The Law on Regional Development in the Republic of Moldova

The Parliament approves the present Organic Law.

The present law defines the functional development regions on the territory of the Republic of Moldova, the modality of inter-regional cooperation, institutional framework, tools specific for regional development policy, as well as determines the resources necessary for creating and functioning of the development regions in the Republic of Moldova.

Chapter I

General Provisions

Article 1. Basic terms

In the present Law, there are defined the following basic terms:

Regional Development Policy – a coordinated activity of the central and local public administration authorities, of the local communities and of NGOs, aiming to plan, implement a balanced socio-economic territorial development and directly support the socio-economic development of disfavoured zones.

Development Region – a territorial-functional unit, which represents the planning, evaluation and implementation framework for the regional development policy.

National Coordination Council for Regional Development (NCCRD) – a functional structure of general competence, not being a legal entity, set to approve, promote and coordinate regional development objectives at the national level.

National Fund for Regional Development – a finance source for programmes and projects aiming to achieve regional development objectives.

Regional Council for Development – a functional representative structure, not being a legal entity, created within each development region in order to develop, promote and coordinate the implementation of development programmes at the regional level.

Regional Development Agency – non-commercial public institution, subordinated to the implementing authority for regional development policy, created to implement the regional development strategy and the operational plan.

National Regional Development Strategy – the main document for regional development planning, reflecting national policy in this area and setting national mechanisms for regional development.

Single Programming Document – a short-term (3 years) governmental programming document drafted on the basis of regional development strategies and regional operational plans in order to implement regional development policy.

Yearly Implementation Plan – yearly planning document on the implementation process of the National Regional Development Strategy

Regional Development Strategy – a medium-term (7 years) regional development policy document on the regional level, which identifies priorities, includes projects and specific measures for the implementation of regional development policy within the development region.

Operational Plan – regional development strategy implementation plan, foreseen for a three-year period, comprising programmes, projects and priority activities.

Article 2. Objectives and Principles

(1) The main objectives in the way to support regional development are as follows:

(a) Obtain a balanced sustainable socio-economic development on the entire territory of the Republic of Moldova;

(b) Reduce the misbalances in the socio-economic development levels between regions and inside them;

(c) Strengthen financial, institutional and human opportunities aimed at socio-economic development of the regions;

(d) Support local public administration authorities and local communities with the aim to socio-economically develop the localities and coordinate inter-action between these and the national, sectoral, regional development strategies and programmes.

(2) The basic principles in the way to support regional development are as follows:

Efficiency: efficient use of natural, human, financial and production resources on the entire territory of the Republic of Moldova;

Equity: all citizens of the Republic of Moldova, independently of their place of residence, have equal rights and access to economic, social and cultural values;

Sustainability: all measures, programmes and sub-programmes, financed with the aim to support regional development should also be technically, financially and institutionally sustainable;

Planning: all measures, programmes and projects with the aim to support regional development should be developed and applied in compliance with the national and regional development strategies, they also have clearly-defined objectives, priorities and mechanisms;

Coordination: all measures and objectives with the aim to support regional development should be coordinated both at the national and regional levels;

Partnership: planning, development and implementation of measures with the aim to support regional development are being applied based on partnership between central and local public authorities, public and private sectors, and civil society organizations;

Transparency: clarity in processes to allocate, distribute and use resources aimed at implementing regional development strategies, programmes and projects.

Article 3. Development regions

(1) Development regions are not administrative-territorial units and are no legal entities. The composition of development regions is provided in the appendix to the present Law.

(2) Regional Development Centres (Capitals) will be identified by the National Coordination Council for Regional Development, following the proposal of Regional Development Councils and based on the following criteria: development capacity, inter-regional cooperation traditions, agglomeration and polycentrism.

(3) Development regions will identify the planning, implementation and evaluation framework for the regional development. Development regions are subject to regional development planning, implementation and evaluation.

(4) Development regions may present proposals of cross-regional schemes/structures for their further approval by the National Coordination Council for Regional Development, based on special interests or for common purposes.

Article 4. Responsibility and attributions of public authorities for Regional Development

(1) The central specialized public administration bodies and the local public administration authorities are responsible for promoting the regional development policy in the Republic of Moldova.

(2) The implementing authority for regional development policy, has the following competencies:

a) Develop, monitor and evaluate the implementation of the National Strategy for Regional Development;

b) Manage the National Fund for Regional Development;

c) Together with other ministries, with the National Coordination Council for Regional Development and with the Regional Development Councils, set national priorities for regional development;

d) 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;

e) Methodologically regulate the process of working out regional development strategies and operational plans;

f) 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;

g) In cooperation with the Regional Development Councils, coordinate and monitor the process to develop regional development strategies and programmes;
h) Evaluate the process to implement regional development strategies;
i) Propose the finance mechanism for regional development;
j) Attract additional financial resources aimed at implementing the National Strategy for Regional Development.

Chapter II

Institutional framework

Article 5. The National Coordination Council for Regional Development

(1) The National Coordination Council for Regional Development (hereinafter referred to as the National Council) is set to approve, promote and coordinate the objectives of the regional development policy at the national level.

(2) The National Council is not a legal entity and operates according to its Regulation.

(3) The structure and the Regulation for the National Council are approved by the Government.

(4) National Council is formed based on parity principle via a Governmental decision. It comprises the following: the Minister of Economy , the Minister of Finance, other ministers, chairmen of Regional Development Councils and by one representative of the private sector delegated by each Regional Development Council. Depending on the topics of the projects under discussion, there could be invited other ministers as well, the latter will join based on their regular competencies.

(5) One of the Deputy Prime Ministers is also the Chairman of the National Council.

(6) The National Council has the following competencies:

a) Endorse the National Strategy for Regional Development;
b) Approve the Single Programming Document;
c) Approve the criteria to evaluate discrepancies in regional development and national priorities on regional development;
d) Approve the financing from the National Fund for Regional Development;
e) Approve the Yearly Implementation Plan, in compliance with the financial resources available in the National Fund for Regional Development;
f) Contribute to attracting additional financial resources in order to implement the National Strategy for Regional Development, the Single Programming Document and the regional development strategies;
g) Provide assistance to inter-regional and cross-border cooperation, and to other types of cooperation aimed at regional development in the Republic of Moldova;
h) Exercise other competencies aimed at supporting the regional development policy.

(7) The implementing authority for regional development policy will provide secretarial support to the National Council.

Article 6. The National Fund for Regional Development

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

(2) Annual allocations from the state budget to the Fund represent 1% of the incomes approved from the state budget for the respective year, excepting the special destination incomes provided by the legislation. The fund is managed by the implementation authority of regional development policy, which allocates its means, with a prior approval from the National Council.

(3) 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.

(4) The way to form and use Fund's financial resources is performed according to the Regulation approved by the Government.

(5) There will be a priority to allocate Fund's resources to disfavoured zones within the development regions.

(6) The financial operations on the execution of investment projects will be performed by the Regional Development Agencies via the territorial treasuries of the Ministry of Finance.

Article 7. The Regional Development Councils

(1) The Regional Development Councils (hereinafter referred to as the Regional 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;

(2) Regional Councils are responsible for the general development in their region and for the approval of regional development strategies and the action plans.

(3) Regional Councils 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.

(4) The implementing authority of regional development policy will organize the selection of representatives from private sector and civil society that would be part of regional councils. When forming composition of the regional councils, there will be followed the parity principle between state structures on one side and private sector, civil society and NGOs on the other side.

(5) The Regional Council shall operate based on a Regulation approved by the Regional Council, developed based on the Frame-Regulation approved by the Government.

(6) The Regional Councils have the following competences:

a) *Approve the Regional Development Strategy and the Operational Plan, developed by the Regional Development Agency;*

b) Approve and promote regional development projects;

c) Represent the development region and its interests in the National Council;

d) Based on nationally defined criteria, identify the disfavoured zones within the development region;

e) Monitor the use of financial resources allocated from the Fund to the respective development region;

f) Evaluate the impact of implementation of the regional projects and programmes, and the achievements of the regional development objectives;

g) Promote inter-regional and intra-regional cooperation with public institutions and private organizations;

h) perform other competences as to this Law

Article 8. The Regional Development Agency

(1) The Regional Development Agency (hereinafter referred to as the Agency) is constituted within each development region, is a legal entity and operates according to a Regulation, approved by the Agency, based on a frame-regulation developed by the Government.

(2) The financing of projects and programmes, as well as the expenses for organizing and functioning of the Regional Development Agency are performed from the Fund according to the lists of expenses coordinated with the Regional Council and approved by the implementing authority of regional development policy.

(3) Any revenues obtained by the Agency, following its economic activity, will be disbursed after coordination with the Regional Council and approved by the implementing authority of regional development policy.

(4) The Agency has the following competencies:

a) Analyze the socio-economic development of the respective development region, draft regional development strategies, plans, programmes and projects;

b) Co-ordinate the implementation of the regional development strategy, plans, programmes and projects;

c) Monitor and evaluate the implementation of the regional development strategies, programmes and projects;

d) Provide to Regional Councils, to the implementing authority of regional development policy *and to NCCRD yearly reports on implementation of regional development strategies;*

e) Attract non-budgetary resources to support the implementation of regional development strategies, programmes and projects;

f) Provide information, methodological and consultation support to the Regional Council and to local public administration authorities with respect to the balanced and sustainable development of the region;

g) Stimulate cooperation of the civil society in the socio-economic area of the region;

h) Provide secretariat activities to the Regional Council.

Chapter III

Regional Development Planning

Article 9. National Regional Development Strategy

(1) National Regional Development Strategy (hereinafter referred to as the National Strategy) is drafted by the implementing authority of regional development policy, endorsed by the National Council, and approved by Government.

(2) The National Strategy shall be in compliance with the provisions of the National Development Plan and/or other national sector strategies/programmes that follow the social and economic development of the country;

(3) The implementing authority of regional development policy submits the yearly report on the implementation of National Strategy to the Government and to the National Council.

Article 10. The Single Programming Document

(1) At the national level, the Single Programming Document is drafted by the the implementing authority of regional development policy for a three-year period. The Single Programming Document represents a synthesis of regional Operational Plans and provides for priority projects/programmes for regional development set for the next three years.

(2) The Single Programming Document is approved by the Government.

Article 11. The Regional Development Strategies

(1) Regional development strategies are the main documents for the planning of balanced and sustainable development of the regions, and shall be in line with the priorities of the National Strategy.

(2) Regional development strategies comprise the Operational Plans. The Operational Plan, which is foreseen for a three-year period, represents the Implementation Plan of the Regional Development Strategy and contains priority programmes, projects and activities.

(3) Regional Development Strategies and Operational Plans are drafted by the Regional Development Agencies according to the methodology and corresponding typical structures elaborated by the the implementing authority of regional development policy.

(4) Regional Development Strategies and Operational Plans shall be evaluated by the the implementing authority of regional development policy in terms of compliance with national planning documents.

(5) Regional Development Agencies monitor and evaluate implementation of regional development strategies, as well as present relevant modifications. Based on the results and impact of the implementation, Agencies develop by one Operational Plan every three years.

Article 12. Regional Development programmes and projects

(1) Regional Development Strategies and Operational Plans shall be implemented via programmes and projects.

(2) Programmes and projects shall be identified by the Regional Development Agencies, local public authorities, NGOs, other natural and legal persons.

(3) Programmes and projects, prioritised in the Single Programming Document and approved by the National Council, shall be financed by the Fund. Any available additional financial resources, aside the Fund, may contribute to the implementation of projects and programmes provided by the Operational Plans.

Chapter IV

Final Provisions

Article 13.

In two months time since the date the present law enters into force, the Government:

a. Shall approve the structure, nominal composition and Regulation of NCCRD.
b. Shall approve the frame-regulation for RDCs.
c. Shall approve the Regulation on the way to form and make use of NFRD's financial resources.
d. Shall approve the structure and Frame-Regulation of RDA.

APPENDIX

to the Law on Regional Development

in the Republic of Moldova

Development Regions

Development Regions	**Administrative-Territorial Units Included**	**Regional Population** (as to the Census 2004)
Nord	Mun. Bălţi, Rayons Briceni, Donduşeni, Drochia, Edineţ, Făleşti, Floreşti, Glodeni, Ocniţa, Rîşcani, Sîngerei, Soroca	969299
Centru	Rayons Anenii-Noi, Călăraşi, Criuleni, Dubăsari, Hînceşti, Ialoveni, Nisporeni, Orhei, Rezina, Străşeni, Şoldăneşti, Teleneşti, Ungheni	987603
Sud	Rayons Basarabeasca, Cahul, Cantemir, Căuşeni, Cimişlia, Leova, Ştefan-Vodă, Taraclia	524497
TAU Gagauzia		155700
Chişinău Municipality		712218
Transnistria	Administrative-territorial units from the left-bank of Nistru river, including Tiraspol and Bender municipalities	580000