



Ministry of Regional Development and Construction

***National  
Strategy  
for Regional  
Development  
2010-2012***

APPROVED BY THE GOVERNMENT DECISION NO. 158 FROM 4 MARCH, 2010

## **I. GENERAL PROVISIONS**

1. The National Strategy for Regional Development, hereinafter referred to as the *Strategy*, is the main document for regional development planning, that reflects national policy in this area and introduces national mechanisms for regional development.
2. The provisions of the Strategy establish medium-term objectives and tasks that are to be performed in order to implement regional development policy that corresponds to Government's European integration policy and to EU-Moldova bilateral agreements. The concept and objectives of the regional development policy are compliant with European countries' experience and fit well with the EU Neighbourhood Programme.
3. Within the Strategy the definitions specified by Law no. 438-XVI of 28<sup>th</sup> December 2006 on regional development in the Republic of Moldova shall be used.
4. The development of this Strategy derives from the imperative of strategic planning of coordinated actions implementing process, necessary for country's development. At the same time, when developing the Strategy, the existing legal and strategic framework, and accomplishments and gaps of previously implemented strategic policies were considered. Thus, objectives, measures and actions of the Strategy were established in the context of applying provisions of the Law no. 438-XVI from 28<sup>th</sup> December 2006 on regional development in the Republic of Moldova.
5. For the purpose of integrated coordination of the sectoral policies coordination in the socio-economic development field, with reference to regional development, the Strategy represents an operational continuity of the National Development Strategy, approved by the Law no. 295-XVI from 21<sup>st</sup> December 2007 on regional development in the Republic of Moldova. The measures of the Strategy support the operational implementation of the National Development Strategy regarding sustaining actions for a balanced and sustainable socio-economic development of the entire territory of the country.

## **II. REGIONAL DEVELOPMENT CONTEXT**

### **REGIONAL DEVELOPMENT POLICY OF THE REPUBLIC OF MOLDOVA**

6. the Law no. 295-XVI from 21<sup>st</sup> December 2007 on regional development in the Republic of Moldova defines the main objectives and principles, sets out the institutional framework and planning tools for regional development. Under this law, the main objectives of regional development are to:
  - a. Achieve balanced, sustainable socio-economic development for the entire territory of the Republic of Moldova;

- b. Reduce the imbalances in socio-economic development levels between regions and within them;
  - c. Strengthen financial, institutional and human opportunities aimed at socio-economic development of the regions; and,
  - d. Support local public administration authorities and communities with the aim of socio-economically developing the localities and coordinating action between these and national, sectoral, regional development strategies and programmes.
7. The Strategy identifies regional development as one of five key national priorities included in the National Development Strategy, with an overarching goal of implementing a balanced and sustainable social and economic development all over the country by coordinating efforts within development regions.
8. The NDS outlines the following medium-term objectives of regional development policy:
- a) Balanced participation of all regions in the socio-economic development of the country, primarily targeting the North, Centre and South regions;
  - b) Accelerate the development of small towns as regional “growth buds”;
  - c) Develop rural economies and improve productivity in agriculture;
  - d) Develop and upgrade regional infrastructure and promote public-private partnerships; and,
  - e) Avert environment pollution and promote efficient use of natural resources in view of improving the quality of life.
9. The Strategy’s main purpose is the establishment of a regional development institutional framework focusing on creating and maintaining a system for the management, implementation, financing, monitoring, and evaluation of regional development.
10. Regional Development Policy targets the entire territory of the Republic of Moldova and will be implemented in two phases. During the initial phase (2010-2012) Government efforts are focused upon building capacity and conditions for development within three development regions – North, Centre and South. At a later stage (2012-2019), regional development actions will be supported in the development regions – Autonomous territorial unit Găgăuzia, Chisinau municipality and administrative-territorial units from the left bank of Nistru (Transnistria).

11. As Chişinău has a leading role in national development, with a decisive impact on development of all regions, the Government will continuously encourage measures in order to consolidate its position as a commercial centre in a wider international context. A further harmonisation of Chişinău's development planning policies with the regional development strategies of the North, Centre and South development regions is particularly desired.
12. Regional development strategies and operational plans will be drafted based on the methodology provided by the Ministry of Construction and Regional Development (hereinafter referred to as *the Ministry*). A Single Programming Document will be developed on the basis of these regional development strategies and operational plans, whereby priorities and domains supported by financial resources will be established, focusing upon regional development. The process of regional development planning is characterised by the following features:
- a) "*Bottom-up approach*" and "*Top-down approach*": the Single Programming Document will be formulated from the regional development strategies and operational plans and will be consistent with the priorities established in the NDS.
  - b) The process in question has an innovative character and will be continually updated; there will not be a single all-embracing approach imposed on regional and local actors. Each partnership will be encouraged to identify and analyse real opportunities, propose the most adequate methods of decision-making and participation appropriate to them, evaluate and learn from the outcomes, improve their organisation, planning and implementation and take prudent risks in a rational and realistic manner.
  - c) Local and regional actors will be encouraged to focus on creating conditions for economic development across a range of sectors rather than focus on a single issue whilst avoiding spreading resources too thinly.
13. Both the "bottom-up" and "top-down" approaches will be based on the principles laid out in the Regional Development Law of the Republic of Moldova to support regional development:
- Efficiency*: efficient use of natural, human, financial and productive resources throughout the entire territory of the Republic of Moldova;
- Equity*: all citizens of the Republic of Moldova have equal rights and access to economic, social and cultural values regardless of their place of residence;
- Sustainability*: all measures, programmes and projects financed with the aim of supporting regional development should also be technically, financially and institutionally sustainable;
- Planning*: all measures, programmes and projects with the aim of supporting regional development should be developed and implemented in compliance with national and

regional development strategies and should also have clearly-defined objectives, priorities and mechanisms;

*Coordination:* all measures and objectives with the aim of supporting regional development should be coordinated both at the national and regional levels;

*Partnership:* planning, development and implementation of measures with the aim of supporting regional development are to be based on partnership between central and local public authorities, the public and private sectors, and civil society organisations;

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

14. In addition to expected economic and social benefits, implementation of regional development policy will strengthen local public administration capacities and will develop social capital. The promotion and development of local and regional partnerships will offer, at the same time, new opportunities for participation, co-operation and initiative for local public administration, the non-governmental sector and civil society.
15. Regional development strategies will provide a broader 'horizontal' context which should enable more effective targeting and coordination of ministries' and donors' sectoral expenditure in the regions. They will also seek to increase regional capacity to effectively absorb investment funds. This will bring the Republic of Moldova in line with European practice in terms of 'joined up government' and synergy between national 'vertical' programmes and regional 'horizontal' programmes.

#### **THE NATIONAL DIMENSION OF DEVELOPMENT**

16. The Republic of Moldova's economy has passed through two distinct periods. The first period, 1992-1999, was characterised by GDP falling by 42.4%. Since 2001, the Moldovan economy has registered moderate growth. For the period 2001-2005, annual real GDP growth was between 6.1% and 7.8% and GDP cumulative growth during the recuperation period (2000-2006) was 62.9%. However, beginning with 2008, country's economy had been affected by negative influences of the global financial crisis. Almost all economic indicators were affected. According to preliminary data, the GDP decreased by circa 9% in 2009.
17. The main source of growth of Republic of Moldova's economy is increased household consumption, financed mainly from higher incomes (real salaries increased by about 2.8 times in this period), as well as from income obtained from residents working abroad. Fixed capital investments have had a smaller contribution to economic growth - they increased by 2.5 times compared to 2000, representing an average of 15.7 % of GDP.

18. Between 2000-2008, transportation services, telecommunications and real-estate transactions generated over 25% of GDP growth. At the same time, there has been a significant reduction in agriculture's contribution to economic growth, whereas the processing industry has made up a fifth of GDP growth. These trends have led to a significant change in the structure of Moldovan production. Agriculture's share in gross value added has decreased from 29% to 5.2% whilst services increased from 48% to 62%. Industry's share dropped from 17.1% to 14%. Imports are characterised by a high share of raw materials and energy resources, as well as capital-intensive goods.
19. Since 2001, the Republic of Moldova has been a member of the World Trade Organization (WTO). In its relations with the EU, the Government aims to obtain the most advantageous Autonomous Trade Preferences from the EU. This could take the shape of an asymmetric Free Trade Agreement, according to which the EU is to offer Moldova free access (at zero rates on customs tariffs) for almost all goods, except for those that could substantially influence certain segments of the Community market.
20. Although during 2005-2006 the rate of investments in fixed capital accelerated, 2007-2008 witnessed a more moderate growth rate. Current levels of fixed capital investment remain insufficient to underpin sustainable growth. The foreign direct investment market is highly competitive and the Republic of Moldova's economy is not sufficiently attractive compared to its competitors.
21. Negative demographic tendencies are considered among the most unfortunate consequences of the economic and social transition in Moldova. The natural increase of population and net migration rate has been constantly negative since 1998, although the position has slightly improved in recent years.
22. In addition, there are a range of problems affecting the functioning of the labour market. These include: a high level of rigidity; high seasonal and structural unemployment; low productivity and wages; a high degree of informalisation in a range of productive areas; and unequal employment opportunities for the young, women and socially vulnerable. These problems are particularly concentrated in rural areas.
23. Since 2000, poverty rates have been continuously falling. Thus, in 2006, the absolute poverty rate was 30 %, compared to 40 % in 2002 and 73 % in 1999.

#### **THE SPATIAL DIMENSION OF DEVELOPMENT**

24. The economic decline since 1990 hit certain industries and sectors more than others and disrupted previous trade and distribution patterns, thus emphasizing discrepancies between levels of regional economic development.

25. Imbalances in economic and social development contributed to the emergence of serious problems in the development of localities, including (i) the concentration of development and growth trends in Chişinău; (ii) the decline of towns; (iii) the under-development of rural communities; and, (iv) imbalances in the development between localities. Addressing these problems is the main challenge for regional development policy.

### **The role of Chişinău municipality in regional development**

26. By far the most significant and most obvious economic and social disparity in the Republic of Moldova is between the municipality of Chişinău and the rest of the administrative-territorial units. It is indisputable that Chişinău is the key centre of wealth creation, employment, consumption, tax revenue, and also public expenditure. Its inhabitants generally enjoy a significantly higher standard of living than those in the rest of the country. On almost all available and relevant indicators, persons living outside Chişinău are relatively less favoured.
27. The imbalance in the development between Chişinău and other localities has the following three basic characteristics:
1. There is a relatively high concentration of economic activity in Chişinău municipality, generally higher than is usual for most capital cities, even for capital cities in under-developed European countries;
  2. There is a severe imbalance between the high living standards in the capital city and other localities; and,
  3. There is an enormous imbalance between the capital and the rest of the territory in terms of physical infrastructure, accessibility of public services such as transport, professional development, cultural, social assistance, medical and a broad range of other factors related to competitiveness and productive potential.
28. The role of Chişinău in the general development of the country is dominant. According to the main indicators of socio-economic development, all other intermediate administrative-territorial units are below the national average, whilst the municipality of Chişinău is ranked far above national averages. Furthermore, there is a significant difference between these extremes.
29. It is a recognised reality that economic, cultural and scientific activity tends to concentrate in regions with more developed infrastructure and higher living standards. It is important therefore that regional development policy promotes the development of provincial towns as multi-functional urban centres, capable of providing services and

functions for the districts around them that would otherwise only be available by travelling to Chişinău.

30. At the same time, other regions should seek to ensure that they make every attempt to derive benefits from the capital's development. This may be done in different ways by different regions. For example, the central and southern regions should seek to capitalise more effectively on their proximity to the capital and the ease of transferring jobs from the capital to cheaper locations in the regions, whilst the northern region may seek to capitalise on its distance from the capital to better develop its urban centres (Bălţi municipality, for example) as sources of services that are currently only available in the capital.

### **Urban areas**

31. Upheaval that took place following 1990 led to de-urbanisation in the Republic of Moldova as industrial plants closed and brought towns, which had developed along strictly industrial lines in the Soviet period, into crisis. This process is evident not only by the decrease in the numbers of urban population from 46.6% in 1989 to 44.8% in 2008, but also by the ruralisation of lifestyle and employment of inhabitants from other cities in the country, including Chişinău suburbs.
32. Of those 65 urban localities, except for Chişinău, only 3 cities have a population over 100,000 persons. Two of these, Tiraspol and Tighina, are located in Transnistria. Some 12 more populated towns are relatively evenly dispersed across the country. Four are located in the North Development region, three in the Centre Development region and two are located in the South Development region, three of which are situated in Găgăuzia. Excluding the capital, the cities of Bălţi, Cahul, Ungheni, Soroca and Orhei are the most populated urban centres.
33. The majority of the cities – including the biggest and most prosperous ones – have registered a significant depopulation. Whilst all towns faced the collapse of industry, towns dependent on one or two main industries were faced with the most difficult predicaments and only in a few cases has the decline been reversed.
34. This abrupt decline in the economic and social fabric and function of urban centres has led to several consequences:
- a) A decline in urban settlements and the rupture of their support function to surrounding villages that has driven down living standards outside Chişinău; and,
  - b) Many small towns have been affected, especially those where one or two large enterprises have essentially become bankrupt.

35. These towns no longer play the role that is so essential to surrounding villages and populations, namely as a dynamic service centre and source of support and opportunity.
36. However the underdevelopment of towns as urban centres could represent an opportunity for regional policy. The de-urbanisation that occurred in the 1990s was a crisis of the Soviet-era industrial town. There is no reason to assume that this will be a continuing feature of Moldova's demography. On the contrary, the gradual revival of the Moldovan economy is likely to mean re-urbanisation, with medium-sized urban centres taking on more functions, not less.
37. This polycentric approach is being observed and encouraged in many European countries. Moldova currently underperforms in terms of polycentric development and this is, according to the NDS, one of the medium-term priorities of the regional development policy. A meso-level focus, raising the economic profile of medium-sized urban centres, would enable more efficient distribution of resources. As the NDS clearly states, this does not mean that development would be limited to these centres and adjacent areas only. This approach will contribute to reaching a critical mass to spur economic growth and increased living standards in other towns and in their larger zones of influence.

### **Rural areas**

38. Since the beginning of the 1990s, despite massive external migration, the rural share of the overall population is increasing, from 53.4% in 1989 to 55.2% in 2008.<sup>1</sup>
39. Both the collapse of industries in towns and only partial reform in the agriculture sector negatively affected the rural population. Today, the situation of the rural population living in small villages is precarious with few economic prospects and difficult access to, and support from, relevant public services and support mechanisms. While remittances constitute a significant proportion of income to rural communities, it remains a fact that the greatest part of remittances from Moldovans working abroad are, in fact, directed to consumption.
40. Disparities in economic and social well-being between village dwellers and those in the larger towns are significant. Villages have also been hit by their own decline as well as the impact of urban decline. Their situation is therefore doubly bleak. If analysed in terms of residence (urban *versus* rural), social-economic groups (farmers / agricultural employees *versus* non agricultural employees, entrepreneurs, the retired and others), or according to source of income (individual agricultural activity *versus* other categories), poverty is much greater in rural areas.

---

<sup>1</sup> BNS data for the whole country, 2008

## Rayons

41. Rayons are the main component units of the Centre, North and South development regions. In administrative-territorial legislation, they have the same status – second level administrative-territorial units – as Chişinău and Bălţi municipalities and ATU Găgăuzia. While both Chişinău and ATU Găgăuzia form separate development regions, Bălţi is part of the North development region. According to the NDS, the municipality of Bălţi is second to the capital city in terms of development levels, having a higher growth potential than other locations within the country.
42. The rayons and Bălţi municipality also serve as the main statistical units for gathering data which, after being aggregated, form the statistics for development regions.
43. According to development indicators at rayon level, there are noticeable differences between one rayon and another. Still, a rayon may be in a significantly better situation according to one indicator (for instance, infrastructure) though in a worse situation according to another (for instance, investment).
44. At the same time, intra-rayon development discrepancies are evident. These imbalances are generated by development discrepancies between the urban and rural environment. In other words, the more urbanised the rayon is, the more favourable is its social-economic situation.
45. According to the *National Report on Human Development of the Republic of Moldova for 2006*, the hierarchy of rayon development, carried out on the basis of aggregated social-economic development indicators and technical and public utilities infrastructure, is as follows:
  - a) According to the aggregated social development indicator, the Northern administrative-territorial units of the Republic (Edineţ, Donduşeni, Ocniţa, Soroca and Rîşcani, rank high whereas lowest positions of the hierarchy are occupied by the central rayons.
  - b) According to the infrastructure development indicator, there is greater variation and wider geographical distribution of differences. The rayons that rank highest according to this indicator are Anenii-Noi and Orhei in the Centre, Taraclia in the South, and Ocniţa and Edineţ in the North.
46. The aggregate economic indicator shows that the most developed rayons are Taraclia and Basarabasca rayons as well as Autonomous territorial unit Găgăuzia. With few exceptions, these administrative-territorial units are higher than the national average for all components of the aggregated economic indicator. The least developed in terms of economic development are three Central rayons (Teleneşti, Dubăsari and Nisporeni) and 2 Southern (Leova and Cantemir).

47. Currently rayons are the main planning units for regional development policy due to a greater concentration of human and administrative resources at rayonal level. However, the approach proposed by this Strategy is not to restrain development to the limits of rayons. This includes a change in the approach of the local public authorities who should avoid perceiving regional development initiatives solely as an administrative process for the benefit of particular rayons. Certain initiatives will go far beyond of the limits of one rayon, and could include several rayons, some parts of them, or even the region as a whole.
48. Thus, although there are significant discrepancies between the levels of development in different rayons, it is important that regional development programmes and projects have a regional impact, producing medium and long-term effects over the region as a whole, and thus avoiding promoting initiatives that, in a long-term perspective, will encourage the development of certain rayons, to the detriment of others. In this respect, it has to be realised that it is not the physical location of an implementation unit of a regional development project that counts, but the *effects that a project produces for part or all of the entire region*.
49. A more equitable distribution of development over the whole region could be achieved by a common and integrated effort across all component rayons. This will lead to strong regional ownership of development efforts and make the region more attractive for potential investors through the presence of a clear strategic vision for regional planning.

### **Development regions**

50. The Law no. 438-XVI from 28<sup>th</sup> December 2006 on regional development in the Republic of Moldova proposes a new regional approach to the development of the country.
51. Development regions are territorially functional units, which represent a framework for planning, implementation and evaluation of regional development strategies. Development regions are large enough to provide an increased level of efficiency in promoting development but small enough so as not to marginalise efforts of regional and local actors.
52. There are basic differences in the general profile of the three designated regions – North, Centre and South. The North development region is more urbanised, mostly due to Bălți city. Meanwhile, the Centre development region is the biggest region in terms of area and population but has a reduced urbanisation level, whereas, in contrast, the South region has the least.
53. Certain specific differences between development regions will be established in the process of planning through the elaboration of regional development strategies. In

addition, the strategies will reflect, and build on, economic and social initiatives offered by closer links with Chişinău municipality. The development regions are large enough to plan regional and local development whilst able, at the same time, to make a real difference in terms of national development, but small enough to facilitate consensus development and decision-making by regional stakeholders.

54. A subsequent phase will include the implementation of regional development policy within the next three development regions: Autonomous territorial-unit Găgăuzia, Chişinău and administrative-territorial units from the left bank of Nistru (Transnistria).

### **III. OBJECTIVES AND PRIORITIES**

55. The general objective of the Strategy is:

*To support the goals of the National Development Strategy by developing an effective implementing mechanism for creating an attractive environment for sustainable growth in the development regions.*

56. The main specific objectives are to:

- Establish and support the effective operation of the new regional development institutions (Regional Development Councils, Regional Development Agencies);
- Identify the conceptual framework for the elaboration of long-term sustainable regional development strategies and operational plans for every development region;
- Establish strategic and efficient regional partnerships for managing and delivering regional development projects;
- Support a strong participatory process to maximise the impact of investments in regional development on the poor, the socially excluded and women.
- Build capacity across government in order that regional development programmes and projects are effectively managed;
- Implement transparent and efficient monitoring and evaluation mechanisms of the regional development process;
- Produce and report on regional statistics to support both the design of regional development strategies and their monitoring and evaluation; and,
- Develop a viable, flexible and sustainable regional development financing mechanism for both government and donors.

57. The Strategy's objectives will be achieved through an Action Plan (Annex 1) focused on three distinct priority areas:

#### **Priority 1: Institutional development**

**Priority 2:** Sustainable regional growth

**Priority 3:** Strategic governance

58. Priorities 1 and 3 refer to capacity development, planning and the creation of favourable conditions to implement regional development activities. Given the innovative character of the regional development policy for the Republic of Moldova, priorities 1 and 3 are especially important at the initial stage, to ensure the efficiency and success of the whole process.
59. **Priority 1** implies establishing and capacity building of a number of institutions, namely the Regional Development Directorate within the Ministry and of the Regional Development Councils and Regional Development Agencies at regional level, as well as developing the financing mechanisms of regional development to make operational the National Fund for Regional Development (NFRD). Specifically, two operational manuals will be developed: one for the NFRD and the other for the RDAs themselves.
60. **Priority 2** will contribute to achieving the national-level regional development policy objectives, as stated in the NDS. This would support the process of developing regional development strategies through a participatory process. In addition it would help mobilise the development of regional partnerships to develop a viable project pipeline to be included in the operational plan. In addition, sustained measures will be taken to inform, build awareness and enhance the skills of the local administration officials, the private sector, and civil society in promoting regional development partnerships.
61. Under **Priority 3**, the Strategy will support measures to develop a transparent and efficient monitoring and evaluation mechanisms. This will include the development of regional statistics in order that realistic goals indicators and targets can be established. In addition, effective communications strategies for both the Ministry and the regional development institutions will be developed and made operational.

**IV. IMPLEMENTATION MECHANISMS AND MONITORING**

62. The Government will have a strategic role to play in supporting specific activities in the implementation of regional development policy to ensure equitable and efficient outcomes.
63. As the regional development policy aims to involve all territories in the country in social and economic development, and to increase the living standards of the population, every development region will have the opportunity to design its own solutions to regional development issues.

64. The Strategy will provide local and regional actors with the tools needed to promote economic growth in the development regions. The Law no. 438-XVI from 28<sup>th</sup> December 2006 on regional development in the Republic of Moldova explicitly defines the responsibilities of all institutions and structures involved in supporting regional development.
65. The Ministry is in charge of formulating and implementing policies, making proposals and informing the Government about all stages of regional development, as well as of supervising the implementation of this Strategy.
66. The Ministry will develop the Single Programming Document, based on the regional development operational plans, and submit it to the National Coordination Council for Regional Development (hereinafter referred to as *the National Council*) for approval. The Ministry will also produce an Annual Implementation Plan for the NSRD and produce annual reports on its implementation.
67. The Ministry is in charge of the direct enforcement and implementation within a reasonable timeframe of the tasks outlined in the Law and of the actions included in this Strategy. The Minister shall submit to the National Council all offers from donors and shall negotiate with them to ensure optimal support to the regional development process.
68. With a view to implementing this Strategy, the Ministry shall solicit the support of the National Council, the Ministry of Economy, the Ministry of Finance, other central administrative authorities, the Regional Development Councils, the Regional Development Agencies, the rayons and Chişinău, Bălţi and Autonomous territorial unit Gagauzia authorities.
69. In sum, the Strategy's implementation process will have the following characteristics:
  - a) Each Regional Development Agency, through a participatory process, following the establishment of Regional Development Councils, shall develop a Regional Development Strategy and an Operational Plan, to be submitted to the Ministry.
  - b) Local and regional partners will be invited to develop project proposals according to the priorities established in the regional development strategies. These projects will be developed with support from the Regional Development Agencies and, following appraisal and prioritisation process, will be submitted to the Regional Development Councils for approval. The Agencies will monitor and evaluate all projects, under the Ministry's guidance, to ensure effective implementation.
  - c) The Ministry shall develop the Single Programming Document, based on regional Operational Plans, and will submit it to the National Council for approval. This will

be the legal framework for public funding allocated for regional development support.

- d) The Ministry shall initiate the process of regional development, providing necessary support to Regional Development Councils and to Regional Development Agencies.
- e) Once the Single Programming Document is approved, the Ministry shall ensure the mobilisation of the necessary resources and that implementation systems are operational.
- f) Public procurement for projects financed from the NFRD will take place only for projects included in the Single Programming Document.

70. The Ministry will design the methodology, process and timeline for designing the regional development strategies. This methodology shall include, but will be not limited to:

- a) The **creation and development** of appropriate partnership mechanisms at the regional level to elaborate regional development strategies and operational plans.
- b) **Ensuring inclusion** of a wide range of actors in the regional development process through a participatory process, in order to ensure the involvement of all regional parties in the development process.
- c) Where appropriate, **involving central government** stakeholders in the process to ensure that regional development strategies are harmonised with national and sectoral priorities.
- d) The **setting of measurable and time-bound goals, indicators and targets** to support monitoring and evaluation.

71. The regional development strategies will identify and analyse explicitly the main economic and social constraints hindering development in the regions and prioritise appropriate measures to address them. In addition, they will explicitly promote cohesion within the corresponding development region and with other development regions and, if deemed necessary, with neighbouring countries.

72. Within the regional development strategies and operational plans, the proposed measures shall show a fair balance between infrastructure projects and investments aimed at economic and social development. In addition the Ministry will ensure that resources are not spread too thinly across too many initiatives in a non-strategic manner

73. The Ministry will also support the regional development institutions to promote gender equality at every level. The legal framework and existent practices in the regions offer enough room for gender-oriented initiatives in regional development. Thus, gender mainstreaming will be a primary concern in the selection, design, implementation and monitoring and evaluation of regional development projects.
74. In addition to economic and social development, sustainable regional development strategies will promote mutually-beneficial and responsible environmental initiatives. Therefore, regional development projects will be supported for financing after undergoing effective environment screening. Accordingly, an *ex-ante* environmental impact assessment of the regional development projects is a priority. This approach will encourage beneficiaries to identify innovative solutions in order to support environmentally-friendly project proposals.
75. The Ministry will provide support to Regional Development Agencies to ensure effective data gathering and analysis and the appropriate use of this data for both strategy development and monitoring and evaluation.
76. The regional development financing process shall have the following characteristics:
- a) The NFRD shall be created from yearly allocations from the State Budget, as a distinct line for regional development policy, as well as other sources. The NFRD is intended to finance regional development projects included in the Single Programming Document.
  - b) Annual allocations to the NFRD represent 1% of the approved incomes to the State Budget for the respective year, excepting special destinations expenditures provided by law. The NFRD shall be able to attract any other finance from the public and private sectors at the local, regional, national, and international level, including donor assistance programmes, including those of the European Union.
  - c) The NFRD's resources shall be allocated and used according to the regulations approved by the Government.

### **Monitoring and evaluation**

77. Monitoring and evaluation will be carried out at the level of this Strategy, of the regional development strategies and of the individual projects.
78. Regional Development Agencies will report on the projects funded through the NFRD to both the Regional Councils and the Ministry. Quarterly Reports will contain information on project implementation. Six-monthly reports to the Regional Councils

and the Ministry will also address progress in implementation of the regional strategy, to enable the Ministry to provide information on regional development to the policy unit in the Ministry for their biannual progress reports on the NSRD. An annual report will be prepared by the Regional Development Agency at the end of each financial year.

79. The Ministry will provide six-monthly reports to the National Council and to the government apparatus on progress in implementing the Strategy. An annual report will be prepared at the end of each financial year.
80. Each project funded by the NFRD, and included in the Single Programming Document, will contain in the project documentation:
  - The overall objectives of the project, in terms of national objectives for regional development as contained in the NDS;
  - The contribution of the project to the goals of the Strategy and the relevant regional development strategy;
  - The immediate outputs of the project;
  - The activities to be carried out to achieve those outputs; and,
  - The inputs required.

This will form the basis for identification of relevant indicators for monitoring and evaluation.

81. The Regional Development Agencies will track the progress of projects on a monthly basis. A quarterly report on each project will be submitted to the Regional Development Agency on overall implementation and agreed output, outcome and impact indicators. The aggregation of these reports will form the basis for the bi-annual reports to both the Regional Councils and to the Ministry. In addition, the Regional Development Agencies will also submit quarterly reports on the National Fund for Regional Development to both the Regional Councils and the Ministry.
82. The Ministry is responsible for reporting on the Action Plan of the National Strategy for Regional Development for 2010-2012 (see Annex). The Action Plan includes both qualitative and quantitative indicators. The qualitative indicators, which are largely process indicators (i.e. whether an action has been carried out or not), will be monitored by the Ministry. Quantitative indicators tracking progress in the implementation of the Single Programming Document will be developed from the information on projects submitted by the Regional Development Agencies. The Ministry will also report on trends in economic conditions in the regions, based on data provided by the National Bureau of Statistics, in conformity with the Annual Statistical Works Program, yearly approved by the Government.
83. In addition to regular reporting on progress, every project should submit a detailed end of project report, which assesses the overall success of the project, reports on specific

outcome and impact indicators, and identifies the longer-term impact of the project once implementation is completed. Evaluation studies will be carried out for larger projects which could include a range of appropriate methodologies, including participatory surveys of beneficiaries on the value of project outcomes. For a proportion of large projects, particularly where benefits are anticipated to be both long-lasting and widespread, the Regional Development Agencies should organise impact assessments at an appropriate period after the project is completed. Funds to do this should be incorporated into the budget of the project.

84. Regional Development Agencies will also carry out periodic perception surveys for the Regional Councils, to assess how the activities of the Council, and the progress in the Regional Development Strategy, are perceived by the local population. The results of these should be reported both as part of the quarterly reports, but also as a stand-alone report to the Regional Council.
85. The overall monitoring and evaluation system will be developed in a way that is consistent with government reporting on the NDS. As the national monitoring and evaluation system evolves, the elements of this Strategy's monitoring system will evolve with it.
86. The Strategy's Action Plan for 2010-2012 National Strategy for Regional Development implementations will be subject to periodic updating. The monitoring and evaluation system will be updated in accordance with the Action Plan.

## Annex: Action Plan

#	Action	Outcome	Agency in charge	Start	End	Evaluation Indicator
1.	Establish and equip the Regional Development Agencies (North, Centre, South)	RDAs operational	Ministry of Construction and Regional Development	January 2010	March 2010	3 Regional Development Agencies established and equipped, staff employed
2.	Assist RDAs in the development of yearly plans and budgets	RDAs functional	Ministry of Construction and Regional Development	January 2010	March 2010	3 yearly plans and budgets approved
3.	Development of the RDA operational manual	Efficient detailed regulations for RDA operations	Ministry of Construction and Regional Development	February 2010	April 2010	RDA operational manual approved
4.	Regional Development Agency staff training	RDAs efficient	Ministry of Construction and Regional Development	2010	2012	12 workshops, 1 study tour
5.	MCRD's RDD staff training	RDD efficient	Ministry of Construction and Regional Development	2010	2012	3 workshops, 1 study tour
6.	Strengthen the capacity of the Regional Development Councils	RDCs efficient	Ministry of Construction and Regional Development	2010	2012	1 study tour for RDC leadership, 3 workshops for each RDC
7.	Strengthen the capacity on RD financing	Efficient financial management of the NFRD	Ministry of Finance Ministry of Construction and Regional Development	February 2010	June 2010	2 employees of the Ministry of Finance; 3 workshops
8.	Development of the NFRD operational manual	Efficient detailed regulations of the RD funding procedures	Ministry of Construction and Regional Development,	February 2010	March 2010	NFRD Operational Manual approved

#	Action	Outcome	Agency in charge	Start	End	Evaluation Indicator
			Ministry of Finance			
9.	Create regional working groups on developing regional development strategies and operational plans	Regional capacity for strategy development built	Ministry of Construction and Regional Development	February 2010	March 2010	10 workshops in each region
10.	Draft and approve the regional development strategies	Each region has an approved development strategy	Ministry of Construction and Regional Development, Regional Councils for Development, Regional Development Agencies	March 2010	July 2010	3 regional development strategies approved
11.	Draft and approve the operational plans for regional development for 2010-2012	Each region has an approved operational plan	Regional Development Agencies Regional Councils for Development	April 2010	July 2010	3 operational plans approved by RDCs
12.	Draft and approve the Single Programming Document for 2010-2012	Single Programming Document approved	Ministry of Construction and Regional Development, NCCRD	May 2010	July 2010	Single Programming Document approved
13.	Train local, regional actors, assist them in drafting project proposals	Adequate supply of high quality project proposals	Regional Development Agencies Ministry of Construction and Regional Development	2010	2012	6 workshops per year
14.	Select and finance regional development projects	At least 3 projects for each region implemented yearly	NCCRD, Ministry of Construction and	2010	2012	At least 3 projects for each region financed yearly

#	Action	Outcome	Agency in charge	Start	End	Evaluation Indicator
			Regional Development			
15.	Prepare and organise tenders for regional projects, including defining project types according to the yearly implementation plans	Procedures performed	RDAs, Procurement Agency	2010	2012	Tender programme carried out
16.	Draft and approve the Yearly Implementation Plan for 2010	Yearly Implementation Plan approved	Ministry of Construction and Regional Development	March 2010	April 2010	Yearly Implementation Plan approved
17.	Develop a system of national and regional monitoring indicators	Indicator system developed	Ministry of Construction and Regional Development National Bureau of Statistics, Regional Development Agencies	January 2010	May 2010	Indicator system developed
18.	Developing data management system and database on RD statistics	A complete and efficient territorial statistics system	Ministry of Construction and Regional Development, NBS Regional Development Agencies	January 2010	December 2010	Statistical data regularly collected/updated
19.	Draft and approve the monitoring and evaluation procedures	Procedures drafted	Ministry of Construction and Regional Development	January 2010	May 2010	Procedures approved
20.	Elaboration and implementation of the Strategy of Communication and Regional Branding	Raised national and regional public awareness on RD issues	Ministry of Construction and Regional Development Regional Development Agencies	January 2010	April 2010	Communications/RD marketing study tour undertaken Communications/RD marketing strategy approved RDD and RDAs' communications

#	Action	Outcome	Agency in charge	Start	End	Evaluation Indicator
						strategies operational
21.	Draft and approve the Yearly Implementation Plan for 2011	Yearly Implementation Plan approved	Ministry of Construction and Regional Development	September 2010	December 2010	Yearly Implementation Plan approved
22.	Draft and approve the Yearly Implementation Plan for 2012	Yearly Implementation Plan approved	Ministry of Construction and Regional Development	September 2011	December 2011	Yearly Implementation Plan approved
23.	Draft and approve the regional operational plans and for the Single Programming Document for 2011-2013	Each region has an approved operational plan Single Programming Document approved	Regional Development Councils Regional Development Agencies Ministry of Construction and Regional Development	September 2011	December 2011	3 operational plans approved Single Programming Document approved
24.	Coordinate donors' assistance in the field of regional development	Donors' assistance coordinated	Ministry of Construction and Regional Development	2010	2012	Donors' assistance coordinated
25.	Draft and approve the Action Plan for implementing the National Strategy for Regional Development for 2013-2015	Action Plan approved	Ministry of Construction and Regional Development	July 2012	December 2012	Action Plan approved