional Development and others. The overregulation of a new area will slow down the regional develop-

ment process and amplify bureaucracy. Beneficiaries of funds will have to consult lots of documents and this requires time. In addition, the simplicity of administrative procedures reduces bureaucratic practices and increases development paces.

The model of regional development institutionalised under the law above has some faults, with the main drawback envisaging the delimitation of regions. Only two out of six regions have the potential of true development regions, in particular, the Centre, with the cities of Hincesti and Orhei as possible centres of the region, and the North, where the Balti municipality is an undeniable leader. Efforts to develop the South region with a potential centre in the city of Cahul could reach maximum revolutions only after the inclusion of the Administrative Territorial Unit Gagauzia into the region. Otherwise, the latter will be incapable to use its development potential, given the discontinuity of territory divided into several wings, with ways of access between them crossing other administrative territorial units. The division of the South into two small regions reduces the quality of strategic planning. For example, an ample project on modernising the South's infrastructure will require coordination between two regions and this fact may slow down the project implementation, given political animosities in the region.

The constitution of the development region Transnistria to cover localities from the left bank of the Dniester, uncontrolled by Chisinau authorities, is also marked by political reasons. That is the case when borders of the political region do not match those of the economic region. The northern side of this region is normally integrated into the development region North and the central and southern areas into the Centre and partly into the South. Such a territorial situation would boost the credibility of the regional development process. Firstly, this would strengthen a three-region model: Centre, North and South plus Chisinau, which would be close to the EU statistical territorial classification. While there are development regions such as NUTS II[3] in the EU, which are larger than all Moldova, the division of Moldova into six development regions is an unaffordable luxury. Secondly, the integration of the Transnistrian region into existing regions is part of recent initiatives on modernisation and reintegration of infrastructure from both banks of the Dniester. The fact that it will be impossible to implement regional development projects on the left side of the Dniester for an indefinite term may classify these localities as depressive zones of the region, where development actions may be taken as far as the situation is relieved.

The three-region model is indirectly aggregated by the central Government, too. This tacit consent is proved by the key strategic planning document of the country, the National Development Strategy (NDS) [4], which proclaims the regional development as part of the five priorities, but calls for a temporary differentiation of regional development actions. At a first stage (2007-2010), the Government will focus on strengthening capacities and developing conditions in the regions North, Centre and South, while in 2011-2018 „favourable conditions are expected to launch development actions” in ATU Gagauzia and Transnistria. The National Development Strategy meets the EUMAP, which outlines the promotion of a balanced regional development and reduction of economic and social differences between various regions of the country as goals of the “Rural and regional development” chapter. Another positive feature is that the NDS focuses on socio-economic dimension of regional development, while the mechanism of consolidation of institutional capacity for regional development is stipulated by the draft National Strategy for Regional Development.

3. Institutional framework

Regional development institutions may already start working after the Government has approved the actions to be taken in order to implement the Law on Regional Development[5]. However, the approval of regulations does not mean that they are operational. In fact, there are four institutions working under the auspices of the Ministry of Local Public Administration to a larger or smaller extent:

The National Coordination Council for Regional Development (NCCRD) was established to approve, pro-

mote and coordinate goals of the regional development policy at national level. NCCRD consists of ministers (of local public administration, economy and trade, finance, and others), heads of regional development councils, and by a representative of the private sector nominated by each development region. A key competence of NCCRD is to finally approve financing for regional development projects.

National Fund for Regional Development (NFRD). The Government has established the goal and strategic objectives of the regional development policy and actions needed to implement this policy for the first time in late 2001 in the medium-term strategy of socio-economic development of the Republic of Moldova (until 2005)[6]. Although the strategy stipulated the consideration of the opportunity to set up a regional development fund, which could finance various investment projects on infrastructure development and conditions to attract non-budgetary investments in disadvantaged areas, budgetary regulations adopted before 2007 do not stipulate such a fund. However, financial coverage is the best way to confirm the seriousness of plans. The 2008 state budget law foresees 130 million lei (about 10 million dollars when the budget law was voted, now the equivalent to about 13 million dollars). Under legislation, at least one percent of the state budget incomes will be allocated to the NFRD every budgetary year, and it may be supplemented by donors and private sector. Even if allocated, the funds are inaccessible because of the lack of an institutional framework. No project was financed from this fund so far.

The Regional Council for Development (RCD) is a deliberative regional structure without a juridical personality set up to draft, coordinate and monitor the regional development policy at level of development regions. Each district (and Balti municipality in case of the development region North) will be represented in RCD by four persons: district chairperson (mayor of the Balti municipality), a mayor and by a representative of civil society and private sector. Although it is built on the parity principle between local public administration representatives on one hand and representatives of civil society and private sector on the other hand, the option by RCD chairperson (who necessarily represents the local public administration) is decisive in case of a parity of votes. All members of RCD Centre, North and South have been selected and they will be shortly convoked for constitutive sittings.

The Regional Development Agencies (RDAs) are established in every development region to be the executive of the region. They will be based in centres of development regions. The decentralisation to the agency of competences of holding public procurement tenders on account of NFRD is welcome. At the same time, the problem of adequate financing for tasks laid upon RDAs was not resolved yet. Responsibility for financing RDAs was mostly left on shoulders of local public authorities. Besides providing offices, they will annually contribute with 0.15 percent of incomes of budgets of 2nd-level administrative territorial units to finance RDAs. However, resources expected from local administrations are insufficient, particularly for the RDA South. Regretfully, NFRD resources cannot be used to finance RDAs. RDAs could self-finance in the long run, but they cannot do this at the current institutional strengthening stage.

4. Conclusions

The elaboration and approval of the legal framework on regional development is welcome, but not enough. The regulation is not equivalent to implementation, while the remediation of shortcomings anticipated above is as difficult as the applicability of normative acts in force was not yet tested. It is not judicious to modify a normative act as long as the practice did not signal its inconveniences. However, certain shortcomings are already clear: delimitation of development regions (particularly in the South), abundance of regulatory acts on the area, absence of civil society in NCCRD, unclear funding for RDAs or selection of RDC members, etc. Some of them may be correlated through internal administrative procedures, while others shall wait for the implementation process to reveal new solutions.

Notes:

- [1] Kelley, Judith, (2006) 'New Wine in Old Wineskins: Promoting Political Reforms through the New European Neighbourhood Policy ', *Journal of Common Market Studies*, Volume 44, Number 1, pp. 29-55.
- [2] Law no. 438 from 28.12.2006 concerning regional development in the Republic of Moldova published in Monitorul Oficial no. 021 on 16.02.2007.
- [3] Nomenclature of Territorial Units for Statistics (NUTS) of EUROSTAT;
- [4] Law # 295 from 21.12.2007 approving the national development strategy for 2008-2011 published in Monitorul Oficial # 18-20 on 29.01.2008.
- [5] Government Decision # 127 from 08.02.2008 concerning actions to implement the Law # 438-XVI on regional development in the Republic of Moldova from December 28, 2006, published in Monitorul Oficial # 34-36 on 19.02.2008.
- [6] Law # 1415 from 19.12.2001, published in Monitorul Oficial # 5-8 from 10.01.2002.

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- Contribute to the efficient implementation of the governmental strategies aimed at the socio-economic development and democratization of Moldova;
- Promote and consolidate the democratic institutions and procedures;
- Encourage and facilitate citizen participation in the decision-making and governance processes.