

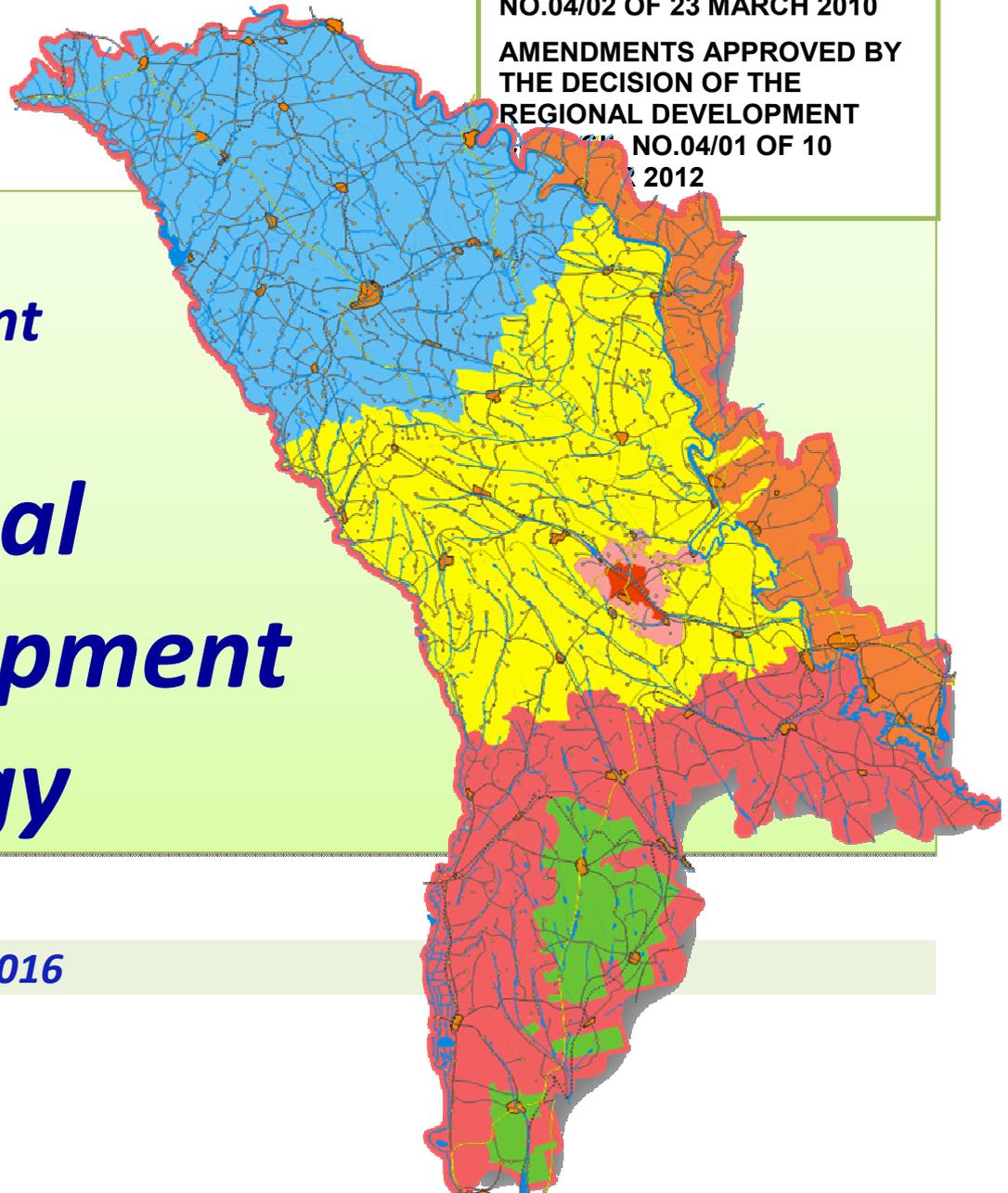
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CENTRAL
*Development
Region*

**Regional
Development
Strategy**

2010 – 2016



This Strategy was developed by the Central Regional Development Agency with the support of "Moldova: Cooperation in Regional Development" Project. The project is funded by the UK Department for International Development (DFID) and the Swedish International Development Cooperation Agency (SIDA) and implemented by Oxford Policy Management (UK). The consortium consists of the Public Policy Institute (Moldova) and Birmingham University (UK). The opinions belong to the authors and do not necessarily represent the views of the DFID or SIDA.

The Regional Development Strategy was reviewed by the Central RDA in 2012 with the support of the experts of the project "Technical Assistance to the Sector Budget Support - Economic Stimulation in Rural Areas" (ESRA), has made a strategic vision with substantial changes in the Central Development Region.

Foreword



Grigore COBZAC,
Chairman of the Regional Development Council

The Regional Development Strategy is the actions the Agency will initiate in order to create conditions for the regional development and will reveal projects and opportunities offered by the National Fund for Regional Development and the EU projects.

The Central Region needs a clear vision to guide and mobilize its own efforts, but also a strategy to emphasize the important role of attracting investments to implement the regional and local development projects, recovery of the potential of absorption of resources provided by the National Regional Development Fund and other funding opportunities. Such a view, which we are now able to present to the region's citizens, potential beneficiaries of this Strategy implementation, the main lines of development, which we need to focus on. These lines are components of national development strategies and result from European directives, values and principles. Of course, our future depends on ourselves, and to build it as we want, it is imperative to apply a specific methodology in accordance with certain principles and values.

The strategy updating is a constant involvement and supported by regional players with regional development powers.

In the current context, the Central SDR updating is a further step in the development of our region. I am sure that this tool will help us a lot, because a well-planned in time document is essential for a sustainable development. Being a programming and coordination tool, the Central SDR was updated by taking into account the social and economic developments over the recent years and by adapting it to the development needs of the region.

In the context of reforms implemented in Moldova, I believe that this strategic document, highlighting the essential elements of the social and economic development strategies of the districts in the Central Region, will harmonize the common efforts of all stakeholders involved in the implementation of the regional development policies.

In the Central SDR updating, the partnership role was crucial, requiring the involvement of a large number of relevant stakeholders at regional and local levels. We thank those who have

contributed both to the diagnosing of the real situation in the region and existing problems, as well as to the updating of development priorities and the preparation of some concrete projects to be implemented during 2010 - 2017 in the Central Region.

We hope this complex document, updated in partnership with the EU project "Technical Assistance to the Sector Budget Support - Economic Stimulation in Rural Areas" (ESRA), has made a strategic vision with substantial changes in the Central Development Region.

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Executive Summary

The Regional Development Strategy (RDS) for the Central Development Region (CDR) is a public policy document that target the medium-term development phase of the region. It is consistent with the most important policy documents in the regional development (RD):

- *"Moldova 2020" National Development Strategy (NDS)* which identifies the regional development as one of the five national priorities and express the Government responsibility for the implementation of state regional development policies.
- *The National Regional Development Strategy (NRDS)* which is the main planning document of the regional development policy developed under the responsibility of the Ministry of Regional Development and Construction (MRDC). The NDS is the main strategic planning document for the facilitation and promotion of a regionally integrated economic and social development and for the contribution to the achievement of medium-term regional development objectives.

The SDR is based on detailed assessment of economic, social and environmental potential of the Central Region, developed based on the findings of numerous studies, including the economic and social ones, the environment report, the study on private sector development, the study on development of roads, the SADI and other statistics.

The principle of active participation of local and regional partners was followed throughout the SDR development. Regional working groups (WGs) were established consisting of governmental and nongovernmental partners, creating a sustainable partnership in establishing RD priorities, to be promoted and realized later in regional development projects. The average rate of women participation in the WGs is about 21%. Conferences and workshops for the WGs were organized, including inviting media representatives and experts from the region and from Chisinau to ensure uniform dissemination and a clear understanding by all partners of the RD objectives, of financial schemes, the current situation at regional and national levels to involve all stakeholders in drafting the strategic documents and in public consultations.

The CDR development is affected by external factors, particularly important being the major policies implemented at national level. They influence both the economic performance and the quality of public services delivered locally. The influence of the national policy is particularly important in conditions when revenues of local authorities in the region are insufficient since the effective implementation of policy depends on transfers from the state budget.

The CDR is the largest development region followed by the Northern Development Region (NDR), respectively the South (SDR). Of the three regions which the RD focuses on for this period, the CDR is the second in terms of the Gross Value Added (GVA) at regional level and the GVA per capita being surpassed by the Northern Development Region (NDR).

Chisinau municipality neighbourhood serves as a pillar of growth, creates development opportunities and provides outlets. However, this possibility is not fully exploited. The relatively high level of urbanization and the access to the relatively strong educational network favours the productive growth of the labor force and contributes to a higher human resources development index in the CDR.

The promotion of regional development policies and the Government emphasis on decentralization open new perspectives for the development of the region. In this context, the SDR priorities are the followings:

- i. Rehabilitation of physical infrastructure**
- ii. Support for private sector development**
- iii. Improvement of the environment factors and tourist attractiveness**

These priorities are complemented with measures for the increase in the energy efficiency and use of renewable energy sources in order to implement the national development policies set forth in the National Regional Development Strategy of the Republic of Moldova for 2012-2020.

The CDR is strengthened by such strong points as the availability of large industrial reserves of various useful mineral resources (oolitic limestone, conchiferous limestone, breccia, shale, cleansing sand, bentonites, loess clay, gravel, pebbles, etc.) These resources can serve as building materials, agricultural raw material and can be used in the coming years. The skilled and relatively cheap labor force makes attractive the investment in the region, especially in light industry companies for entrepreneurs from Italy, Germany, USA, Belgium - a fact which not only creates additional jobs, but also new business management rigors. The CDR is a region of connection of several biogeographic zones with different humid and wooded areas, has large areas of relict forests and scenic landscapes, they are relatively well-preserved, numerous, archaeological, historical and natural monuments, which provide greater opportunities for developing regional environmental, tourist, recreation and balneology projects, etc.

Moreover, the harmonization of policies of Moldova and the EU opens new opportunities for business and public authorities in the region, which received direct access to cross-border EU funding programs. Using national and external funding for regional infrastructure rehabilitation, programs for business support and environmental improvement will remove constraints to growth and accelerate the CDR development.

The CDR will become a prosperous developed, dynamic and diverse economy, with well-paid jobs and active involvement of its citizens in the welfare of communities. The region will use the benefits of proximity to Chisinau municipality, multifunctional center of the country and the favourable geostrategic situation, developing a strong "logistic" function facilitating the interregional and international relations. The region will provide favourable conditions for life and activity of its inhabitants and will become attractive to visitors, and human, cultural values and environmental concern will be the foundation of the social community cohesion.

ACRONYMS

RDA	Regional Development Agency
LG	Local Government
ILO	International Labour Office
NBS	National Bureau of Statistics
RDC	Regional Development Council
NRDC	National Regional Development Council
RD	Regional Development
ESRA	EU Programme “Technical Assistance to Sector Budget Support - Economic Stimulation in Rural Areas”
TT	Technical Training
SPD	Single Programme Document
MSIF	Moldova Social Investment Fund
NFFM	National Farmers Federation of Moldova
NRDF	National Regional Development Fund
SADI	Small Areas Deprivation Index
SMEs	Small and Medium Enterprises
DFIs	Direct Foreign Investments
WGs	Working Groups
MRDC	Ministry of Regional Development and Construction
MF	Ministry of Finance
NGOs	Non-Government Organizations
GDP	Gross Internal Product
ROP	Regional Operational Plan
CDR	Central Development Region
CHDR	Chisinau Development Region
NDR	Northern Development Region
SDR	Southern Development Region
TDR	Transnistria Development Region
DRGATU	Development Region of Gagauzia Administrative Territorial Unit
RM	Republic of Moldova
RDS	Regional Development Strategy
NDS	National Development Strategy
NRDS	National Regional Development Strategy
PS	Public Sector
EU	European Union
UNDP	United Nations Development Programme
GVA	Gross Value Added

1 Introduction

1.1 Importance of the Regional Development

In order to achieve the national economic and social development objectives, every country needs dynamic and competitive regions, the regional development being a policy complement to the macroeconomic and structural policies.

Globalization provides sufficient arguments for social and economic development issues to be addressed, within certain limits, and as much as possible, at regional level, i.e. at intermediate level between economic entities of settlements and the national economic system. It is a recognized fact that a coherent and credible regional development policy adapted to the region specifics can not be promoted to the maximum yield by neither any Government nor local government separately, without creating partnerships designed to produce a synergistic effect . Being closer to the realities they will make more effective proposals for the correlation of the central and local efforts to address the issues related to the interest of the region.

The sustainable regional development is an imperative assumed and the Moldovan Government confirmed its string commitment for equitable distribution of development opportunities throughout the country. This is confirmed both at the legislative level and at the strategic planning level as well. Successful implementation of the regional policy will foster and accelerate the development of the country as a whole, the ultimate goal being to improve the citizens' quality of life, wherever they live in the Republic of Moldova.

1.2 Strategic Context

The Regional Development Strategy (RDS) is the end result of a complex process of consultation and debate on sustainable and balanced development of the regions. The SDR is a policy document that is used to trace the medium-term development of the development region.

The developments in all policy areas tend to have a regional impact and are important for public authorities to find solutions and complementary integration of sector policies to ensure consistency of development measures. Therefore the SDR is related to policies and national development strategies.

The National Development Strategy (NDS) 2008-2011, approved by the Law no. 295-XVI dated 21 December 2007, identifies regional development as one of the five national priorities with the overall goal of achieving a "balanced social and economic and sustainable development throughout the country by coordinating development efforts within the regions." The new National Development Strategy "Moldova 2020" was recently developed which also highlights the importance of the regional development.

The NDS is an intersector document, including regional development measures undertaken by several central public administration authorities and is the responsibility assumed by the Government to implement the state policy in the regional development priority.

The Law no. 438-XVI of 28 December 2006 on regional development in Moldova defines the main objectives and principles, establishes the institutional framework and the RD planning tools. By law, the NRDS is developed at national level, and the SDR is developed at the regional level. These documents identify the priorities and measures for regional development policy implementation in the development regions.

Unlike the NDS, the NRDS is a regional development policy planning document developed under the responsibility of the MRDC. Respectively, the funding sources of both documents are different. In case of the NDS, the source is the entire state budget, and in case of the NRDS the main source is the National Regional Development Fund and other sources provided by the Law no. 438-XVI of 28 December 2006.

The Central SDR serves as the medium-term policy document at regional level and is the strategic framework to facilitate and stimulate spatial development, integrated social and economic development in the development regions and to contribute to regional sustainable development goals. It is also clear that the spatial problems and solutions just do not respect the administrative boundaries, and the SDR development in this strategic context provides an opportunity to discuss issues the common problems of all regions, issues that go beyond the development regions as territorially and statistically functional units.

The Regional Development Strategies provide the development a wider "horizontal" context, which should allow more effective coordination and concentration of sector ministries and donors' expenditures in the regions. They also seek to increase the regional capacity to absorb investment funds effectively. This will bring Moldova in accordance with European practices in the context of "integrated governance" and synergy between "vertical" national programmes and "horizontal" regional programs. In this way, the SDR is an important vehicle for interconnection measures at national, regional and local levels.

The SDR helps mobilizing the regional partnerships to develop a number of viable projects to be included in the Regional Operational Plan (ROP). The ROP is the Central SDR implementation plan provided for a period of three years, which includes programs, projects and priority activities focused on regional development and decrease of the gap of the intraregional progress. The programs, projects and specific activities of the ROP regional development strategy should be based on the Central SDR priorities for the relevant period. The ROP needs to be updated periodically, usually annually, as decided by the Regional Development Council (RDC). The Single Document Program (SDP) at the national level should be developed based regional development strategies and operational plans from all the regions, thus integrating all priorities and projects focused on the regional development.

The Central RDA will help mobilizing the regional development partnerships, which, in turn, will develop viable projects to be included in the Regional Operational Plan (ROP). They are based on the main priorities of the Central SDR for the relevant period.

1.3 Strategy Development Process and Principles

The regional development strategies in Moldova are based on a single model, according to the Law. 317-XV of 18 July 2003 on regulatory acts of the Government and other central public administration authorities and local peculiarities of development that allowed the analysis of each region and the identification of priorities and mechanisms to support the development of the region. In the development of the Central SDR, 6 WGs were established with the following specialization:

- Development of the private sector and SMEs;
- Industry and tourism;
- Agriculture and manufacturing;
- Infrastructure;
- Environment;
- Social sector: health, education, protection of socially vulnerable groups.

However, in order to empirically substantiate the Central SDR a number of careful studies on economic development, environmental issues, social issues, physical infrastructure and support to business development in the CDR were carried out.

The group format provided a fair representation of local authorities in the districts of the region, of the private sector, civil society by means of the presence of NGOs, business associations,

observing the fair representation of genders and social strata. Several workshops of the WGs took place, the result of which was the definition of the SWOT analysis¹ for each of the sectors analyzed, a strategic vision was formulated, priorities and measures for the development of the Centre Region were established, which substantiated the Central SDR update. Moreover, a campaign for the collection of data in Energy Efficiency of public buildings were conducted, the results of which identified the need to introduce new measure in the structure of the Central SDR priorities. The Central Regional Development Agency (RDA) got involved at the stage of finalizing strategies.

The Central SDR was revised according to the methodology proposed by the RDAs in Moldova and coordinated with the MRDC in the meetings of the national working group, which provides: updating statistical data of the Strategy, formulation of general and specific objectives, formulation of measures on energy efficiency for each priority, establishing product indicators and results, discussing updating proposals within the regional working group and organization of public hearings. The Central SDR update process was assisted by the ESRA experts.

The Central SDR was revised and made consisting with the rules of development and unified requirements for policy documents stipulated in the Government Decision no. 33 of 11 January 2007.

In the process of developing and reviewing the Central SDR the following basic principles were secured:

- **Consistency.** The SDR is in line with the main policy documents on the NDS and NRDS regional development and the Law on regional development in Moldova. The methodology and processes of review of strategies during further regional development steps proposed by the RDF shall comply with the instructions of the ministry concerned and be accepted by the RDC.
- **Comprehensive Analytical Approach.** The SDR is based on a conscious economic, social and environmental assessment, describing the region's potential. A special attention will be paid to identifying the results and experience in the regional development and ensuring equal opportunities regardless of the gender or social group.
- **Active Participatory Process.** Consultations were held both in terms of new methods of methodological approach as well as the SDR update, strengthening the role of the civil society and the private sector in regional development through equitable representation of all interest groups. This process ensured the collection and detailed examination of the views and their inclusion in RDSs.
- **Local and Regional Partnerships.** Persons concerned from state entities and non-governmental organizations were called together in the WGs to develop effective partnerships both to rank the priority measures from strategies and to further analyse some specific projects.
- **Transparency and Publicity.** The RDAs will ensure the organization of broad public consultations of each the Central SDR projects at the stage of update. The Central Development Agency will act as leader of the preparation and adjustment of strategies at each of the developmental periods according to the methodology and processes accepted by the CDR conducting such activities until completion and approval of the SDR (including the public consultations organization and presentation of draft strategies to the CDR for approval).

¹ SWOT Analysis is a strategic planning tool, which examines the strengths, weaknesses, opportunities and threats specific to the CDR.

1.4 Principles of Regional Development Support

The basic principles for supporting regional development stipulated by the Law on regional development in Moldova and the NRDS are as follows:

- **Efficiency:** efficient use of natural, human, financial and production resources throughout the country;
- **Equity:** all Moldovan citizens have equal rights and access to economic, social and cultural values wherever they live;
- **Durability:** all measures, programs and projects funded with the aim of supporting regional development must be technically, financially and institutionally viable;
- **Planning:** all measures, programs and projects aimed at supporting regional development should be developed and implemented in accordance with the national and regional development strategies and have objectives clearly defining priorities and mechanisms;
- **Coordination:** all measures, programs and projects aimed at supporting regional development must be consistent both nationally and regionally;
- **Partnerships:** planning, development and implementation of measures to support regional development should be based on a partnership between central and local governments, public and private sectors and civil society organizations;
- **Transparency:** the allocation, distribution and use of resources designed to implement strategies, programs and projects of regional development must be clear.



2 Analysis of Current Situation

2.1 General Overview

The analysis of the current situation is a comprehensive chapter designed to create a comprehensive overview of social trends and economic development of the CDR, which includes the following areas:

- Geographical location and spatial development, which presents the administrative and environmental issues related to the hydrological network, protected natural areas, mineral resources available, climatic features of the region, etc.;
- Connectivity, accessibility and infrastructure, which provides information on inter-and intraregional networks of roads, water, gas, electricity supply networks, sewerage network, access to the Internet;
- Demography, showing the CDR population structure disaggregated by sex, age factors, presenting also some trends in migration process;
- Economic development, including sector profile of the region, the investment activity in the CDR as well;
- Social situation, which is based on the analysis of poverty and deprivation level based in the SADI indicators;
- Regional institutional capacity, providing profiles of key regional partners – LGs authorities, RDA, RDC, local councils and municipalities.

All chapters are further substantiated by the maps attached to the SDR and serve as a source of information for subsequent compartments of the SDR with analytical nature such as SWOT analysis.

The key development indicators in the region are provided in Table 1. The comparative analysis of these indicators is given in the following sector subsections.

Table 1. General Information on Development Regions (year 2011)

	NDR	CDR	SDR	DRGAT U	CHDR	Total
Population ² , 000 persons	1006	1062	540	160	789	3560
Share, %	28.35	29.9	15.2	4.5	22	100
Rural population, %	64.6	80.7	74.8	59.7	8.9	58.4
Urban population, %	35.4	19.3	25.2	40.3	91.1	41.6
Area, km ²	10,015	10,636	7,379	1,848	568	30,446
Share, %	32.9	34.9	24.2	6.1	1.9	100
Density, inh./km ²	102	100	73	87	1384	117
Gross value added (GVA), 000 th. MDL (2008)	7,221	7,059	3,320	1,158	16,147	40,785
Share, %	21	20	10	3	46	100
GVA per capita ³ , MDL (2008)	7,476	6,899	6,330	7,442	21,381	9,855
Investments per capita, MDL	2,011	1,520	1,871	2,863	7,430	3,054
2nd level local government, units	12	13	8	1	2	36

² The data on population refer only to people from the right bank of Nistru River.

³ Gross value added (GVA) and GVA per capita were calculated in the prices of 2008 based on the data of the National Bureau of Statistics based on the Labour Force Survey.

I LG, units	315	329	209	18	25	896
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2.2 Geographical Location and Spatial Development

Overall Data

The CDR is located in the central part of the country and is bordered to the west by Romania, to the East by Ribnita, Grigoriopol districts, TDR, to the South by Causeni, Cimislia, Leova districts, SDR, to the North by Falesti, Sangera, Floresti district, NDR. The total surface area is 10,636 km² (1,063,600 th. ha), or 31% of the total area of the country, being the largest of the 3 largest regions of Moldova.

The CDR has 13 districts: Anenii Noi, Calarasi, Criuleni, Dubasari, Hancesti, Ialoveni, Nisporeni, Orhei, Rezina, Straseni, Soldanesti, Telenesti, Ungheni. The CDR contains 598 settlements organized into 329 administrative and territorial units of the 1st level: 14 urban and 315 rural areas (communes). Most of the population (about 47%) live in towns up to 5,000 people, 17% in towns and villages with a population of up to 2,000 people and more than 16% in towns and villages with a population of 5,000 - 10,000 people.

Table 2. Distribution of the CDR population per settlements

Inhabitants	LG	%	Population, th. inhabitants	%
0 – 500	1	0.3	0.5	0.0
501-1000	23	7.0	18.9	1.9
1001-2,000	118	35.9	174.4	17.9
2,001-5,000	151	45.9	452.5	46.5
5,001-10,000	26	7.9	158.9	16.3
10,001-15,000	5	1.5	59.8	6.1
15,001-20,000	3	0.9	49.4	5.1
20,001-40,000	2	0.6	58.3	6.0
Total	329	100	972.7	100

Source: 2004 census data

The CDR has no any municipality. The largest urban area in the region is Ungheni with a population of about 32,700 inhabitants, followed by Orhei with 25,700 inhabitants and Straseni with 18,300 inhabitants⁴. According to the average number of population as of 01 January 2009, the urban areas are classified as follows: (i) Up to 5,000 inhabitants - 2 towns (Bucovat, Cornesti), (ii) 5,000 – 10,000 inhabitants - four cities (Anenii Noi, Criuleni, Soldanesti, Telenesti) (iii) 10,000 – 15,000 inhabitants - 3 towns (Calarasi, Nisporeni, Rezina) (iv) 15,000 – 20,000 inhabitants - 3 towns (Hancesti, Ialoveni, Straseni) (v) 25,000 – 40,000 inhabitants - 2 towns (Orhei and Ungheni). The total number of villages in the region is 36.6% of the total number of the country's settlements, the share of towns being around 23%. The map of the urban network and of population distribution by districts is given in the Annex A.

In 2011 the region's population was 1,065.2 th. people. For the period 2004-2008 there was a decrease in the population by 18 thousand people. The main cause of this decrease is the negative natural increase and migration.

⁴ According to 2004 census data.

Environment

The CDR has several forms of relief. Most of the region territory is occupied by the Moldavian Plateau. Besides the plateau, there are hills and plains, the average height of which varies between 200-250 m above the sea level. The highest peak of Moldova, Balanesti Hill, is located in the CDR having 430 m.

The specific geological structure with numerous tectonic fractures, predominated by loose and porous sedimentary rocks, caused favourable conditions for the development of large landslides and erosion forms of relief, represented by various gullies, ravines, canyons, valleys and dales. The development of landslides, karst, flat and linear erosion, which greatly affects the region agriculture is significantly stimulated by environmental unfriendly human activities (mass deforestation of forest belts, forests and orchards), the uneven distribution of rainfall throughout the year and the torrential nature of summer rains. The geological and climatic conditions favoured the development of a fairly dense hydrographic network in the region, made up of rivers and rivulets with low flows, but highly variable in time, with frequent floods, which contributed to the formation of large, very old and deep valleys, with obviously terraced slopes.

The climate is moderate continental. Rainfall varies between 500 and 700 mm, and in recent years there is increasing overall climate variability accompanied by clear increase in the frequency of risk climatic phenomena. The average air temperature is 9°C. The absolute minimum temperature of January is -30 to 32°C and the maximum of July is 39-40°C. Winter is short with little snow, summer is long, warm and with small amount of precipitation that falls usually during the warm period of the year in the form of brief heavy rains. In addition to the long warm period, mild winter, the abundance of warmth and light, there are droughts as well. The climate is highly variable.

The CDR hydrologic network is crossed by 3 major water courses: Nistru, Prut and Raut rivers. Other rivers (Ciulucul Mare, Ciulucul Mic, Cernea, Cogalnic, Botna, Icheli, Ivanos, Ivancea, Bratuleanca, Soltoaia, Garla Mare, Lapusnita Narnova) are tributaries of Nistru, Prut and Raut rivers. The main sources feeding the rivers are groundwater, rain and snow. All rivers and streams form a strong hydrographic network. Their regime depends on the weather conditions. The natural hydrological regime of Nistru, Prut rivers and their tributaries is largely distorted by the creation of dams on rivers and water reservoirs.

The CDR has significant reserves of drinking water and mineral water with obvious healing properties.

The groundwater of aquifer strata and deep groundwater are of a particular importance for the CDR development. Unlike deep groundwater, subsoil water is affected by intense anthropogenic pollution. Of the total amount of deep groundwater extracted and studied, about 50% can not be recommended for drinking without preliminary treatment. This water is characterized by high contents of mineralization, fluoride, hydrogen sulphide, iron, sodium, ammonia and other elements.

Natural Resources

Soils. The CDR area has four types of predominated soils: (i) grey and dark grey forest soils, (ii) typical and leachate (deposited) black earth of river valleys and of their tributaries, (iii) alkaline typical black earth (iv) usual and carbonate black earth;

The average evaluation of the CDR soils is 61.1 compared to the average national evaluation of soil, which is 63.8. Gray forest soils are best suited for forestry. Some sectors of forests of the Moldovan Central Plateau are located on these soils. In addition, fruit trees, vineyards and almost all crops grow on the successfully used grey forest soils.

The CDR has the richest forest fund, represented by the Moldovan Codri and other woodland. The share of forest land in the CDR is 17.7% compared to the national average of 11.9%. The

species of trees and shrubs that grow in the region forests can be used in limited quantities as raw material more for the collection of making small items of handicrafts, because Moldova does not have industry forests and the partial felling of the forest fund are allowed only for sanitary purposes. However, the forest fund can be used as a resource for tourism, recreation and cinegetics.

Currently the CDR flora and fauna is influenced by intense human activities. This obviously contributes to the degradation of environmental conditions and reduces the tourist attraction of the natural landscapes, destruction of valuable biotopes producing natural vegetation, living and popular places of rare species of animals, their changing with secondary plant associations, less valuable groups, growing spontaneously. This caused disruption of the ecological balance of natural communities, contributing to the gradual disappearance of whole groups of genres. First rare plant genera and groups disappear.

The forest fauna of the region is relatively well preserved, represented by: wild boars, badgers, weasels, red foxes, wild cats. The elks, deers, martens, dies are rare. Among rodents there are ondatras, squirrels, forest hamster, white rabbits and others. Among birds there are blackbirds, wood pigeons, jays, finches, eagles, partridges, quails, herons, storks, rook, sparrows.

In rivers and other water basins there are the following species of fish: carp, bream, perch, beluga, silver carp. The most common waterfowl are ducks and wild geese.

The region has large areas of forests and wetlands with a relatively well preserved biodiversity, multistrata Paleolithic and Neolithic deposits, archaeological and historical monuments. The CDR has the scientific reserves Codri and Plaiul Fagului, natural and landscape reserves Molesti-Razeni, Sadova, Saharna, Tipova, Trebujeni, old monasteries: Capriana, Curchi, Butuceni, Saharna, Condrita, etc. Being a region of several biogeographic zones with different humid and wooded areas, it has increased opportunities for the development of the regional environmental, tourism, recreation, balneological projects, etc. The state map of protected areas is given in the Annex B.

The CDR features are mineral deposits useful for producing building materials - carbonated rocks: limestone, marl, clay raw material, sand, sand and gravel formations, diatomaceous earth and diatomit. Limestone deposits are located near Branesti, Morovaia, Jeloboc villages from Orhei district, the reserves of which include 18 million m³, in Soldanesti district - 6.3 million m³, etc. The Central area is rich in carbonate rocks – limestone, which finds are widely used in construction and food supplements for cattle and poultry. Besides the carbonated mineral deposits, the region has developed clay, sandy clay deposits, used as raw material for bricks.

The CDR has significant reserves of drinking water and mineral water with obvious curative properties and enormous untapped resource of renewable energy: wind, solar, hydraulic and biological one.

Pollution Factors

The data over the last 10 years suggest maintenance of the level of pollution below the limit allowed for Nistru river, and for Prut rivers - an essential approach to the norm. In internal rivers the level of pollution still remains increased. The main sources of pollution are the municipal treatment plants discharging insufficiently treated wastewater. Alarming is the situation created on the downstream receiving watercourses by the discharge points of wastewater treatment plants in Roscani, Bulboaca, Orhei, Telenesti, Rezina, Soldanesti, Bucovat, Hancesti where natural water quality worsens.

The groundwater of aquifer strata and deep groundwater are of a particular importance for the CDR development. Unlike deep groundwater, subsoil water are affected by intense anthropogenic pollution. Of the total amount of deep groundwater extracted and studied, about 50% can not be recommended for drinking without preliminary treatment. This water is

characterized by high contents of mineralization, fluoride, hydrogen sulphide, iron, sodium, ammonia and other elements.

A major problem in the CDR and throughout the country is air pollution. The amount of pollutants emitted into the atmosphere from all sources of pollution in 2011 was estimated at 211,772.155 tonnes and makes up 59.48 kg / year per capita. (According to the statistical report the Moldovan population counts 3,560,400 inhabitants). The ambient air quality is affected by emissions from three types of sources of pollution:

- Stationary sources, including the thermal power plants (TPPs) and boiler houses, operating industrial enterprises;
- Mobile sources, including road, rail, air, river transport and agricultural machinery;
- Cross-border transfer of pollutants.

Statistics show that the quality of air in the largest city located near the CDR, such as Chisinau municipality, and in the CDR, Balti municipality, is preponderantly influenced by emissions from transport means, The TPPs, large enterprises, while in the regional centers and rural areas the emissions of smaller enterprises, boiler houses and domestic sources.

Level of atmospheric air pollution during the years 1990-2011 proves a decreasing trend in the period 1990-2000 and tends to increase in the period 2000-2010 with a slight decrease in 2011 due to the stationing of industrial enterprises in the first stage and increased unit automobiles since 2000.

It is noteworthy that the CDR also has mineral water that can be used to treat cholecystitis, hepatitis and other diseases. Based on "Codru" thermal water and spa resort from Harjauca village, Calarasi district operates.

2.3 Connection, Accessibility, Infrastructure

Connection

The CRD is located in the central part of Moldova ensuring connection between other regions. To the West the CDR has direct connection with Romania through 3 checkpoints, including one rail – Ungheni railway junction, to the East through the TDR with Ukraine, Russia. To the North and South the region connectivity passes through the NDR and respectively through the SRD. The distance to the major cities in the neighbouring countries is 20-150 km till Iasi, Romania, 150-220 km till Chernivtsi, Ukraine and 100 - 170 km to Odessa, Ukraine.

The CDR transport network is represented by two types of transport: road and railway ones. The goods and passenger transportation is ensured by road transport locally, nationally and internationally. The railway transport is used mainly for goods and passenger transportation internationally.

International Transport Routes

Links to international traffic. The CDR is crossed by a dense network of international routes: European Economic Corridor IX (EC IX); Budapest - Odessa Economic Corridor (BOC) Giurgiulesti-Briceni Corridor (GBC).

The CDR can move to the North on the international route: M2 - Chisinau-Soroca - Ukrainian border and M14 - Odessa - Tiraspol - Chisinau - Briceni – Brest; to the South on the route M3 - Chisinau – Giurgiulesti; to the East on the route M21 - Chisinau – Dubasari; to the West on the route M1 - Chisinau - Leuseni. These routes will be supplemented by another route in case of international transport corridor Budapest - Iasi - Chisinau - Odessa.

Other transport routes of international and national importance passing through the CDR are:

- Northern direction, towards the cities Chernivtsi - Zhytomyr - Lviv – Warsaw; the route M2 - Chisinau - Soroca - Ukrainian border;
- North-eastern Direction, towards the cities Vinitza - Kiev – Moscow; M14 - Odessa-Tiraspol-Chisinau-Briceni - Brest;
- Southern Direction; towards the cities Galati - Tulcea - Constanta - Varna - Istanbul: M3 - Chisinau - Giurgiulesti and R3 - Chisinau-Hancesti-Basarabeasca;
- South-eastern Direction, towards the cities Odessa - Nikolaev - Kherson - Yalta: R2-Chisinau-Bender and R30 – Anenii Noi-Causeni-Stefan-Voda-Ukrainian border.
- Eastern Direction; towards the cities Krasnaya Okna - Krivoy Rog - Donetsk - Voronezh: M21 - Chisinau-Dubasari and R5 - Chisinau-Vadul- lui-Voda - Dubasari.
- Western Direction, towards the cities Iasi-Targul Neamt - Cluj - Oradea - Budapest: M1 - Chisinau-Leuseni and R1 - Chisinau-Ungheni.

The map of communication ways and of the network of international, national and local roads are given in the Annex C.

Interregional and Local Transport Routes

Interregional traffic links. The connection of the CDR with the NDR is made through Balti municipality by means of the routes M2, M14, R13, R14, R17. The most used are M14 and R14 roads on which traffic is ensured on two lanes, which do not always correspond to the constantly growing transport flows. The connection of the CDR with the SDR is made on the roads M14, M3, R-3, R-30, R-34, of which the busiest is R3 road and requires at least one additional lane. The connection with TDR is possible through the international road M1.

Intraregional road network. The maximum distance between the CDR settlements in the North-southern direction is about 180 km and the East-western is about 120 km and the connection may be ensured through transit connection through Chisinau municipality. The distance between the main urban centers (Ialoveni, Straseni, Ungheni, Orhei, Hancesti) does not exceed 150 km.

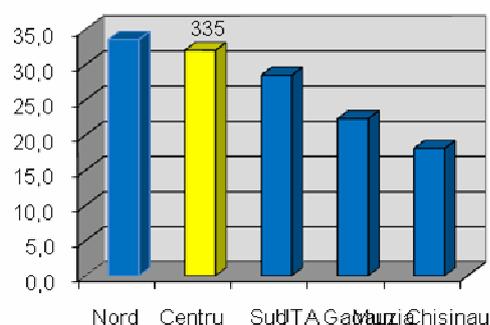
The connection between the towns of the CDR is ensured mostly transiting Chisinau municipality. Ungheni is not directly connected with Hancesti and Orhei. For these reasons it is necessary to end the construction of the R20 and R44 roads. The upgrade and construction of some portions of the road Ungheni - Leuseni - Leova would diversify the intraregional links. Nisporeni is directly linked with Ungheni (R25) and bypass Calarasi (R25, R1), with Hancesti (R25, M1, R44). Telenesti is directly linked only with Orhei, and Soldanesti and Rezina towns are directly linked only with Orhei or through Balti municipality, or through the network of local roads. Rezina is directly linked with Soldanesti (R13) and Orhei (R20). Soldanesti is directly linked with Rezina (R13) and bypass Orhei (R13, R20), with Telenesti (R13, R20, M2, R14, R22) or through Balti municipality. A road, which will connect the M2 highway with R20 road is needed to be constructed. In this case Telenesti would be directly linked with Rezina and Soldanesti, bypassing Orhei. Orhei is connected to all towns by national roads: Orhei - Rezina (R20), Orhei-Telenesti (M2, R14, R22), Orhei - Soldanesti (R20, R13). Orhei is linked with Criuleni and Dubasari by R23, M2 roads. On Branesti portion M2 road is a gravel one and for these reasons it is bypassed by transport carriers. Anenii Noi and Ialoveni have links with other towns of the region through Chisinau municipality due to M14, R2 roads.

Local Road Network. Apart from these roads there is a large branched network of local roads. The density of public roads in the CDR is 32 km/100/km². This indicator is lower than in the NDR, but higher than the national average of 26.9 km/100 km². The national roads have a share of 36.5%, most of which are hard surface roads. Most roads are in Straseni and Ialoveni districts. At the opposite extreme is Hancesti district. The local roads are deplorable and need repair and reconstruction. Due to poor condition of local roads the rural areas are unattractive. Moreover, there are settlements, which because of the damaged roads in rainy weather they are not linked

with the district center. The austere budgets of mayor's offices can not provide funds for repair of the roads crossing the villages.

Table 3. Network of public roads in the CDR (2011) km. Source: NBS					
	Public roads – total	din care:			
		National roads	thereof, with hard surface	local roads	thereof, with hard surface
Total CDR	3,352.1	1,213.6	1,213.6	2,138.5	1,990.9
Anenii Noi	282.2	135.0	135.0	147.2	134.9
Calarasi	256.2	123.8	123.8	132.4	132.4
Criuleni	236.5	102.7	102.7	133.8	120.0
Dubasari	108.8	23.5	23.5	85.3	85.3
Hancesti	352.2	138.7	138.7	213.5	207.1
Ialoveni	278.6	117.5	117.5	161.1	147.4
Nisporeni	202.5	62.0	62.0	140.5	126.1
Orhei	333.2	116.2	116.2	217.0	211.1
Rezina	208.6	40.0	40.0	168.6	157.6
Straseni	267.6	126.3	126.3	141.3	139.5
Soldanesti	200.0	46.3	46.3	153.7	139.6
Telenesti	253.6	76.7	76.7	176.9	149.5
Ungheni	372.1	104.9	104.9	267.2	240.4

Figure 1. Density of public roads, km/100 km² by regions, NBS: 2010



North, Center, South, TAU Gagauzia Chisinau

Rail transport. The density of railway network in the CDR is 3.4 km / 100 km² being higher than in the NDR, which is 2.1 km / 100 km² and than the national average of 3.3 km/100 km² Republican, but less than the SDR, which is 4.7 km/100 km². The CDR is crossed by the national railway routes: Bender-Chisinau-Ungheni, Revaca-Cainari, Ungheni-Balti, and a small segment of the railway of Slobodca – Balti sector. Ungheni railway station is the international crossing point for the transportation of goods and passengers. It is the largest railway junction of the CDR. Soldanesti railway station carries goods and passengers to serve particular objects of the national economy. The railway network configuration is of two types - single-line and two line network. The train traffic is 2-14 passenger trains per day and 4-10 freight trains per day.

In the future it is expected to construct the railroad Straseni - Orhei - Balti. The map of the existing and perspective rail network is given in the Annex D.

Shipping. The CDR has not naval communication lines, but there are two ports: Ungheni naval port and Rezina naval port. The map of naval communication lines is given in the Annex D. Molovata ferry connects the rural areas Molovata and Molovata Noua. However the goods and passenger transport is insignificant.

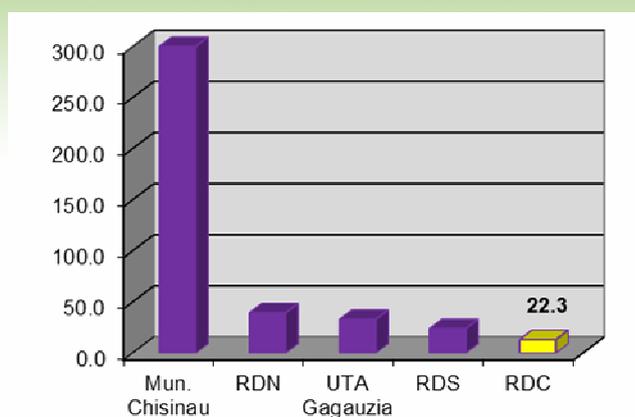
Water Supply and Sanitation

Water Supply. The water supply is carried out mostly from underground water abstraction from the region settlements. The water quality does not always corresponds to the existing sanitary regulations for drinking water, thus the water from many pipes can only be used as technical water. The water from wells and springs is used for drinking water by about 80% of the CDR inhabitants. The density of the water supply network in the CDR is 13.2 km/100 km², being the lowest among all other regions and lower than the national average of 23.3 km/100 km². The districts with the highest share of settlements that have centralized water supply network above the national average are Anenii Noi, Orhei and Ialoveni. In the other regions the situation is very difficult. In Dubasari, Soldanesti and Rezina, for example, just less than 5% of the villages have a water supply network. The map of water supply network is shown in the Annex E.

Table 4. Water Supply, Source: IES-2010 Yearbook

	Number of water supply systems	of which functioning are	Length of aqueducts and of water supply networks, km	water supplied 1 inhabitant c.m. / month
CENER	262	223	1,965.9	4.3
Anenii Noi	41	41	299.6	9.8
Calarasi	6	6	73.7	2.5
Criuleni	18	17	151.6	4.4
Dubasari	4	4	44.9	4.8
Hancesti	14	13	177.7	2.4
Ialoveni	36	34	234.3	4.1
Nisporeni	12	9	159.6	1.8
Orhei	50	37	373.3	6.1
Rezina	3	3	30.2	3.4
Straseni	19	11	107.4	1.0
Soldanesti	7	4	17.3	0.7
Telenesti	37	31	116.1	2.0
Ungheni	15	13	180.2	9.2

Figure 2. Water supply density km/100 km² by regions. Source: NBS 2010

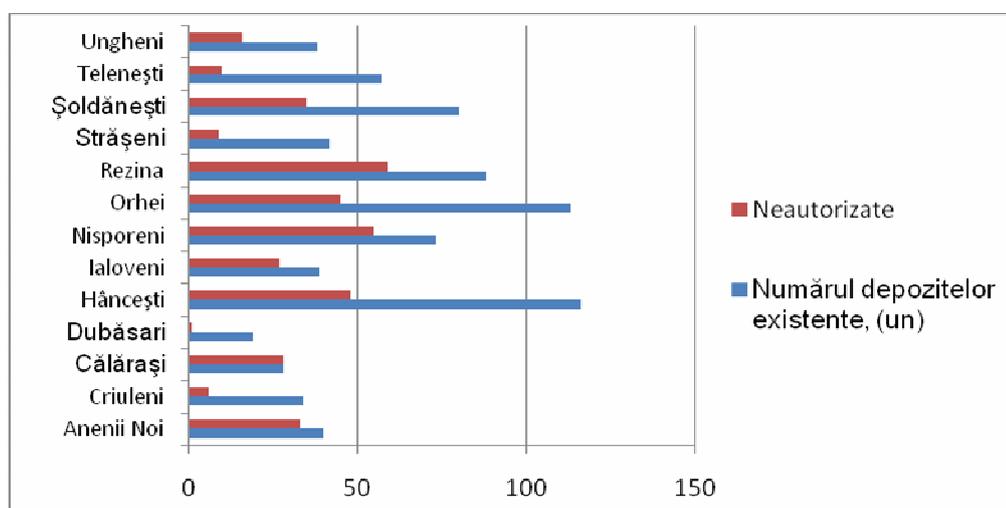


Chisinau mun., NDR, TAU Gagauzia SDR CDR

Sewerage System. The sewerage system in the CDR is weak and wastewater treatment technologies are quite outdated. The share of housing stock in the CDR, which has a sewerage network, is 15.6% compared to 22.6% of the national average. The CDR has only 6 operating treatment plants. The technical condition of existing wastewater treatment plants is unsatisfactory. The plants from Rezina, Telenesti, Criuleni do not operate and the wastewater is discharged directly into Nistru and Raut rivers. In the future it is planned to construct 8 wastewater treatment plants. In most cases for the renovation of the existing ones and the construction of the new ones enormous funds are required that the local authorities do not have. The map wastewater discharge networks and wastewater treatment plants is given in the Annex E.

Waste Management. In the CDR infrastructure and solid waste management is very weak, both quantitatively and qualitatively. It shows a high level of pollution of soil, water and other environmental elements mainly caused by the unfriendly environment traditions and the poor infrastructure for collecting solid and liquid waste, including toxic one. The region's specific is the non-separated waste collection and a very low share of recycled waste. Daily about 1000 tons of municipal solid waste is produced in the CDR that is currently collected and stored in about 350 small deposits, located on the outskirts of towns in the region. Most of these deposits occupy large areas, but are inadequately equipped.

Figure 3. Number of existing deposits



Source: IES-2010 Yearbook

Non-authorized

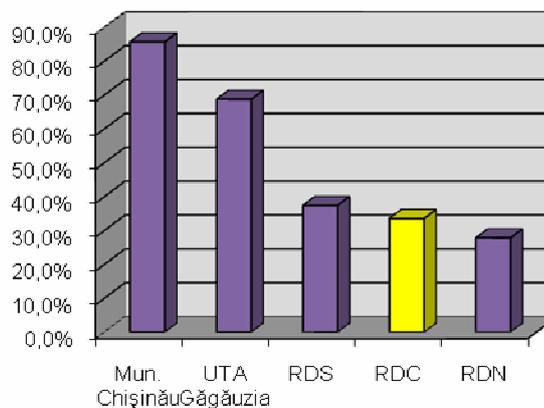
Number of existing deposits, (one)

More efficient and environmentally harmless would be the radical change of the waste collection infrastructure, which provides for the collection of such waste in three or four large landfills that would allow their separation, partial recycling and collection of biogas from landfill of recyclable waste. In perspective in Nisporeni, Orhei, Ialoveni and Anenii Noi these large landfills are expected to be constructed. The map of the regional scheme of deposits for storing and processing waste is given in the Annex F. For the sustainable reorganization of utility infrastructure in the region, it is necessary to perform a feasibility study of the sector and to develop a regional waste management plan that would aim creating the necessary framework for the development and implementation of an integrated, efficient and economically sustainable and environmental friendly waste management system.

Provision with Natural Gas

The CDR settlements are provided with natural gas by the high-pressure main gas pipelines. In North of the CDR the main gas pipeline Iamburg - Elet - Chernivtsi passes and its branch to Chisinau municipality, through Soldanesti-Rezina junction, then through Ribnita-Chisinau pipe over the territory of the CDR. The share of the housing fund in the CDR connected to the gas network is 33.5%, which is lower compared to the similar indicators of the SDR and DRGATU and the national average which is 34.9%.

Figure 4. Share of gasified settlements by regions,%. Source: NBS 2010



Chisinau Mun. Gagauzia ATU SDR CDR NDR

The districts the best ensured with natural gas network are Dubasari (87%) and Anenii Noi (82%). The extension of the network has a good dynamic in Criuleni, Straseni and Ialoveni districts. The districts the poorest ensured with natural gas network are Ungheni, Telenesti, Hancesti and Nisporeni where the share of gasified settlements is below 10% or almost 4 times lower than the national average. The key issues of the gas supply are related to the large amount of investment required to expand the networks in the settlements. In addition to natural gas, the CDR has (industrial, rural) LPG consumers. The provision of consumers with liquefied gas is ensured by "Gaznosbat" company located in Straseni. The map of the existing and projected networks of natural gas is given in the Annex G.

Electricity and Heat Supply

The electricity supply in the CDR settlements is performed through the distribution networks owned by "Centru" Electricity Networks company, the foreign-owned enterprise "Union Fenosa" and through the state enterprise networks "Northern Electricity Distribution Networks". There are two large electricity distribution stations with a capacity of 333 kW in Ialoveni and Straseni located in the CDR. The other over 200 distribution stations have a capacity of 35-110 kW. The CDR territory is crossed by two large capacity overhead lines of 330 kW (Tiraspol - Ialoveni - Straseni - Balti). All the settlements in the region are connected to the electricity network. Locally the problems of provision of electricity exist in the newly constructed areas where technical projects of networks are required. The cost of the technical project is to be paid by the local authorities and potential customers. In the absence of funds the connection to electricity networks is delayed. The map of the regional power system is given in the Annex H.

The thermal power is a problem for most people living in apartment houses in the CDR. The apartment houses were supplied with heat from thermal power plants, which currently does not operate. Thus, the residents of gasified apartment houses constructed autonomous boiler houses, some people constructed stoves in the apartment houses, while others use electrical devices generating heat in winter time. A similar situation is in the public institutions that have constructed autonomous boiler houses or stoves. In the private sector (traditional house) both urban and rural consumers use in particular stoves. Energy sources are wood and coal. It is difficult to provide the educational institutions with heat. There are insufficient resources to supply them with heat and to repair the waste heat systems.

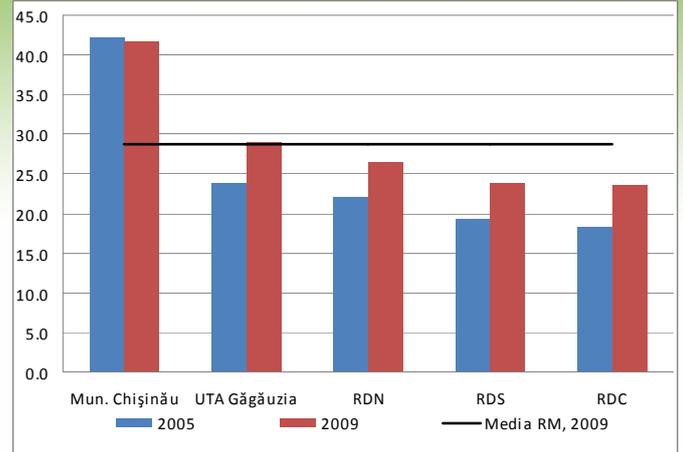
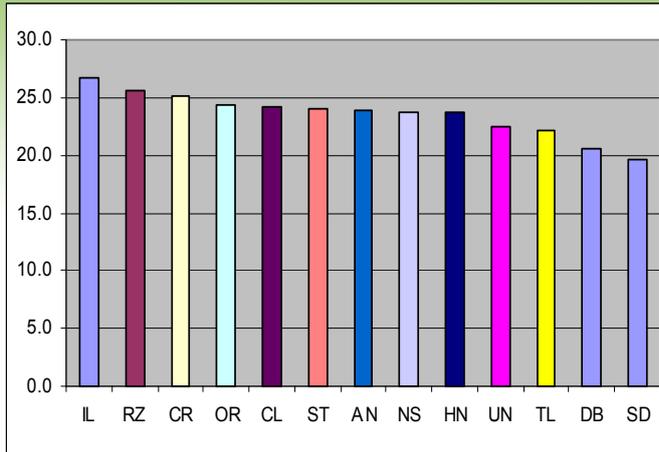
In the absence of own energy resources and growing dependence on imported energy resources, a solution for the energy sector and for the improvement of environmental factors would be the wide implementation of innovative technologies and the use of renewable energy (wind, solar, biomass) sources, thus ensuring reliable CDR economy and the population with energy and fuel in required amounts and at reasonable prices.

Telecommunications

Fixed telecommunication services are provided to the CDR by the subsidiaries of the state enterprise "Moldtelecom". As of 30 June 2009, the share of telephone stations in the region is 23.6 per 100 inhabitants, including 30 in urban and 23 in rural settlements. In these terms the CDR is behind other regions. The highest share of telecommunication services is in Rezina and Ialoveni districts with over 25 telephone stations per 100 inhabitants, the lowest share is in Dubasari and Soldanesti districts.

Figure 5. Number of telephone sets by districts per 100 inhabitants

Figure 6. Number of telephone sets by regions per 100 inhabitants



Source: SA „Moldtelecom”, 2010

Chisinau mun., Gagauzia ATU, NDR, SDR, CDR, RM average, 2009

The mobile telecommunication is ensured by "Orange", "Moldcell" and "Unite" networks, which currently includes all the 13 regional centers of the CDR with coverage of 98% of the total number of settlements. Although the service costs are high, according to the mobile operators in the past three years there has been a steady upward trend in the number of users.

In the CDR Internet connection is poorly developed, but comparatively the CDR has the best development in the ICT. According to the recent studies carried out by the Ministry of Information and Communications 39% of the population has computers and 35% of the population has Internet access. The share of legal entities that have computers connected to the Internet is about 39%. Most of the public institutions are connected to the Internet. There are 2-6 Internet cafes in urban settlements.

Figure 7. Households that have computers, at regional level, %



Center North South

Figure 81. Households with Internet connection, at regional level, %



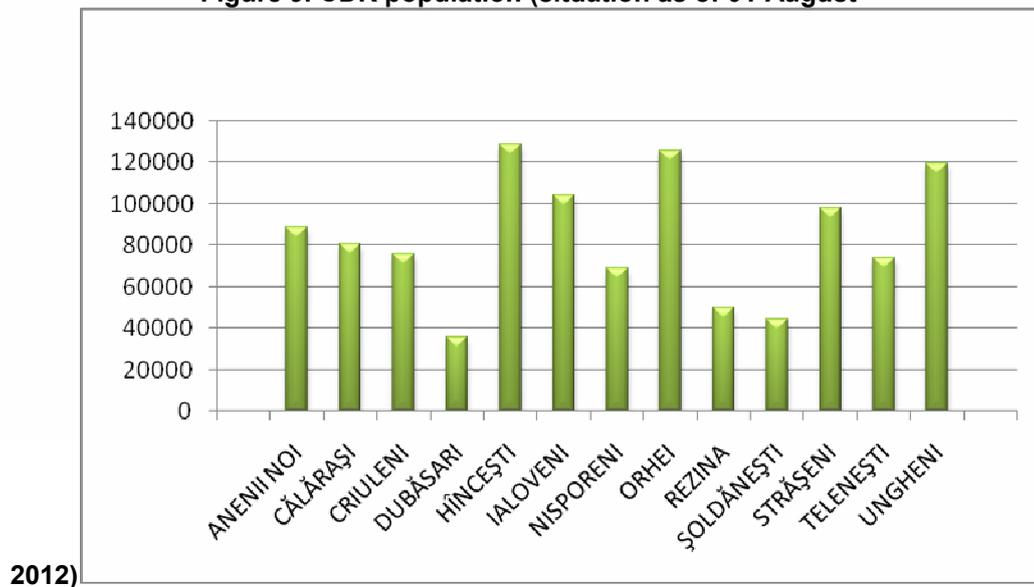
Center North South

Source: According to opinion polls, 2010

2.4 Demography

People living in the CDR⁵ as of 01 August 2012 account for **1,093,684** inhabitants. This figure is slightly higher, positively affecting the demographic situation in the region.

Figure 9. CDR population (situation as of 01 August



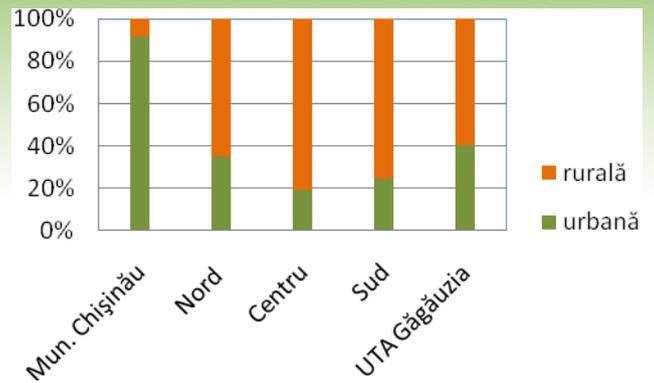
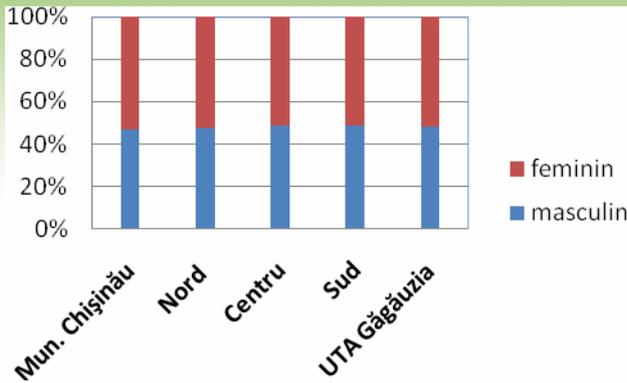
The average population density in the CDR is 100 inhabitants per km². The most densely populated are Straseneni and Ialoveni districts (125 inhabitants per km²). Soldanesti district is the most sparsely populated (73 inhabitants per km²). The share of the CDR population constitutes about 30% of the total population of the Republic of Moldova, it is the largest region in the country.

The number of men in the CDR is 49% and of women is 51%. Compared to the other regions of the country the gender structure of the CDR population is more balanced.

Figure 10. Gender structure of population,%, as of 01 January 2011, by development regions

Figure 11. Structure of population average,%, as of 01 January 2011, by development regions

⁵ The data on population refer only to people living on the right bank of Nistru River



Source: NBS, 2011

Chisinau mun., North, Center, South,
Gagauzia ATU
Women
Men

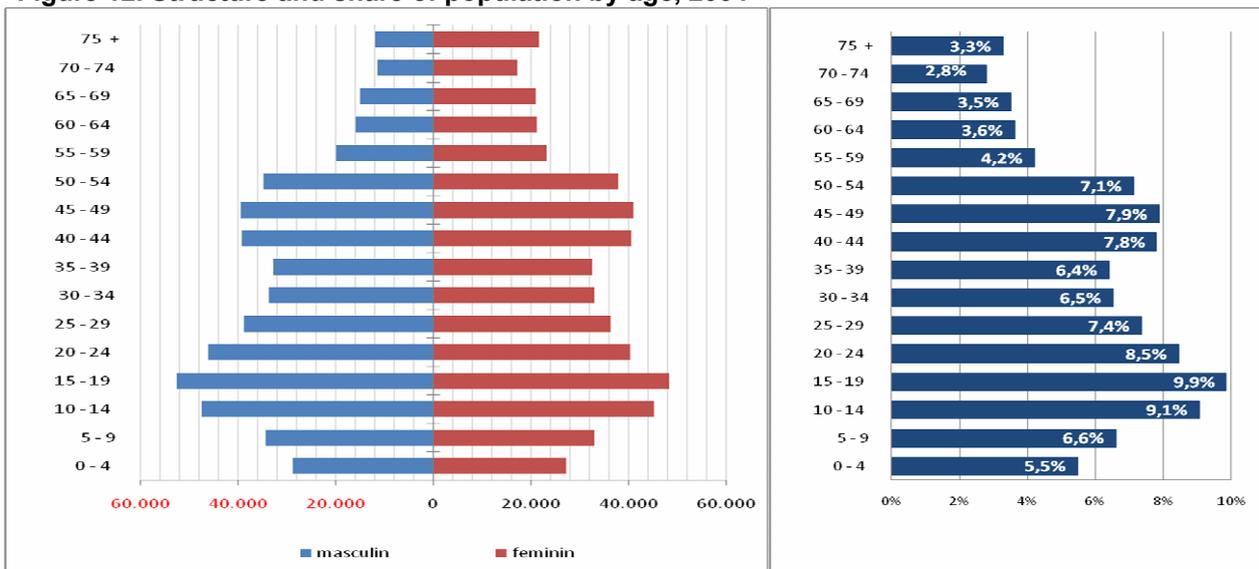
Chisinau mun., North, Center, South,
Gagauzia ATU
rural
urban

According to the National Bureau of Statistics of the Republic of Moldova as of 01 January 2011 the situation of the population by average residence shows predominance in terms of number of rural population compared to the urban one with a disproportion of 19% to 81%.

Age Structure of Population

Analyzing the total population by age groups (age pyramid), we see that the CDR is severely affected by demographic aging. The current trends show a continuous decrease of the first age group, due to low birth rate, which means that the aging of the population is still growing, and the effects of this phenomenon will follow in the coming years.

Figure 12. Structure and share of population by age, 2004



Source: Census data

men women

Due to some social and demographic measures that have positively influenced the birth rate in the period 1970-1990 (currently people aged 35-39 years) currently the age group with the highest share is that of young people aged 15-19 (9.9 %) years.

Natural Movement of Population and Demographic Deprivation

The negative natural increase of population in the region influences the decrease in the fertility rate and people aging, increasing the demographic pressure. A positive natural increase throughout the considered period is observed only at Ialoveni, Ungheni and Nisporeni.

Table 5. Natural movement of population per 1000 inhabitants, 2011

	2004	2005	2006	2007	2008	2009	2010	2011
Birth rate	11.4	11.3	11.3	11.8	11.8	12.4	12.4	12.1
Death rate	13.0	13.7	12.3	12.6	12.6	13.8	13.4	11.4
Natural increase	-1.5	-2.4	-1.1	-0.8	-0.7	-1.4	-1.0	-0.7

Source: NBS

The migration processes influence the demographic profile and have an important role in the CDR economic and social life. Although there are no statistical data on migration processes to make accurate conclusions in this respect, we may find the existence of three main migration flows occurring with a different degree of intensity: rural - urban migration within the region, CDR - Chisinau migration (especially students of higher education institutions from Chisinau and living in the capital) and emigration (migration outside the Republic of Moldova). Emigration is the strongest migratory movement of people living in the CDR. According to the general census of 2004, about 89,400 inhabitants of the CDR were "temporarily absent". This represents about 8.8% of the region's population, the emigration from the CDR, according to the census results, is the second by intensity in Moldova.

Figure 13. Share of absent people of the total population, according to 2004 census

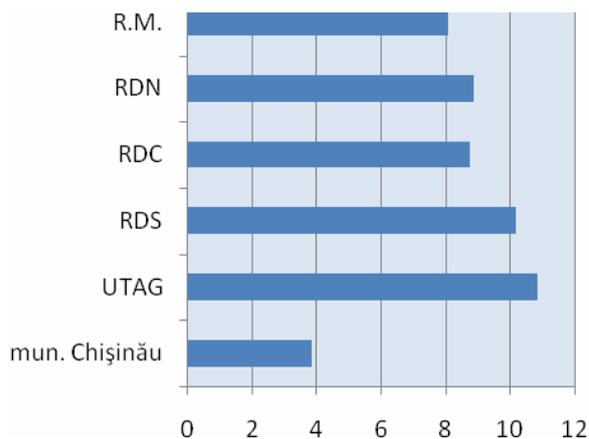
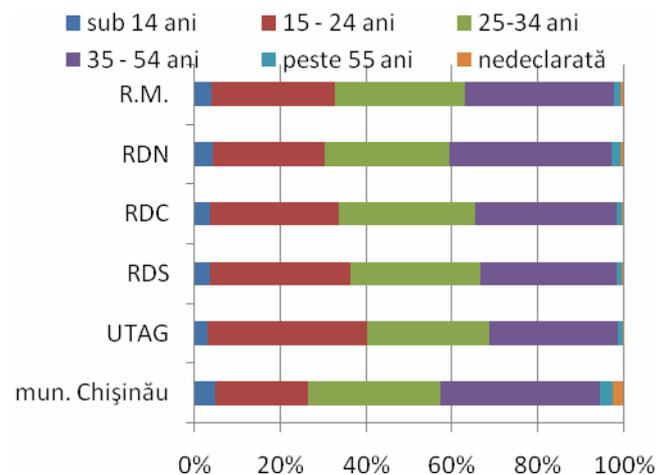


Figure 14. Structure of absent population by main age groups



Source: "Autonomous Territorial Unit of Gagauzia: Analysis of economic situation and development potential " Report of Expert-Grup, 2008

RM NDR CDR SDR ATUG Chisinau mun.

aged under 14 years aged 15-24 years 25-34 years
 aged above 55 years non-declared

Labor Force

According to the National Bureau of Statistics for 2011 in the CDR the population activity rate makes up 39.8%, the employment rate makes up 37.6%, the unemployment rate makes up 5.7%. There are employed people in the public sector of 35.1% and 64.9% in the private sector.

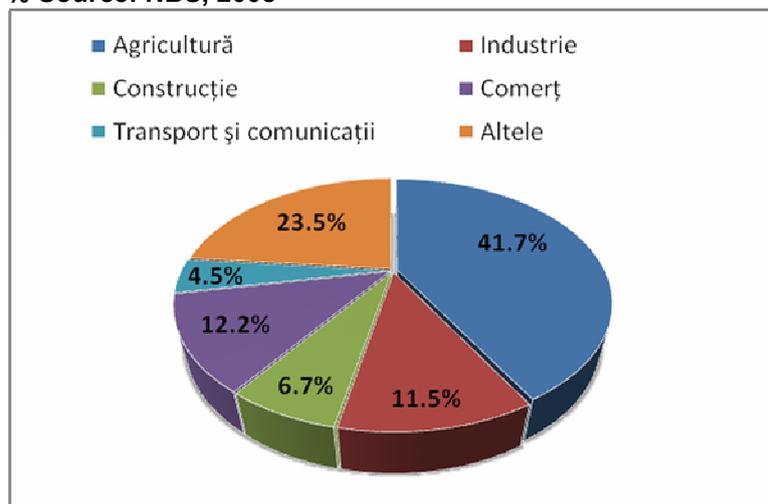
Table 6. Occupancy rate %

	2008		2009		2010		2011	
	Women	Men	Women	Men	Women	Men	Women	Men
Total CDR	39.5%	43.7%	36.5%	40.5%	35.7%	39.0%	35.9%	39.3%

Source: NBS.2012

Of this about 51% are actively employed people 41% of the employed population actively work in agriculture, which is largely a subsistence agriculture.

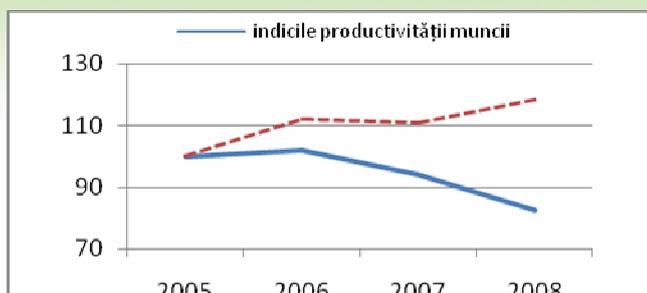
Figure 15. Structure of employed population as of 01 January 2008, % Source: NBS, 2008



Agriculture	Industry
Construction	Trade
Transport and communications	Others

The average monthly swage of an employee in the CDR in 2010 was 2,299.1 MDL, representing 77.4% of the average wage in the country. In 2008-2010, the labor productivity fell essentially, as well as the real wage. In 2008-2010 the labor productivity decreased and wages continued to increase. This is explained by the fact that the companies in the region try to keep the existing labor force to not cause the employees to emigrate looking for a new job.

Figure 16. Productivity developments and wages in the CDR industrial sector, comparable prices



labor productivity index

Source: NBS, 2008, expert calculations

According to the NBS in 2011 in the CDR 12,906 unemployed people were registered of whom 6,774 were women that is more 426 unemployed people compared to 2010.

According to the NBS in 2011, 5.7% of the CDR active population were registered as unemployed people at the employment offices. The unemployment rate in 2011 is lower in women than in men, both in urban and in rural areas it was 4.4%. The age group with the highest rate of unemployment is 15 - 24 years old.

Table 7. Unemployment rate, %

2008		2009		2010		2011	
Women	Men	Women	Men	Women	Men	Women	Men
2.3	4.1	4.2	7.8	5.2	8.3	4.4	6.8

2.5 Economic Development

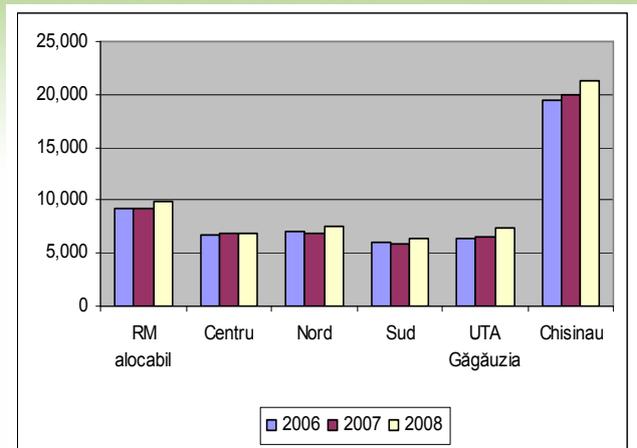
Gross Value Added of the Region⁶

The Gross Value Added (GVA) in the CDR in 2008 is estimated at 7.05 billion MDL.⁷ In 2006-2008 the GVA changed slightly, and the gross value per capita was about 450 Euros or 70% of the national average.

⁶ GVA data by region are from Matthew Powell [1].

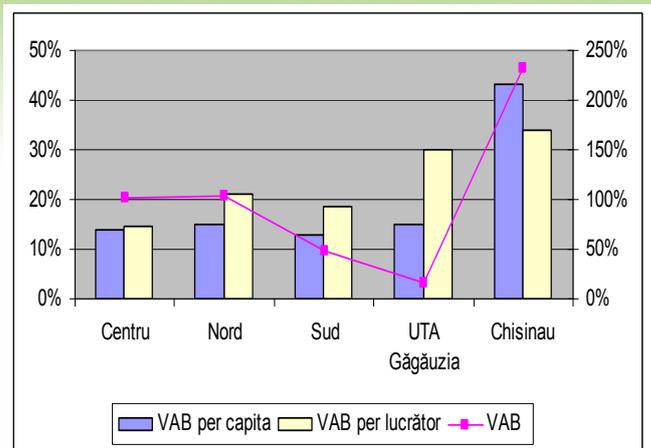
⁷ It was not possible to allocate by region the entire value-added recorded in the national accounts (see Powell 2009, Annex B). In particular, there is no any good method for the allocation of financial services calculated indirectly and data necessary for the allocation of the government and NPIs income from services rendered to household. Thus, the unallocated GVA accounts for about 12.5% of the 2009 GVA in the 2006 prices and approximately 14.5% of the 2008 GVA in the 2006 prices. The estimates for the national GVA and the GVA per capita, used for comparison in this section represent the GVA allocable to all regions and do not include the non-allocable GVA.

Figure 17. GVA per capita, MDL



Source: Powell 2009, (Regional Statistical Report)

Figure 18. Share of GVA per capita in the national GVA in 2008

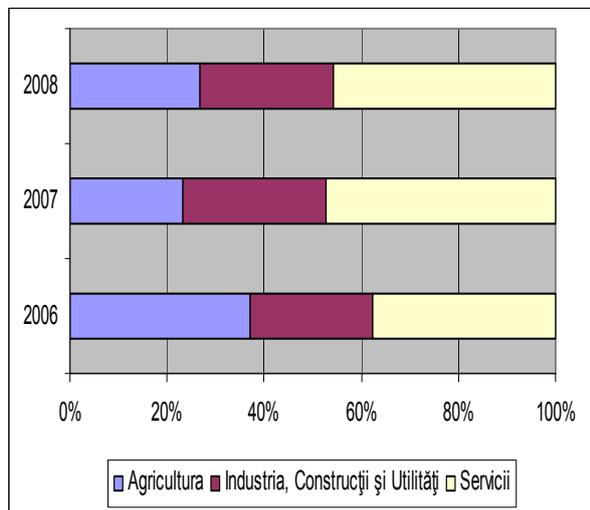


RM Centre North South ATU Gagauzia Chisinau Centre North South ATU Gagauzia Chisinau
 Allocable GVA per capita GVA per employee GVA

Sector Profile

The economic sectors contribute differently to the formation of regional GVA. In the recent years there is a trend of change of the branch structure. Thus, in 2008 the share of agriculture in the GVA was 27%, being reduced compared to the previous years by about 10%. However, the contribution of services increased in the same proportion, reaching 46%.

Figure 19. Branch structure of GVA, %



Source: Powell 2009, (Regional Statistical Report)

Agriculture Industry Constructions and Utilities
 Services
 Manufacture of textile products
 Extractive industry
 Wood processing and manufacture of wooden products

Figure 20. Industrial specialization index by number of employees, 2007⁸



⁸ Calculations made within the AESM study

Manufacture of clothes, fur preparation and dyeing
Food and beverage industry

The industrial sector of the region, according to the 2010 data, is poorly developed, the production value is only 3,634,700 MDL, compared to the 2009 data this value is only 109.1%. This sector has 16,700 employees and the industrial output per capita is only 50% of the national average. The profile industries are represented by the light, food, wine industry, building materials etc. The industrial potential is concentrated in small towns - regional centers. The most dynamic centers in terms of industrial reconstruction are Orhei, Rezina, Straseni and Ungheni. The map of economic sectors location is given in the Annex I. The physical wear and obsolescence, the low production of most light industry enterprises, the failure to use the production capacities, low productivity are the main problems facing the regional industry.

Table 8. Main indicators of industrial activity in the CDR (NBS 2010)

	Value of production			Average annual number of staff employed in the industrial sector, th. people
	Th. MDL	% compared to 2009	Structure %	
Anenii Noi	439.1	110.4	1.6	1.7
Calarasi	272.2	118.0	1.0	1.3
Criuleni	122.0	100.0	0.4	0.9
Dubasari	46.0	251.0	0.2	0.4
Hancesti	126.1	134.2	0.4	1.0
Ialoveni	454.0	116.3	1.6	2.3
Nisporeni	77.9	79.8	0.3	1.0
Orhei	554.9	127.8	2.0	3.1
Rezina	540.6	94.8	1.9	0.7
Straseni	290.3	100.1	1.0	1.2
Soldanesti	15.9	105.5	0.1	0.4
Telenesti	68.7	98.6	0.2	0.4
Ungheni	626.8	106.8	2.2	2.3
Total CDR	3,634.7	109	1,12.9	16.7

Ungheni is the most industrially developed district, the industrial output value (2010) of which makes up 626.8 million MDL, followed by Orhei (554.9 million MDL) and Rezina (540.6 million MDL) district.

The most poorly industrially developed district is Soldanesti, the industrial output value (2010) of which accounts for only 15.9 million MDL.

Agricultural production in the region is an important sector, contributing with about 30% to the total of this industry in the country. 83% of total agricultural land are arable land, 9% - orchards, 7% - vineyards and only 0.3% - pastures. The main agricultural products are vegetables, cereals, grapes, cultivate crops and orchards. Agriculture is the main sector of employment with over 40% of the economically active population of the region.

Table 9. Net Profit, Net losses (-) in agricultural enterprises, in the CDR (Source: NBS 2010)

	Net profit, net losses (-), th. MDL	Number of agricultural enterprises	
		with profit	with losses

	2008	2009	2010	2008	2009	2010	2008	2009	2010
Anenii Noi	13,604	-61,069	4,959	34	19	33	22	38	23
Calarasi	-496	-2,199	2,097	12	14	14	10	12	12
Criuleni	1,103	-14,561	10,936	24	22	38	20	25	9
Dubasari	-4,125	-33,818	8,497	12	10	22	12	18	8
Hincesti	6,370	-11,606	8,675	33	21	32	14	26	15
Ialoveni	13,637	-1,644	2,338	14	14	19	20	23	12
Nisporeni	-47	-733	-62	6	2	3	8	8	4
Orhei	12,605	1,550	14,580	30	24	39	6	19	8
Rezina	-289	-3,003	7,295	9	9	16	16	13	3
Straseni	22,978	833	15,068	20	16	13	23	22	14
Soldanesti	-6,309	-851	11,646	11	10	11	12	14	9
Telenesti	11,972	322	17,302	28	18	32	16	26	13
Ungheni	17,305	-10,426	34,879	25	15	32	15	27	7
Total CDR	88,308	-137,205	138,210	258	194	304	194	271	137

The agricultural and industrial potential of the region consists of 42 production cooperatives, 50 joint stock companies, about 530 limited liability companies and more than 230 thousand peasant household individual enterprises. Most poultry plants (14 of 23), enterprises processing fruits and vegetables (8 of 10 high capacity factories), more than half of wineries (86 of 157) are located in the region. The location of production facilities is given in the Annex J. Also their production capacities are underused at 5-40% and over 30% of agricultural businesses incurred losses in 2010. The main problems of the agriculture sector are de-capitalization, high parcelling, outdated technologies, which cause low productivity. The existing infrastructure for the collection of agricultural products is not functional and the local agricultural products are not competitive with imported ones.

In this context the regional authorities came up with the initiative to develop a cross-border zone in the area of Leuseni customs point. The aim of such zone is economic and tourism boost of Leuseni cross-border zone by creating favourable conditions for the location and operation of a profitable complex of production, trade and services enterprise (wholesale agricultural market, warehouses, refrigerators, enterprises processing agricultural products, parks, offices, hotels etc.) required for the businesses in the region and cross border travellers. The total investment cost is estimated at 155 million MDL.

The service sector of the region is growing both in terms of absolute values and national rates. The highest contribution is made by the trade, transport and telecommunications sectors.

Table 10. Number of retail units, in the CDR (Source: NBS 2011)

	Stores				Counters, kiosks	
	Total		commercial area, m ²		2010	2011
	2010	2011	2010	2011		
Anenii Noi	120	166	6,669	10,745	21	29
Calarasi	241	238	14,699	13,880	17	15
Criuleni	174	173	9,896	9,592	26	47

Dubasari	65	68	3,848	4,003	10	5
Hincesti	245	269	14,416	17,243	14	19
Ialoveni	142	141	10,250	10,933	11	12
Nisporeni	123	135	13,609	13,855	36	36
Orhei	388	364	26,256	25,804	27	20
Rezina	140	152	9,295	10,948	14	16
Straseni	209	232	11,895	12,844	13	18
Soldanesti	202	203	9,619	10,869	26	26
Telenesti	233	240	11,055	11,051	23	18
Ungheni	180	186	20,762	21,668	35	37
Total CDR	2,462	2,567	162,269	173,435	273	298

The CDR has a high tourism potential due to existing specific natural resources such as forests, water resources, landscape reserves and numerous monuments of tourist destination. This area has its main route "Wine Road" which includes the most important points of wine manufacture (Milestii Mici, Ialoveni, Cojusna, Branesti, Peresecina), wine cellars from Ialoveni, Milestii Mici, Peresecina, Hancesti. Also the Museum Complex "Orheiul Vechi", the Museum of People Handicrafts from Ivancea village, as well as the picturesque places of the villages Saharna, Japca, Tipova are of interest for tourists. These places are very attractive for national and international tourists. Also the region has the largest monasteries of Moldova (Capriana, Hincu, Dobrusa, Harjauca, Racovat, Curchi, etc.). Making valuable these tourist destinations requires both infrastructure development and their promotion to become known to international tourists.

Entrepreneurship

The development of entrepreneurship activities is one of the main objectives of the regional development. In the period 2004-2008 the number of enterprises increased by 43%. There has been an increase in all types of businesses. In 2008-2010, the number of SMEs increased, except for the medium ones. This phenomenon is explained by the increasing number of small businesses. Also the number of jobs was reduced, especially due to the medium and large enterprises.

Table 11. Number of SMEs, employees in the CDS

Type	Enterprises		Employees	
	2008	2010	2008	2010
Enterprise	No.	No.	No.	No.
Micro	4,182	4,843	10,701	11,034
Small	1,185	1,337	18,893	19,581
Medium	262	233	22,005	19,307
Total SMEs	5,629	6,413	51,599	49,922
Large	109	126	23,937	20,217
Total	5,738	6,539	75,536	70,139

Source: NBS 2010

The spatial distribution of sales enterprises is uneven, with very large differences between the districts. The most economically active areas are Straseni, Ialoveni and Orhei with over 65 SMEs per 10,000 inhabitants. While in Telenesti and Nisporeni districts this indicator is less than 30.

Table 12 . Regional entrepreneurial sector (NBS Source)

	2010														
	Number of enterprises					Average number of employees					Revenues from sales, million MDL				
	Total	Large	Medium	Small	Micro	Total	Large	Medium	Small	Micro	Total	Large	Medium	Small	Micro
Total CDR	6,539	126	233	1,337	4,843	70,139	20,217	19,307	19,581	11,034	15,974.7	7,760.6	2,844.7	4,264.4	1,104.9
Anenii Noi	644	17	19	154	454	6,991	2,192	1,423	2,332	1,044	1,725.5	824.4	268.1	533.1	99.9
Calarasi	347	6	18	81	242	4,765	1,394	1,514	1,258	599	858.4	273.9	288.3	245.3	51.0
Criuleni	377	8	9	90	270	3,864	1,222	679	1,330	633	698.3	309.7	97.5	241.1	49.9
Dubasari	166	2	8	34	122	2,138	461	770	603	304	216.6	43.1	63.4	83.4	26.6
Hancesti	573	17	21	138	397	7,566	2,571	2,107	1,863	1,025	1,651.6	915.2	177.2	451.5	107.8
Ialoveni	889	22	22	162	683	7,980	3,001	1,612	1,858	1,509	3,043.1	1,989.0	300.5	589.2	164.4
Nisporeni	291	6	11	55	219	3,207	1,126	712	760	609	655.8	322.2	140.9	142.6	50.1
Orhei	1,018	14	35	176	793	10,181	2,893	2,978	2,673	1,637	1,948.4	814.5	501.7	468.7	163.6
Rezina	307	4	12	70	221	3,313	479	1,046	1,256	532	1,249.5	734.7	144.7	307.4	62.6
Straseni	675	13	27	138	497	6,275	1,693	1,572	1,926	1,084	1,544.2	468.4	433.2	528.1	114.5
Soldanesti	202	0	11	39	152	2,106	0	1,192	549	365	245.0	0.0	86.3	111.7	47.1
Telenesti	183	3	17	57	106	3,673	531	1,585	1,199	358	421.9	97.9	122.6	159.5	42.0
Ungheni	867	14	23	143	687	8,080	2,654	2,117	1,974	1,335	1,716.2	967.5	220.3	402.8	125.5

The SMEs sector represents 98% of the total businesses and hire 62% of employees. Over 70% of these are small businesses. They hire 14% of all employees and achieve 7% of the total turnover.

The lack of information, particularly for the industrial production, the limited access to finance, complex bureaucratic procedures are considered the main barriers to business development and launch.

Investments and Investment Process

According to the MoE data, while the state owned enterprises had some progress in terms of investment activity, the (local, mixed and foreign) private sector needs additional stimulation.

In the CDR the absolute value decreased from 1,763.8 down to 1,287.7 million MDL, the same trend was experienced by a share of the region in the total investments, being decreased from 16.6% in 2010 to 9,3% in 2011. The maximum absolute value for this region was recorded in 2008 and was about twice higher than in 2011, while the share peaked in 2010 and was higher by 7.3% compared to the reference year.

Table 13. Structure of long-term investments in tangible assets by regions, million MDL

	2008	2009	2010	2012
Investments in long-term tangible assets, total in RM	17,855.3	9,119.1	10,634.5	13,789.7
Share, %	100.0	100.0	100.0	100.0
CHISINAU Municipality	10,497.9	4,930.0	5,835.5	9,365.5
Share, %	58.8	54.1	54.8	67.9
NORH	2,785.9	1,640.7	1,829.4	2,165.5
Share, %	15.6	18.0	17.2	15.8
Balti mun.	934.6	466.4	494.8	587.5
Soroca	392.9	121.3	151.3	215.0
CENTER	2,696.8	1,410.7	1,763.8	1,287.7
Share, %	15.1	15.5	16.6	9.3
Orhei	408.7	127.0	242.1	134.9
Ungheni	353.0	153.5	148.9	110.9
SOUTH	1,483.5	815.6	941.2	676.8
Share, %	8.3	8.9	8.9	4.9
Cahul	689.1	270.3	247.7	172.6
ATU of Gagauzia	391.2	322.1	264.7	294.2
Share, %	2.2	3.5	2.5	2.1

Analyzing the table above (Source: MoE 2011) we note that the long-term investments in tangible assets experienced both periods of ascension and decline as well. In 2008-2009 their value registered a sharp drop in its value (in current prices) both at the national level (from 17,855.3 down to 9,119.1 mln. MDL) and at the CDR level (from 2,696.8 down to 1,410.7 mln MDL) after registering an upward trend and reaching 1,763.8 mln MDL in 2010 and decreasing down to 1,287.7 mln MDL in 2011.

The investment activity is unevenly distributed in Moldova and is highly concentrated in a single center - Chisinau, where the volume of investment in the recent years ranges from 59 to 66% of the country's total. It is worth mentioning that the investment activity in the South and in the North decreased, while the investments in fixed capital in the ATU of Gagauzia even rose.

Table 14. Investments in fixed capital

	of which, financed from:								
	Million MDL; current prices			the state budget			budgets of administrative and territorial units		
				2008	2009	2010	2008	2009	2010
Total RM	18,224.8	11,123.6	13,098.7	1,778.6	734.2	667.4	534.3	356.0	491.9
Total per CDR	2,782.5	1,615.9	2,099.8	544.4	180.8	351.1	207.6	145.5	181.7

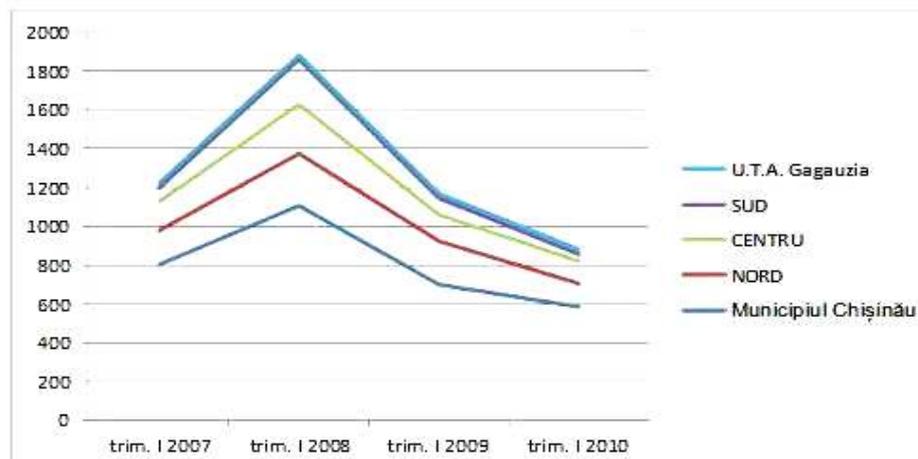
Anenii Noi	251.3	163.6	178.1	32.7	22.8	10.8	15.8	11.7	11.0
Calarasi	150.1	117.7	113.0	38.5	31.1	24.7	11.6	5.1	11.0
Criuleni	145.1	131.6	160.6	8.7	8.0	9.2	22.4	6.2	14.4
Dubasari	162.6	43.4	24.1	114.4	19.2	1.9	14.5	4.8	6.7
Hancesti	257.1	169.1	368.8	40.7	3.9	130.5	41.0	35.5	38.7
Ialoveni	291.7	230.0	306.5	11.7	11.1	3.7	22.6	15.3	21.6
Nisporeni	105.5	97.2	94.0	26.6	18.9	14.2	17.8	8.7	5.6
Orhei	411.3	144.0	291.0	139.5	1.7	101.7	4.3	3.3	14.4
Rezina	240.0	78.5	106.7	8.8	7.8	3.0	9.8	17.6	16.7
Straseni	262.2	142.2	114.2	60.1	19.4	30.5	9.1	12.2	4.1
Soldanesti	61.5	42.6	54.7	11.4	7.9	2.6	6.4	3.0	4.2
Telenesti	89.1	96.8	121.8	23.4	13.1	10.7	15.3	12.0	15.4
Ungheni	355.1	159.2	166.3	22.3	16.0	7.6	19.7	10.2	17.8

Analysing the statistical data in the table above regarding investments in fixed capital used in the national economy as well as in the regional, the downward trend in the fixed capital investments can be suggested, starting in 2009, which continued until 2010. In 2010 we note a tendency of stabilization of the situation in terms of fixed capital investments in the region.

The investments are allocated mainly from private sources, and the central and local government budgets have 12-30%. However, the distribution of construction works is disproportionate in territorial assembly, the per capita differences being up to 4 times.

The foreign investments have a insignificant share in the region, and the cumulative ones. per capita of the CDR only 52 USD or 21% of the national average. Mainly this is because foreign companies prefer to register in the capital, although much of their work takes place in the region.

Figure 21. Dynamics of capital fixed investments by areas and districts, million MLD (in current prices)



ATU of Gagauzia

South

Center

North

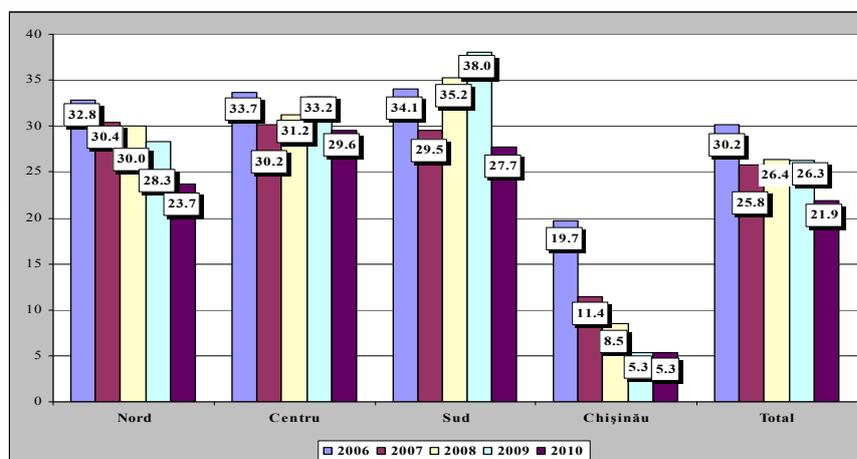
Chisinau municipality

The establishment of the FEZ in Ungheni contributed to the innovation of the regional investment process. The favourable geographical location, the proximity to the EU, the direct connection to the European gauge, available and unused industrial facilities are the main beneficial factors attracting foreign investments.

2.6. Social Situation

The Moldovan living standard is relatively low, particularly in the areas outside the capital. Thus in 2010 significant differences in the incidence of poverty in the region were found. By the statistical areas, the data show that the poorest region of Moldova in 2010 was the Central zone (30%), followed by the South (28%), and North (24%) that keeps its position over few years compared to other regions. The most relative dramatic reduction of 10.3 percents was recorded in the South, followed by the North with 4.6 percents, the smallest relative reduction was found in the Center with 3.6 percents.

Figure 22. Level of poverty in Moldova by regions, 2006 – 2010

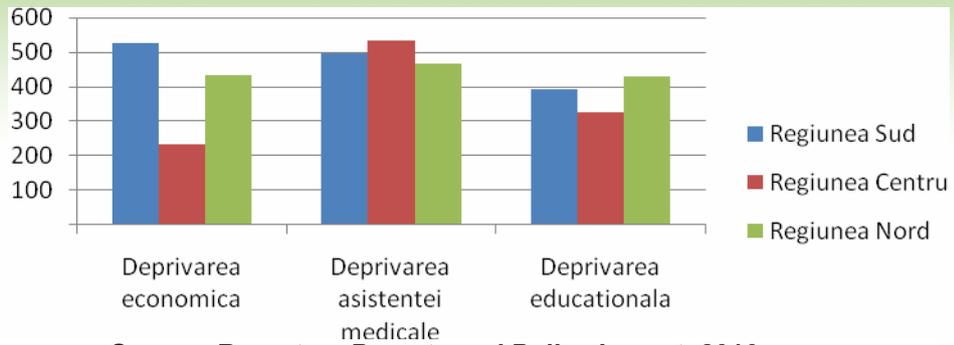


North, Center, South, Chisinau, Total

The level of deprivation⁹ by fields shows that the average economic welfare and the access to education in the CDR settlements are at a lower level than in the NDR and the SDR. As for the educational and health care deprivation, the region has the middle position. Instead the access to the health care services is greater than the NDR and the SDR.

⁹ The definition and assessment of the poverty level is determined by means of the deprivation indices. The simple deprivation is the deprivation of an individual / household / group determined by the failure to meet the needs, being calculated with simple indices of deprivation. The multiple deprivation involves the meeting or failure to meet several needs, being in fact the result of aggregating of several simple deprivation indices. Thus, individuals are deprived / poor if they fail to meet not only the material needs, but also the integration, communication, education needs, etc.

Figure 23. Level of deprivation by areas



Source: Report on Poverty and Policy Impact, 2010

Southern Region
Central Region
Northern Region
Economic deprivation
 Health care deprivation
 Educational deprivation

If we analyze the situation in the region, we can see a better access to health care services in Dubasari, Anenii Noi and Criuleni districts, and to education in Soldanesti and Telenesti districts. In Rezina and respectively Anenii Noi districts the access to health care services and education is much lower.

Figure 24. Educational Deprivation Map

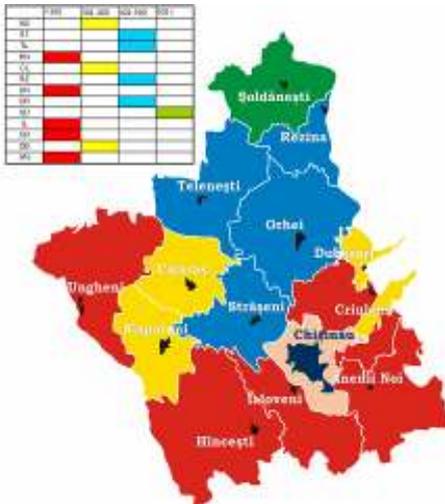


Figure 25. Health Deprivation Map



Source: Report on Poverty and Policy Impact, 2010

In the CDR, most of the income is the income from employment, which amount to 458.5 MDL per month, from own employment in agriculture - 188.1 MDL and remittances - 231.0 MDL. The total monthly income in 2011 amounted to 1,254.4 MDL.

According to the NBS in the CDR most income of the population consist of salary (36.6%). A considerable part (18.4%) is remittances and income from agriculture (15.0%), but the income from social benefits (18.5%) prevails. Note that in 2010 the average salary in the CDR made up 2,299.1 MDL or 77.4% of the average salary per economy.

Table 15. Sources of income, 2011

Available income	Percentage in total %
Employment	36.6
Individual agricultural activity	15.0
Income from non-agricultural individual activity	8.9
Income from property	0.1
Social benefits	18.5
Pensions	14.9
allowances for children	0.5
Compensations	0.7
Social aid	0.3
Other income	20.9
Remittances	18.4

Source: NBS 2011

The prevailing structure of consumption expenditures spent on food (43.5%) and food (33%), services returning 17.9%. This proportion is maintained in all regions. We noted the low percentage of health spending (5% of total) and especially for education - only 1%, which is 2.5 times less than the capital.

Table 16. Expenditure by category (2011)

Consumption expenditures	Percentage in total %
Food	43.5
Alcoholic beverages, tobacco	2.2
Clothing, footwear	11.1
House maintenance	17.9
Housing facilities	3.9
Health care	5.0
Transport	6.4
Communications	4.1
Recreation	0.9
Education	1.0
Hotels, restaurants, cafes etc.	0.8
Diverse	3.3

Source: NBS 2011

2.7 Regional Institutional Development Capacities

The CDR includes 13 administrative and territorial units of the IInd level and 329 administrative and territorial units of the Ist level. In terms of the principles of determination of development region, the CDR has the best prerequisites for the development, given the potential and development opportunities. Each of the territorial units of the IInd level of the CDR has its own administrative organization that coordinates the local governments of the constituting territorial units (settlements). The districts are formed of urban (towns) and rural (villages) settlements.

The relationship between the district and local councils' members of the CDR is established under the Law on regional development in Moldova, by means of which a management structure called the Regional Development Council was established. The Council has no legal personality and is

composed of the heads of districts, mayors, representatives of private sector and civil society. The Regional Council operates under a regulation approved by itself and has the following powers: a) approves the regional development strategy and the operational plan prepared by the regional development agency; b) approves and promotes the regional development projects; c) represents the region and its interests in the National Council; d) identifies the zone disadvantaged; e) monitors the use of funds allocated from NRDF to the region; f) evaluates the effectiveness of project and regional programs implementation and the achievement of the regional development objectives; g) promotes the interregional and intraregional cooperation with public institutions and private organizations.

The CDR offers a regional cooperation between public authorities and regional social partners to: (i) achieve a balanced and sustainable social and economic development throughout the region; (ii) reduce the imbalances in the national social and economic development; (iii) strengthen the financial, institutional and human opportunities for the social and economic development and (iv) support the activity of the LGs and local collectivises oriented towards the social and economic development. The institutional framework for coordination of the development process consists of the Regional Development Council, assisted by the Regional Development Agency, district councils, local councils and mayor's offices, and the non-governmental sector, represented by civil society organizations and private sector representatives.

Under the Law on Regional Development, the Regional Development Council is a structure without legal personality consisting of district presidents, mayors, representatives of private sector and civil society. The CRD operates according to a regulation approved and has the following powers: a) approves the regional development strategy and the operational plan developed by the RDA; b) approves and promotes the regional development projects; c) represents its interests in the region and in the National Regional Development Council (NRDC); d) identifies the disadvantaged areas; e) monitors the use of funds allocated to the region from the NRDF; f) assesses the impact of the implementation of projects and regional programs and the achievement of regional development objectives; g) promotes the interregional and intraregional cooperation with public and private organizations.

The CRD is assisted by the Regional Development Agency, a structure with legal personality, operating in accordance with the regulation approved by the MCRD. The RDA performs the following tasks: a) conducts social and economic analysis, develops regional development strategies, plans, programs and projects; b) coordinates the implementation of strategies, plans, programs and regional development projects; c) monitors and evaluates the implementation of regional development strategies, plans, programs and projects; d) submits annual reports on the implementation of regional development strategies to the CDC, MCRD and the NDRC; e) raises non-budgetary funds for the implementation of regional development strategies, programs and projects; f) provides information, methodological and consultative support to the RDC and LGs for a balanced and sustainable development of the region; g) ensures the secretarial works of the DRC.

The deliberative District Public Administration represents structures comprising the district council as deliberative authority, the Office of the President and functional services. The main duties of district councils as bodies of administration of territories and associated communities are: (i) management of district budgets; (ii) management of the district public and private property; (iii) coordination of local councils of their settlements; (iv) coordination of district public services; (v) establishment of the general direction for the urban organization and development in the district; (vi) establishment of districts fees and taxes; (vii) ensuring the construction, management and modernization of the district physical infrastructure.

The local councils and mayor's offices are basic administrative structures coordinating the local development process. The main duties of the local councils and mayor's offices as regional development factors are: (i) planning and management of local budgets; (ii) management of local public and private property; (iii) development and spatial planning; (iv) coordination of local public services; (v) establishment of local fees and taxes; (vi) ensuring the construction, management and modernization of local physical infrastructure.

In order to use their powers and attributions, the first and second level local governments can develop partnerships with other public and / or private entities and / or domestic private and/or foreign entities. One of the most important issues in the regional development, reported by the LGs, is the lack of resources to finance investment and poor qualification of their personnel. An important opportunity in the regional development is the provision by the EU and other international financial institutions of some considerable amounts to encourage investments in regions and regional development programs. Given the weak capacities of LGs of proper management, the most of funding is allocated to various development projects through NGOs.

3 SWOT Analysis

The SWOT Analysis is a strategic planning method used to assess the RDS strengths, weaknesses, opportunities and threats specific to the CDR. The main purpose of the SWOT analysis is to develop a structured comprehensive understanding of positive and negative factors that determine the development of the Central Region.

SWOT Analysis of the CDR

STRENGTHS	WEAKNESSES
<p>Vicinity to Chisinau outlet market</p> <p>Strategic importance of the region in terms of logistics</p> <p>Existence of several small towns with economic potential (Ungheni ,Orhei, etc.).</p> <p>Existing Free Economic Zone in Ungheni outlet market</p> <p>Developed network of railways</p> <p>Road network with strategic connections with Chisinau municipality and the EU</p> <p>Natural resources for the processing industry</p> <p>Available cheap labor force</p> <p>Increased access to higher quality health care and education services in Chisinau municipality</p> <p>Developed network of business consulting and support entities</p> <p>Rich tourism and spa potential</p> <p>Extensive relatively well preserved relict forests and scenic landscapes</p>	<p>Degradation of urban centers and underdeveloped public utility infrastructure</p> <p>Unsatisfactory connections of the region towns</p> <p>Poor quality of the road network</p> <p>Low productivity and high costs of production</p> <p>Small number of SMEs</p> <p>Non-diversified rural economy, focusing on subsistence agriculture</p> <p>Underdeveloped infrastructure of collecting, processing, packaging and promotion of agricultural production</p> <p>Obsolete material and technical basis of social institutions and limited managerial capacity</p> <p>Large number of people requiring social support and limited local financial resources for the provision of social services</p> <p>Lack of local financial resources for maintenance and development of social and economic infrastructure</p> <p>Insufficient development of the vocational education system</p> <p>Unskilled labor force</p> <p>Trained labor force incompatibility with existing market requirements</p> <p>Poor quality of drinking water and underdeveloped water supply, sanitation and wastewater treatment networks</p> <p>High level of pollution of the environment components caused by unsustainable management of solid and liquid waste</p>

	Lack of integrated tourism products Lack of alternative energy resources Insufficient promotion of the region
OPPORTUNITIES	THREATS
<p>Proximity to EU</p> <p>Eligibility for the EU cross-border cooperation programs (Moldova - Ukraine - Romania 2007-2013; Black Sea Basin, Eastern Partnership)</p> <p>High priority given by the Government to the regional development and decentralization reforms</p> <p>Development of regional growth poles</p> <p>Creation of clusters, industrial parks and incubators</p> <p>Increased access to higher education institutions in Moldova, Romania, Ukraine</p> <p>Existence of land and buildings available for investment</p> <p>Promotion and enhancement of the economic potential of the region</p> <p>Implementation of new technologies in agriculture</p> <p>Alternative energy diversification</p> <p>Potential nature reserves and protected areas as tourism and recreation resource</p> <p>Large amount of remittances from temporary and / or permanent migration of population abroad</p>	<p>Deepening of the negative effects of the global financial crisis and economic downturn extension</p> <p>National political instability, expressed by inconsistency of regional development policies and / or frequent changes in the regulatory framework</p> <p>Corruption</p> <p>Reduced capacities of the impact analysis and lack of feasibility studies</p> <p>Energy dependence and energy price fluctuations</p> <p>Continuous migration of economically active population</p> <p>Increased natural disasters and extreme weather conditions as a result of climate change processes</p> <p>Alienation of values and national identity and promotion of mass culture</p> <p>Inability to attract and manage funds</p> <p>Stopping external funding programs</p>

3.1 Strengths

The vicinity of Chisinau outlet market, where almost a quarter of Moldova's population is concentrated, is the largest domestic retail market. The proximity to Chisinau opens opportunities for the access to this market with minimal cost for entrepreneurs.

The existence of several small towns with economic potential. Although there is no municipality in the CDR, however there are several small towns with economic potential that could serve as growth poles for the region, such as Ungheni town with a population of about 32,700 inhabitants, Orhei town – 25,700 inhabitants and Straseni town with 18,300 inhabitants

Ungheni Free Economic Zone. The FEZ has over 40 companies registered as residents; investments of over 35 million Euros were made, over 1,600 new jobs were created and the following activities were established: production of goods for export; sorting, packaging, marking and other similar operations with goods in transit through the customs territory of the Republic of Moldova, etc. The possibility of launching projects in the construction of apparatus, as well as in the complex processing of raw agricultural material in the area is being considered.

Developed railway network. The density of the railway network in the CDR is 3.4 km / 100 km², which is higher than in the NDR and the country average of 3.3 km/100 km², but is lower than the SDR average, which is 4.7 km/100 km². The CDR territory is crossed by national railway routes: Bender-Chisinau-Ungheni, Revaca-Cainari, Ungheni-Balti, and a small segment of the railway sector Slobodca - Balti. Ungheni railway station is an international crossing point for the carriage of goods and passengers. It is the largest railway junction of the CDR. Soldanesti Railway station ensures the carriage of goods and passengers to serve particular objects of the national economy.

Natural resources for the processing industry. The CDR has natural reserves for the processing industry, various useful mineral resources (oolitic limestone, conchiferous limestone, breccia, shale, cleansing sand, bentonites, loess clay, gravel, pebbles, etc.) These resources can serve as building materials, agricultural raw material and can be used in the coming years..

Road network with strategic connections with Chisinau municipality and EU. The share of public roads in the CDR is 35.6%. The CDR is crossed by the following international highway: European Corridor IX, BOC transport corridor Budapest - Iasi - Chisinau – Odessa; international and national highways M1, M2, M3, M21, M14. They provide sufficient accessibility and connection to the CDR. The CDR has 3 largest customs checkpoints (Sculeni, Ungheni - railway and Leuseni) that provides connectivity to the region and the country from the Western and Eastern Europe.

Strategic links with the European Union. The CDR has 3 largest customs checkpoints (Sculeni, Ungheni - railway and Leuseni) that provides connectivity to the region and the country from the Western and Eastern Europe.

Available and cheap labor force. For this reason, dozens of companies from Italy, Germany, USA, Belgium and other countries place orders with companies of light industry from Moldova, including the companies from the CDR.

Increased access to higher quality health care and education services in Chisinau. Small distances between the settlements in the CDR and Chisinau municipality promotes the increased access of the region graduates to professional educational establishments, vocational education and higher education. However, the population of the region has a free access to quality medical diagnostic services in Chisinau. This contributes to the enhancement of human development in the CDR.

Developed network of business support consulting entities. The CDR has is a Network of Consulting and Information Centres for Agriculture (National Health Insurance Company, National Rural Development Agency, Agroinform, etc.). The providers of agriculture consulting services of the NARD provide ongoing training and free consulting, thus raising the efficiency of land use by using modern technologies. This support has a huge advantage for people employed in agriculture. Also the region hosts the branch offices of the Chamber of Commerce and Industry that offer consulting and support to entrepreneurs from other industry branches.

Rich tourism and spa potential. The region has very attractive and diverse natural landscapes, large areas of forests and wetlands with a relatively well preserved biodiversity, which allows to develop various projects in the field. The CDR has the Scientific Reserves Codri and Plaiul Fagului, Nature reserves and landscape: Molesti-Razeni, Sadova, Saharna, Tipova, Trebugeni, various multistrata Paleolithic and Neolithic settlements, many picturesque monasteries: Capriana, Curchi, Butuceni, Saharna, Condrita, etc.

Extensive relatively well preserved relict forests and scenic landscapes. It is a region of several connections with different biogeographical zones and forested wetland areas, numerous archaeological, historical and natural monuments, which provide greater opportunities for the development of regional environmental, tourist, recreation and balneology projects, etc.

3.2 Weaknesses

Degradation of urban centers and underdeveloped public utility infrastructure. The urban utilities are in a poor continued condition due to the lack of funds required for the maintenance and development. The water supply, sewerage networks, treatment and thermal plants operate satisfactorily in a few urban areas (Ungheni, Orhei) only.

The quality of the roads in the region is poor, which influences the connection between rural area and urban centers and the access to European corridors as well. Mostly the connection between the urban and rural areas is ensured by the transport service of Chisinau municipality. To move to Hancesti from Ialoveni, people have to go to Chisinau and to change the means of transport to come to Hancesti.

Poor quality of the road network. About 80% of the local roads are much deteriorated. The asphalt pavement of most regional roads is damaged with uneven and missing markings. The construction and operation standards are exceeded, the roads are narrow, the roads weight capacity is low, the traffic safety is reduced because of roadside trees and lack of bumpers.

Low productivity and high costs of production. In 2008-2010, the labor productivity of employees as well as the real wages fell essentially. In 2008-2010 labor productivity was decreasing and wages continued to grow. This is explained by the fact that the companies in the region tried to keep the existing labor force to not cause employees to emigrate in search of another job. The share of unskilled labor force is about 40%. Migration influences the age of economically active people.

Small number of SMEs. The CDR has the lowest number of registered SMEs per 1,000 inhabitants (4) compared to the South and North (13) and Chisinau (31), which is influenced largely by more favourable opportunities for SMEs development and the outlet market existing in Chisinau.

Non-diversified rural economy focusing on the subsistence agriculture. The CDR continues to have the largest non-consolidated agricultural areas. This limits the development of agriculture and provides limited access to the development of the irrigation infrastructure. There is insufficient information of farmers on the orientation towards the market demands, lack of market research, lack of awareness of quality standards, marketing.

Underdeveloped infrastructure of the centers collecting, processing, packaging and promoting agricultural production. The CDR is a predominantly agricultural area, the number of people employed in agriculture is about 40%. But the technologies used in the production and sale of agricultural products are outdated and are no longer effective. The centers for the collection of agricultural production and processing, packaging, promotion facilities are few and their capacities are minimal.

Obsolete technical and material base of social institutions and limited managerial experience. The studies for chemistry, physics, biology lack teaching materials for training. Most health care institutions in the rural areas and small towns have obsolete medical equipment and devices. Although more than half of rural areas have much higher social infrastructure capacities than the services provided, most managers have poor knowledge on increasing efficiency and use of existing facilities, market relations, development of new services.

Number of people requiring social support and limited local financial resources for the provision of social services. The LGs budgets for the maintenance of social services are very tight. The mayor's offices have money just to pay salaries and a part of the operating expenses. This leads to poor human development and contributes to labor force migration.

Lack of local financial resources for maintenance and development. This is because of the overall unsatisfactory economic activity in districts, a large number of companies operating in the region are registered and pay taxes in Chisinau and because of the inefficient distribution of revenues from taxes between the Government and the regions. In 2008, the own part of revenues in the budgets of all districts in the region was less than 50%. The remaining expenditures required by the public authorities in the region are financed by transfers from the state budget. The local budget expenditures for maintenance and development are minimal. For example, Ialoveni planned for 2009 only 700 thousand MDL, Calarasi only 300 thousand MDL.

Insufficient development of vocational education system. The vocational education system lags behind the requirements of the regional market and the private sector in the region. The specialties offered by these institutions do not meet the existing demands and expectations. For the coming years, our Government plans to restructure and reform the vocational system involving the restructuring of vocational schools.

Unskilled labor force. The share of unskilled labor force is about 40%. Migration influences the age of economically active people.

Poor quality of drinking water and underdevelopment of water supply, sewerage, water treatment networks. The water supply is performed from the groundwater of the settlements of the rural region.

According to the tests of the recent years, about in 65% of water samples collected from the wells and springs of the region the nitrate concentration exceeds the norm permissible for drinking water. At the same time, the share of the housing fund equipped with the CDR aqueduct is 27.2% compared to the national average of 37.5%. The share of the housing fund with sewerage system is below 20%. The water supply networks, the treatment facilities and wastewater sewerage networks are old, incomplete, based on outdated technologies, environment unfriendly. Many rural water supply systems are incomplete, lack sewerage systems and wastewater treatment plants.

High level of pollution of environment components caused by unsustainable management of solid and liquid waste. The CDR shows a high level of pollution of soil, water and other environmental elements mainly caused by poor infrastructure for the collection of solid and liquid waste, including toxic waste, very low share of recycled waste. Each of the over one million of inhabitants daily produces about one kilogram of waste, thus contributing to daytime accumulation of about 1000 tons of municipal solid waste. Most of this waste is currently collected and stored without separation in about 350 small deposits, located on the outskirts of settlements. Most of these deposits cover large areas, but are inadequately equipped and does not provide separate waste collection or recycling.

Lack of integrated tourism products. The enormous tourism potential of the CDR the accommodation and tourist service infrastructure is minimal. The number of places in the CDR hostels and hotels is 3 times less than in Chisinau.

Lack of alternative energy resources. About 98% of electricity is imported. At the central and regional levels the possibilities to connect to alternative energy networks are not examines, no modern innovations to ensure heat are used.

3.3 Opportunities

Proximity to the EU. The proximity to Romania, an EU member country, can bring significant business, economic and social benefits. Moreover, in the last few years new opportunities of cross-border cooperation have been identified. There are 3 points of the border with Romania in the CDR.

Eligibility for the EU cross-border cooperation programs (Moldova - Ukraine - Romania 2007-2013; Black Sea Basin, Eastern Partnership). The funding opportunities of some projects including infrastructure ones, are provided by two large programs: the Joint Operational Programme Romania-Ukraine-Republic of Moldova 2007-2013 (with a budget of 126 million Euros - EU contribution) and the Black Sea Basin Programme (17 million Euros).

High priority given by the Government to the regional development and decentralization reforms. The new government confirmed in September 2009, provides a high priority to the regional development and decentralization reforms, these subjects are prominent in the government program. Moreover, the Government reforms the institutional framework responsible for decentralization, transferring powers in the area of decentralization to the State Chancellery. Properly implemented, decentralization, especially the decentralization of public finances, in particular, can significantly strengthen the regional capacity to allocate resources for local development priorities.

Creation of clusters, industrial parks and technological incubators. The innovation capacity of SMEs is one of the main features of this sector with flexibility and market orientation needs. The success of innovative activities undertaken by SMEs is reflected both in the development of markets by introducing new or improved products and by the improvement and innovation in the organizational and technological processes specific to each company, including the distribution processes. From this perspective, the creation of technological parks and incubators will contribute significantly to the increase in the capacity of SMEs to create and introduce new products and technologies on market, etc.

Increased access to higher education institutions in Chisinau, Romania, Ukraine. Due to its favourable location, the young graduates from the Central region have greater access to educational institutions from Chisinau, Romania, Ukraine.

Use of the potential of economic corridors. Currently, some economic corridors such as the European Economic Corridor IX, BOC, GBC are being constructed close to the CDR. At the regional and central levels it is necessary to develop and approve in advance programs for the use of the proximity to these economic corridors. The launch of some river communication routes of small tonnage on Prut river, such as the route Ungheni - Giurgiulesti that would diversify the regional communications infrastructure is required.

The use of the CDR economic potential shall become a major medium and long term objective. The existence of land areas and buildings available has an increased interest for investments. This should be actively promoted among foreign investors.

Promotion and use of the potential of nature reserves and protected areas as tourism and recreation resource. The location in the region of scientific reservations Codri and Plaiul Fagului, nature and landscape reserves Saharna, Sadova, Tipova and a large number of natural, archaeological and historical monuments, including Capriana, Curchi, Saharna, etc., give a chance to develop tourism and recreation projects in the region. The existing relatively well preserved relict forests, picturesque lakes and wetlands provide favourable opportunities for the development of fish farms, hunting farms and rural tourism.

The implementation of new technologies in agriculture is not something new for our country. Already more and more farmers invest and implement new methods of land and new techniques processing increasing products. Thus, the production costs decrease and commodity market becomes more competitive both on the local as well as on the foreign markets.

Development of alternative energy resources. The experience of European countries shows a wider use of alternative energy sources (wind, solar, waste). In the conditions of absolute dependence on imported energy resources the use of alternative resources would be a way to ensure energy security.

The accumulations of remittances at the national level make up about 35% of the GDP. The share of migrants in the central region is the largest in the country. It is necessary to refocus the use of these funds from the current consumption to local economic development through entrepreneurship.

3.4 Threats

Deepening the negative effects of the global financial crisis and economic downturn extension. The reduction of the financial liquidity can seriously affect the productive sectors of the economy (industry, agriculture, construction), generating a continuous decline and thus less revenues for the population and the state local budgets.

Political instability in the country, expressed by inconsistency of regional development policies and / or frequent changes to the regulatory framework. The financial and economic crisis may worsen significantly and the social and economic situation in the region causes a reduction in investment, exports, rising unemployment, etc. The above mentioned can become a serious obstacle to attracting investment and regional competitiveness. The delay of the implementation of the Law on regional development in Moldova, creation of an institutional framework and the use of the funding mechanism lead to the distrust of regional actors, external donors and, therefore, the loss of significant funding for development.

Corruption and development process are two incompatible phenomena. The persistence of a high level of corruption determines first the decrease of the amount of external funding.

Reduced capacities to perform the impact analysis and the lack of feasibility studies. The capacities of public authorities and regional organizations that provide consulting in performing the impact analysis

and arguing the need to implement specific projects are weak. For all programs and infrastructure development projects feasibility studies, which now miss are required, and the local authorities do not have sufficient resources for their development.

Energy dependence and fluctuations in energy prices. The energy imports amounting to about 98% result in total dependence on external energy sources. Their variation is an important part of the production costs and affects the competitiveness of local products.

Continuous migration of economically active population. Migration remains a major problem affecting the development of the region. According to the 2004 census, about 9% of the region inhabitants were "temporarily absent". The lack of jobs and the reduction of those existing in the recent years significantly reduces the employability of people of working age. The lack of work experience gives young people no chance to be employed in the region making them to leave the country in search of better paid job.

Increased natural disasters and extreme weather conditions as a result of climate change. Climatic conditions are the factors that can endanger the lives of people, agriculture and partially the industry of the region.

Alienation of values and national identity and promotion of cultural values. The national identity and cultural values of each people is one of the pillars of the society development. During globalization common cultural values, which, under specific conditions, lead to the development of consumerist culture are promoted.

Inability to attract, manage funds. In order to launch external programs it is necessary to have adequate capacities to attract and manage them

Stopping external programs. Moldova has limited access to external funding programs. Stopping these programs would be limited to 60% of the total investment in the infrastructure.

3.5 Conclusions

The social and economic analysis highlights the role of Chisinau municipality in the development of the region. The region's proximity to Chisinau municipality provides advantages of access to the capital outlet market, creates jobs for the region's population, enhances the access to educational and health care institutions, but also creates disadvantages in terms of the development of facilities and services in the neighbourhood districts. This proximity also favours the exodus of qualified human resources to Chisinau municipality that provides better employment, living conditions and salary than in other settlements.

Moreover, unlike the SDD, the CDR has several small towns such as Ungheni, Straseni and Orhei serving as regional growth poles and which, given their historical development, have economic potential that could be used to a greater extent than hitherto. These towns are crossed by important railway and road transport networks. Particularly notable is Ungheni railway junction that serves as the main railway crossing point for people and goods coming from Romania. This creates prerequisites for boosting international trade cooperation and therefore more dynamic development of the region.

The region has a high percentage of the working population, but large share of workers in agriculture causes low quality of life and salary. The region has the required training infrastructure that is used inefficiently.

The CDR is characterized by a low level of the industry development. The industrial enterprises are not developed, because there is no functional industrial infrastructure, a mechanism to promote domestic production in third markets and does not ensure uniform quality and continuous improvement of their products.

The CDR natural resources (clay, sand, limestone) can serve as raw material for industrial development to produce construction materials. This branch of industry is to some extent developed in the region, but capacities do not meet the market needs, so expanding and diversifying services of industrial production could become a strategic orientation of the CDR development.

The economic performance of the region indicates that the benefits described above are not fully used. In 2008-2010, production in the region grew very slowly and the GVA per capita was only 70% of the national average. Only the SDR had a weaker economic performance. The depreciation of fixed assets, the use of old technologies can not provide a positive dynamic of the economy, high productivity and competitive quality of products. At the same time, the high cost of the capital and the limited access to finance, together with the regulatory constraints and risks, do not favor investment in machinery and technologies and limit business expansion and the creation of new jobs.

Agriculture is characterized by a reduced ability of cultivation and processing of agricultural products due to outdated technology and insufficient information and consulting services in the field. Low economic potential of agricultural enterprises and farms, poor farming management led to underdevelopment of agriculture, predominantly in the rural areas of the region.

The CDR has a unique tourism potential compared with other regions. However, the existing tourist facilities do not meet the modern standards (in terms of service quality, organizational capacity, resource endowment, infrastructure), which causes a stagnation of tourism development. The forest fund, various protected areas and scientific reserves located in the region are less used as resources in the development of tourism and recreation.

Moreover, like in other regions, the chronic lack of public investment led to significant degradation of the network of roads, railways and public utility infrastructure. The share of public utility infrastructure in the CDR is below the national average, and the service level needs improvement and modernization. This increases transport costs, restricts the movement of goods, services and human resources and not only reduces the economic activity and limits human development. The poor state of infrastructure utilities hampers the creation of conditions for the development of industry and small business and the assurance of the quality of life.

The CDR has a developed network of roads, but of poor quality, which affects the connection between the rural areas and the urban centers and the access to European corridors. The bad condition of roads, poor quality of technical infrastructure, low diversification of outlets, high levels of corruption affecting the development of the region are general weaknesses that depend on the national development programs and policies and strengthening of these weaknesses requires support of the government authorities and the assurance of the legal framework.

The development of the CDR like of other regions, is strongly influenced by external factors. The policies implemented at national level are particularly important. They affect the economic performance of the region, many businesses from the region are registered in Chisinau, as well as the quality of public services at local level. The influence of national policies is particularly important given that the revenues of local authorities in the region are not sufficient to cover the required expenditures, and the effective management of local policies depend on transfers from the state budget. Thus, political instability and national economic downturn put at risk the CDR.

Meanwhile, in recent years extreme weather conditions have intensified, which harm the economic activity, especially in agriculture and agribusiness, and sometimes even paralyze the activity of settlements over a period of time. The CDR facers desertification, which would seriously limit the competitive advantages in the development of specialized agricultural sectors and would have serious effects on the population of the region. In the absence of the adaptation mechanisms, such events may seriously impair the region.

The promotion of the regional development policy and the government's renewed emphasis on decentralization can create the conditions necessary for the implementation of regional projects that would eliminate the weaknesses of the CDR. Moreover, the proximity to the EU opens new opportunities for regional businesses and public authorities, which have gained direct access to cross-

border cooperation programs financed by the EU. The domestic and foreign funds for regional infrastructure rehabilitation, implementation of business support programs and improving environmental conditions will remove growth constraints and accelerate the CDR multilateral development.

The potential of the recovery of external funds is high, but the low capacities to access and manage these funds hinder problem solving. To avoid this risk, the region representatives will strengthen the cooperation with various programs and support funds and will use the efficiently accessed funds.

The comparative advantage of strengths and opportunities analysis determines an optimistic strategic direction of the CDR. The main directions of the region development is based on existing resources that can be enhanced by using the opportunities identified are: (i) economic intermediation transport and trade flows between Moldova and international regions; (ii) rural development involving the modernization of agriculture, rural business development, diversification in agriculture, etc.; (iii) development of industry and SMEs by creating conditions for the initiation, development of industry on the basis of the CDR raw material, upgrading industrial technology, efficient use of existing infrastructure; (iv) creation and diversification of tourism and recreation. The CDR valuable tourism potential can be harnessed as an important source for the development of rural, cultural, fishing and recreation tourism; (v) development of human resources.

4 Strategic Vision

4.1 Vision

The strategic vision of the Central Development Region is a realistic, credible and attractive perspective for the region. The strategic vision describes the set of ideals, priorities, principles and core values that underpin the development of the region and what makes the region different from other regions of Moldova.

The CDR clear strategic vision results from the strategic vision of the entire country, established in the Constitution and the National Development Strategy of the Republic of Moldova 2012-2020, and provides for appropriate measures to improve the living conditions. The approach to improving living conditions is seen as a multilateral factor because, in addition to the economic development, this includes human freedom and access to education, health and social services. The CDR strategy also derives from the objectives of the National Regional Development Strategy that through the "development of an effective mechanism for implementation creates an attractive environment to ensure sustainable growth in the development regions, which will lead to the achievement of the National Development Strategy objectives."

The achievement of the strategic vision of the Central Development Region and the implementation of these priorities will not be possible without the active participation of the whole society in implementing the Regional Development Strategy. The Central DRS was developed in a participatory manner, involving substantial businesses, non-governmental organizations, public authorities at different levels and all ordinary stakeholders. This should be followed by the transparent, fair and efficient implementation of the Central DRS approved programs.

The cultural cooperation between different regional actors should be promoted at all levels. Regional Development Council Centre consists of locally elected officials representing various parties, business people, social officials and experts in various fields. It is anticipated that such regional partnerships will be created during the implementation of the Central DRS. The vision proposed by the Central DRS can only be achieved through the common regional partnerships efforts.

The strategic vision and aspirations of the CDR reflect the consensus and aspirations expressed by various parties interested in the development of the region - representatives of public authorities, private sector and civil society.

In this context, the following statements / provisions have been made to ensure the implementation of the vision:

- a. The region will become competitive, with a dynamic and diversified economy.
- b. The region will develop the infrastructure of access routes and will use its geographical location advantages.
- c. The region will develop international cooperation and partnerships.
- d. The entrepreneurship must be encouraged and supported.
- e. The citizen participation in community management will be encouraged and promoted.
- f. The economic development will not damage the environment, so the region could provide a healthy place for life and leisure.
- g. The economic development will promote the human and cultural values of the region.

CDR STRATEGIC VISION

The CDR is to become a prosperous, dynamic, diverse and attractive region for investors. Well-paid jobs, human values and cultural and clean environment and active participation of citizens will ensure the social cohesion of the community and will ensure the well-being and favourable conditions of life for its residents. The region will use its benefits of proximity to the multifunctional center of the country, Chisinau municipality, as well as its favourable location, through the development of a reliable operation of "logistics" and the stimulation of interregional and international partnerships.

5 Priorities

The social and economic analysis of the region and the SWOT analysis indicates a number of factors that influence the development of the region. These factors act either depending of the constraints in the CDR development, or direct towards certain advantages for the CDR compared to other development regions, both within the country and in its immediate vicinity.

The strategic vision provides a long-term perspective for the region development. Combining the analysis of the current situation and the future vision, one can identify certain guidelines that region tends to follow in its development.

However, the identification of priorities should not focus only on multiple needs of the region. It is a fact that public resources are limited and insufficient to carry out all the projects that could be implemented under ideal conditions. Therefore, the regional efforts should focus on activities to stimulate the region's potential to eliminate most fundamental constraints and achieve the most important objectives with multiple impact on several sectors.

This analysis clearly reveals significant disparities between Chisinau and the regions, and between the urban and rural areas within the region. The poor physical infrastructure seems to be a fundamental factor which generates and deepens this disparity by increasing transport costs and limiting the movement of goods and people.

On the other hand, the region proximity to Chisinau, which is a major growth pole of the country, offers significant potential for the CDR development not only with a market function for the region products and training and qualification resource, but as well as a location for new businesses in the neighbourhood of the capital and logistics service providers and retail trade.

At the same time, the economic potential is limited by reduced opportunities to start other economic activities both in urban as well as in rural areas. Therefore, increasing the efficiency of agriculture and agro-industry, along with promotion of a wider variety of economic activities, especially in the manufacturing industries that would ensure alternative income development become imperatives for the expected development.

The economic development is a prerequisite for increasing income and quality of life of citizens in the region, however, it should not allow environmental damage. The environmental conditions can have a significant impact on the livelihoods and attractiveness of the region, both for local people and for visitors.

The regional working groups discussed several programs and measures necessary for the dynamic development of the region. However, taking into consideration the funding opportunities and the strategy implementation period, only 3 vertical and 2 transverse (horizontal) fields have been identified as strategic priorities:

Priority 1: Physical infrastructure rehabilitation

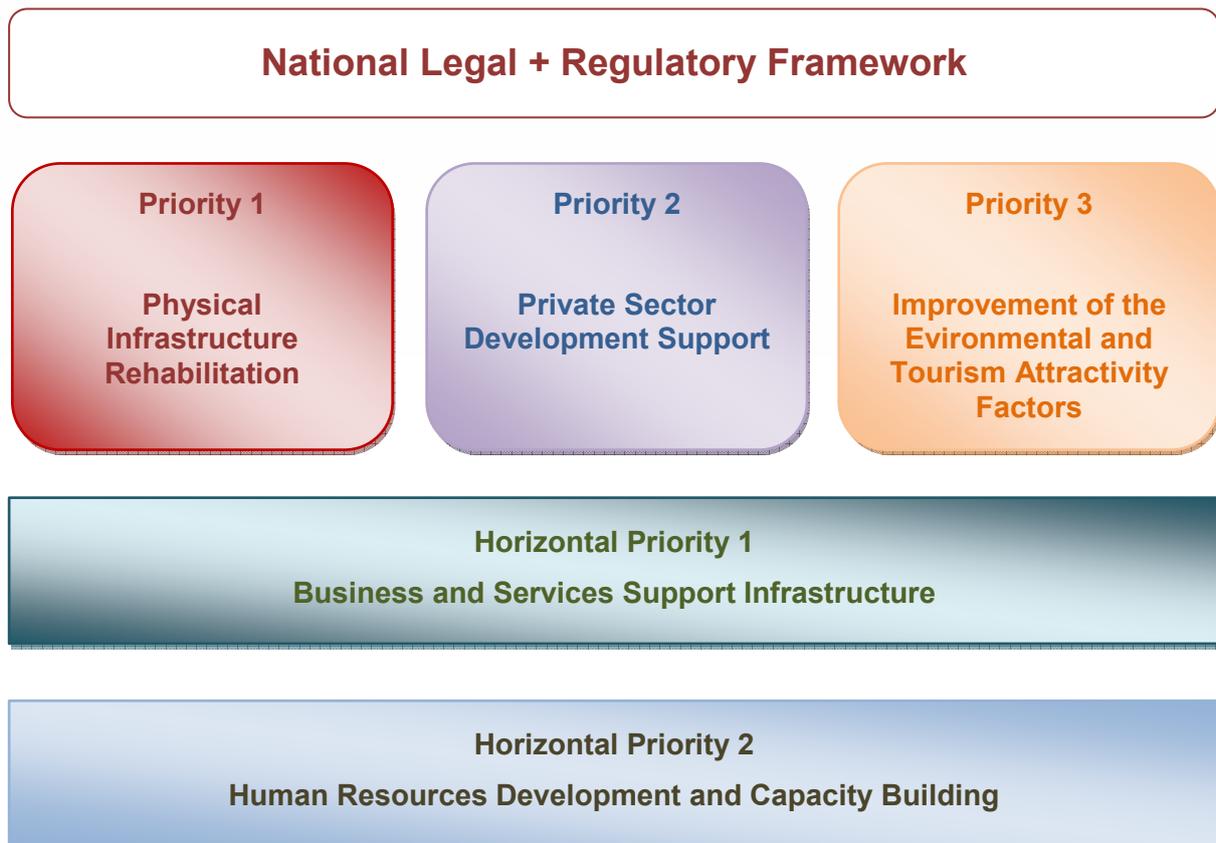
Priority 2: Private sector development support, especially in rural areas

Priority 3: Improvement of the environmental and tourist attractively factors

Horizontal Priority 1: Support for business and services infrastructure

Horizontal Priority 2: Human resources development and capacity building

Figure 26. Structure of the CDR development priorities



The priorities are designed and organized in a systematic way that will contribute to ensuring and improving basic prerequisites for sustainable economic development, namely, infrastructure facilities, advanced training in technical and vocational educational institutions, educational courses and institutional environment conducive to entrepreneurs and starting businesses.

The horizontal priorities include measures of impact on all relevant sectors and aim to make use of synergistic and complementary effects.

All priorities are correlated and by their consistent implementation will accelerate the region development.

The rationale, measures and expected results for each priority are described below.

Identification and definition of individual actions (projects) to carry out the measures of the Regional Operational Programmes.

The general eligibility criteria of projects are defined in section 5.6. The special eligibility criteria are to be defined in the ROP.

5.1 Priority 1. Physical Infrastructure Rehabilitation

Purpose. The physical infrastructure and public services in the region ensure the quality of life and promote economic activity.

Reasoning. The current shortcomings of the physical infrastructure and public services in the region are determined largely by the lack of investment and inadequate planning. The efficient planning and optimal allocation of funds for infrastructure development require an effective system of spatial planning, which includes planning public services at all levels of government. Therefore, emphasis will be placed on rationalizing public planning in the region, in order to improve it.

Underinvestment in public infrastructure in recent decades resulted in significant damage to routes, water supply, sewerage and gas supply networks. Also, the facilities of the technical and professional education system and of the business support infrastructure in the region are below the recognized standards and do not meet the modern requirements. All these fundamentally undermines the competitiveness, both at national and regional levels. And conversely, the rehabilitation should raise the business attractiveness of the region.

The supply of quality drinking water is an imperative of the region where the density of water pipes is approximately twice lower than the national average, and 80% of the population uses water from wells and springs. It affects people health and the agribusiness sector. The water and sewer systems must be constructed primarily in underdeveloped regions such as Dubasari, Soldanesti and Rezina. These measures should include projects to build water supply and sanitation systems in urban and rural communities. Feasibility studies should be performed, and construction projects of wastewater treatment plants in communities near Nistru River should be implemented.

Upgrading roads will increase the access to national and international arteries and thus, will increase the trade flows. The road modernization program will include three subprograms. The first subprogram will include the rehabilitation and upgrading of roads between interregional and growth poles. The second sub-program will include projects aimed at developing regional roads adjacent infrastructure (signs, warning systems, petrol stations and camping). The third sub-program will include the construction of a new border crossing point Ungheni - Iasi.

Additionally, the investments in modern information technology will improve the region's competitiveness, but also human resources. The measure will include projects to develop communication networks based on the use of modern information technologies in communications and mail. Projects opening new routes between the regional growth poles could be implemented as well.

Measures

The maximum impact measures for the rehabilitation and development of physical infrastructure are:

- Measure 1.1: Improving the effectiveness of territorial planning.
- Measure 1.2: Modernisation and development of access routes, road infrastructure and international connections.
- Measure 1.3: Rehabilitation and construction of water and sewage networks and water treatment plants.

- Measure 1.4: Improvement of energy efficiency in public buildings and facilities.
- Measure H 1.1: Development of large scale industrial and logistic infrastructure in the region.
- Measure H 2.1: Improvement of education and vocational infrastructure in the region and its settlements.

Expected results

- The region and its mayor's offices have an effective and integrated territorial planning which ensures optimal allocation of resources to improve infrastructure in accordance with the national development guidelines and in accordance with the strategic objectives of the region.
- A balanced investment in local and regional infrastructure improved the quality of life and future prospects for the region's population and at the same time, improved the competitive position of the regional economy and its subjects.

5.2 Priority 2. Private Sector Development Support, especially in Rural Areas

Purpose. An efficient and sustainable economy through the development of SMEs in the processing industry and agriculture.

Reasoning. Although the CDR benefits from the proximity to Chisinau, which is the largest local outlet market, the economic performance in the region is still under-developed. The main challenge is economic activity in rural areas of the region. Increased mobility of people in search of employment in urban areas has a positive effect on unemployment. The stimulation of the private sector development in the region is imperative for job creation, and thus becomes a priority for the coming years. In this context, the creation of preconditions for: economic diversification in the processing industry, better performance and increased competitiveness in agriculture are crucial for economic development of the region in the future.

A more efficient use of agricultural resources of the region by systematically increasing production capacity, processing and storage of products, and a significant increase in the production quality from producers in the region and the assurance of profitable markets for regional agricultural products are required. Moreover, the increase in the added value by regional products through systematic development of the processing industry of agricultural products and application of international quality standards are essential.

The economic base of the region needs to be strengthened by creating a favourable business environment for industries and improving conditions for starting and managing economic activities in the region. The increase in the regional competitiveness of domestic and international markets by encouraging innovation, development and supporting brands / regional brands.

The sector actions should be accompanied by efforts in initiating and promoting business clusters, value and producer – supplier chains, and improving the distribution systems (domestic and international trade).

The proximity of the region to Chisinau municipality and its status of capital of the country is a competitive advantage for the region, which should be systematically exploited by promoting the logistics sector and its special function of transport, warehousing and wholesale trade in the immediate vicinity of the capital.

The development of the competitive workforce with skills appropriate to the current and future market needs, through education, training and re-qualification will fuel the region's economic competitiveness and enhance its attractiveness for investors. Training of the population in order to strengthen entrepreneurial skills, to increase the access to information on business development and market goods are needed, primarily to develop non-agricultural activities in rural areas, as well as support to small enterprises. Therefore, the infrastructure development projects and information services, advice and assistance should be supported through capacity building and providing necessary support to the network of business centers, including through the development of commodity market-oriented services, marketing researches, product promotion, business plans for starting a business, seminars, workshops, etc.

Measures

The measures with maximum impact for the private sector development are:

- Measure 2.1: Promotion of agriculture and food industry.
- Measure 2.2: Improvement of the business environment and fostering SMEs and business beginners from the processing industry.
- Measure 2.3: Development of the logistical and operational ties with the capital.
- Measure 2.4: Promotion of business clusters and manufacturer-supplier chains.
- Measure H 1.1: Development of large scale industrial and logistic infrastructure in the region.
- Measure H 1.2: Strategic development and promotion of tourism infrastructure oriented to business.
- Measure H 1.5: Provision of business advisory services and field consulting.
- Measure H 1.6: Identification and exploitation of investment opportunities.
- Measure H 2.1: Improvement of educational infrastructure and technical and professional education in the region and its settlements.
- Measure H 2.3: Human resources development by means of professional training and local education adapted to the needs of the economy.
- Measure H 2.4: Promotion of entrepreneurship and managerial skills.

Expected results

- The preconditions for starting business in the region are visibly improved;
- The economic competitiveness of the region is enhanced and attractive for investment increased significantly;
- A growing number of new and competitive offers of quality jobs in all sectors increase the local population revenue and make the region an attractive place to live.

5.3 Priority 3. Improvement of the Environmental and Tourist Attractively Factors

Purpose. A region with a clean and more attractive environment for tourists and investors.

Reasoning. The condition of the environment has a direct impact on the living standards of the population and attractiveness of the region. Currently, solid and liquid wastes are treated unsustainably, leading to resource degradation and worsening health. Thus, it is necessary to organize the separate collection, partial recycling and creation of modern landfills for the non-recyclable waste storage.

Introduction of the "state-of-the-art" methodology of environmental monitoring with systematic promotion of green technologies, renewable energy resources and waste management systems will significantly reduce the ecological tension on the regional ecological, in the medium term will improve the habitat quality.

The conservation of natural resorts in the region and promotion of cultural heritage will not only contribute to improving quality of life, but will gradually create economically valuable potential for growing tourism sector which simultaneously would create alternative income generating opportunities for the rural population of the region.

The gradual development of tourism infrastructure in the region and systematic human resources development in tourism management, tourist and commercial activities, supported by extensive marketing activities will ensure favourable framework conditions for the tourism sector and relevant investments.

Measures

The maximum impact measures for the improvement of the environment and regional tourism are:

- Measure 3.1: Introduction of environmental monitoring procedures.
- Measure 3.2: Promotion of environmental protection, ecological agriculture and environmentally friendly technologies.
- Measure 3.3: Development of integrated solid waste management systems and the creation of modern landfills for recyclable waste storage.
- Measure 3.4: Conservation of natural and cultural heritage resorts.
- Measure 3.5: Development of travel offers and creation of investment opportunities in tourism.
- Measure H 1.4: Improvement of the tourism infrastructure, services and marketing.
- Measure H 2.3: Human resources development by locally providing professional training and education adapted to the needs of the economy.
- Measure H 2.4: Promotion of entrepreneurship and managerial skills.
- Measure H 2.5: Increase in the quality of human resources and tourism services.

Expected results

- Gradual introduction of new technologies and procedures in waste management, water treatment, industrial and agricultural production, and regional households result along with an increase in environmental awareness to a significant reduction in the ecological tension of the region.
- Conservation and upgrading of natural resorts and systematic promotion of tourism sector has created a small but growing tourist sector offering alternative sources of income for rural population.

5.4 Horizontal Priority 1. Support for Business and Services Infrastructure

Purpose. A region with business and services oriented infrastructure conducive to private sector development and attracting investment.

Reasoning. The performance and competitiveness of the regional business community in all the economy sectors depends heavily on the preconditions and favourable business environment, which should be established and provided by the regional authorities.

Currently, the region does not have sufficient infrastructural facilities such as business parks, business centers and incubators, which are designed to enable and facilitate business processes. Besides the local, regional and interregional traffic infrastructure it is a breeze of air for a growing economy.

On the other hand, the region and its settlements have significant brown and green areas, industrial means and abandoned buildings and unused office space that could be made available to regional businesses, business beginners, service providers and research institutions.

The players and actions focused on regional development will sufficiently use this potential and will systematically develop a network of facilities, which would be adjusted to the requirements of the region and its strategic objectives.

The performance of agriculture and food industry suffers from lack of storage facilities, proper positioning on the market and modern quality ensuring infrastructure.

The use of the tourism and recreational potential of the regions requires a gradual improvement of the special facilities and services such as traffic signs, tourist routes, accommodation, parks and relevant marketing efforts and quality service.

The region will improve the competitive position of enterprises in agriculture and tourism infrastructure by developing special infrastructure facilities that will lead to boosting business in these sectors.

Given the increased competition and acceleration of innovation circles in the global economy, it is important to provide to economic actors in the region appropriate advice, and technical assistance services in the territory at affordable prices to meet the requirements of the business community. Consequently, a network of general or sector, public or private support institutions will be initiated in sustainable partnerships between the local / regional governments, RDAs, intermediate or semi-public and business consulting entities.

Further, the regional administration and the RDA will systematically promote the region in terms of favourable location for business and will develop a comprehensive strategy to promote investments.

Measures

The maximum impact measures for the improvement of the business and services oriented infrastructure are:

- Measure H 1.1: Development of large-scale industrial and logistic infrastructure in the region.
- Measure H 1.2: Strategic development and promotion of business oriented tourism infrastructure.
- Measure H 1.3: Storage capacity building and market places development.
- Measure H 1.4: Improvement of tourism, services and marketing infrastructure.

- Measure H 1.5: Provision of business advisory services and field consulting.
- Measure H 1.6: Identification and exploitation of investment opportunities.

Expected results

The region has a network of infrastructural facilities oriented to affordable entrepreneurship and business consulting and personalized services that strengthen the competitiveness of existing enterprises, suitable for initiating economic activity and provision of additional investment opportunities

5.5 Horizontal Priority 2. Human Resources Development and Capacity Building

Purpose. A region with qualified human resources that meet the modern economy requirements.

Reasoning. The availability of qualified human resources with profiles qualification appropriate to the needs of qualification of the regional economy and businesses are important for the economic competitiveness and are a precondition for the aspirations of the region for attracting additional investments.

The access to jobs in the region increases as labor force becomes more competitive, better trained through improved support systems (including training provided through unemployment centers and new study programs in the secondary and vocational education).

It is therefore necessary to create a labor force capable of employment over a medium term, based on a better understanding of the local / regional labor market, trends, future needs and requirements of the business environment. In this context, local and regional employment offices play a more important role than the proper information and communication for the working age population.

It is particularly important that employers and potential employers to be involved in the development process and provide professional training at all levels of education. Young people should be encouraged to improve and develop for real opportunities now and in the future.

To avoid emigration of skilled labor force in the region, improved offers of training and qualification, provided on-site is an essential measure for the region.

By improving the network of Technical Training Centers (TTCs) and other institutions that provide vocational training and education at local level and support in adjusting their training modules and curricula to the needs of the economy, a solid basis for sustainable development of human resources in the CDR will be created.

In this context, special attention should be paid to improving the quality of human resources in key sectors of the region, such as agriculture and tourism.

To support beginners and create new businesses in the region, comprehensive actions to promote entrepreneurship and the development of entrepreneurial and managerial skills that will complement the regions efforts in human resources development will be undertaken.

Measures

The maximum impact measures for the quality of human resources available in the region are:

- Measure H 2.1: Improvement of educational infrastructure and TTCs in the region and its settlements.
- Measure H 2.2: Creation of a regional education platforms ("Study Region ") which includes the main relevant institutional players HRD (Human resources development).
- Measure H 2.3: Human resources development by providing professional training and education locally adapted to the economy needs.
- Measure H 2.4: Strengthening entrepreneurship and management skills.
- Measure H 2.5: Improvement of the quality of human resources services and tourism.

Expected results

- A network of modern and adapted educational institutions. Training provides training and qualification modules in line with the requirements of the regional economy.
- A regional platform for education provides continuous adjustment of the regional system of education to the changing needs of the economy.
- Quality PPCs facilities in settlements, providing a growing offer of quality jobs, which will significantly reduce youth migration to the capital or abroad.

5.6 Project Identification and Eligibility

The projects to be funded under the Central SDR will have to meet a set of general and specific eligibility criteria (measures), which will then be defined in Regional Operational Programmes.

As a general principle, the budget distribution under the regional development strategy and the related ROPs will be 40/60 for investments in physical infrastructure or operational projects.

General eligibility criteria

The projects that meet the following criteria are in principle eligible for funding within ROPs:

- Compliance with the National Regional Development Strategy.
- Compliance with the eligibility criteria of relevant (national, international) funding programs.
- Compliance with key strategic orientations, objectives and priorities of the Central SDR.
- Regional relevance and impact on at least two regions of the CDR.
- The main beneficiary is a local or regional government or public institution.
- Minimum gross budget of X MDL and not exceeding X MDL.
- Impact on at least two measures and / or demonstrated synergistic and / or complementary effects with other projects or between projects.
- Cost-benefit ratio and financial feasibility.
- The additional co-funding and / or complementary investments are an advantage.

Special eligibility criteria

The projects that meet the following criteria in addition to special get priority for funding:

Priority 1. Rehabilitation of physical infrastructure

Measure 1.1: Making efficient the territorial planning system.

- Formalized cooperation between at least 5 local / district planning departments and participation of the relevant ministry.
- Real application of the best proven practices in planning.
- Technical assistance to qualified international donors.

Measure 1.2: Modernization and development of access routes, road infrastructure and international connectivity.

- Routes and / or access roads related to local or regional jurisdiction.
- Significant cohesion with economic performance of the region or a group of settlements / districts.
- Development and management in inter-community cooperation.

Measure 1.3: Rehabilitation and construction of water and sewage systems and water treatment plants.

- Relevance for a minimum of 3 settlements.
- Real improvement of the environmental situation in the region.
- Return on investment and business plan.

Measure 1.4: Increased energy efficiency in public buildings and facilities.

- Building housing the institution / institutions whose activity impacts a group of settlements / districts.
- Existing energy audit report conducted by certified energy auditors.

Priority 2. Support in private sector development, especially in rural areas

Measure 2.1: Promotion of agriculture and food industry.

- Potential for additional income generation in rural areas.
- Ability to promote import substitution and competitiveness.
- Real impact on production capacity, product quality and market access.
- Real increase in the added value of products.

Measure 2.2: Improvement of the business environment and stimulation of SMEs and beginner entrepreneurs in the processing industry.

Measure 2.3: Development of logistic sector and operational ties with the capital.

Measure 2.4: Promotion of business clusters and manufacturer-supplier chains.

6 Monitoring, Reporting and Evaluation

Monitoring and evaluation will take place at the level of this strategy and individual projects.

The RDAs will report to the Regional Councils and MRDC about the projects funded by the NRDF and from other sources. The quarterly reports will contain information on project implementation. The biennial reports submitted to the Regional Councils will indicate the progress in terms of the regional strategy implementation. An annual report on the implementation of ROPs will be compiled by the RDA at the end of each fiscal year. To ensure public participation in decision-making and for transparency the Central RDA will place on the website programs, plans and annual activity reports.

Each NRDF funded project and included in the SPD, will include in the project document:

- General objectives of the project, with reference to national regional development objectives as included in the NDS;
- Project contribution on the NRDS objectives and the RDS priorities;
- Immediate project results;
- Activities to be taken to achieve those immediate results; and
- Required contributions.

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

The DRA will monthly record project progress. Quarterly it will receive reports on each project on the overall implementation and outputs, results and pre-established impact indicators. The collection of these reports will form the basis for biannual and annual reports prepared for the Regional Councils and the MRDC.

The RDA is responsible for submitting within the ROP the chapter on this Strategy. The ROP contains qualitative and quantitative indicators. The qualitative indicators, which are largely process indicators (i.e. indicate whether or not an action was performed) will be monitored by the RDA. The quantitative indicators recording the progress in the ROP implementation will be based on information about the projects collected by the RDA. The Ministry will report information on the trends in the economy of the region, based on data provided by the NBS. This information will be sent to the RDA for inclusion in the biennial reports prepared by the RDA.

In addition to regular reporting on progress, each project will present a detailed report on the completion of the project, which will assess the success of the project, reports on specific outcomes and impact indicators and will identify long-term impact of the project with the completion of the implementation. Evaluation studies will be conducted for larger projects which may include a range of appropriate methodologies, including participatory surveys of beneficiaries on the basis of project results. For a number of large projects, especially where benefits are expected to be long lasting and of large scale, the RDAs will need to organize evaluations in the required periods after the completion of the project. The funds for conducting these evaluations must be included in the project budget.

The RDAs will also conduct periodic surveys of perception for the regional councils, in order to estimate the efficiency of the activity they carried out, the progress in the application of the RDS and will learn about their impact on the public opinion. The results will become part of the quarterly reports, and also will be presented separately in the form of reports to the Regional Councils.

Reporting on the RDS implementation is a part of the overall monitoring and evaluation, including the NRDS and NDS. The monitoring and evaluation system will be developed in a way that is consistent with the Government reporting to the NDS. Along with the improvement of the monitoring and evaluation system its elements will be changed as well.

The ROP is made for a period of 3 years. Along with amending the ROP, the monitoring and evaluation system is brought it in line with the changes.

7 Resource and Funding Framework

7.1 Existing funding commitments

Funding needs

Recognizing that the funding needs for the development projects are huge and the public resources available for the implementation of such projects are limited, the RDS provides a limited number of priorities with maximum impact on social and economic development of the region. However, the measures contained in the Strategy can be implemented to a lesser or greater extent depending on the amount of resources and the ability to exploit the available funds. In this context, the funding needs and expected sources of funding priorities can be calculated identifying specific projects and will be included in the ROP. The annual application for funding and funding restrictions are included in the ROP.

Funding sources

National Regional Development Fund (NRDF)

According to the Law on regional development in Moldova, the main source of funding for programs and projects aimed at achieving regional development is the NRDF. The fund is formed by annual allocations from the state budget, as distinct position for the regional development policy and other sources, especially from sources provided by external partners. The NRDF amount is 1% of the budget revenues, approved by the State Budget Law for the relevant year. The Fund may attract other funds from public and private sector at local, regional, national and international levels, and means provided by the EU assistance programs.

The NRDF provides means for all regions. Under the Law, funds allocation by regions will be based on the principle of priority allocation of deprived areas of the development regions. At the same time, resource allocation will depend on the conformity and quality of the projects presented.

Since 2008, the state budget provided annual allocations for regional development (see table). The implementation of regional development projects started in 2011 as a result of the first call for project proposals. Until a moment the Central Regional Development Agency launched **13** projects worth **375,879.1** th. MDL with funding from the National Regional Development Fund and **2** projects funded by the German Agency for International Cooperation (GIZ) in the amount of **5,715.23** th. MDL. Two projects of the launched were completed.

Table 17. NRDF amount, 2008-2012 (th. MDL)

	2008	2009	2010	2011	2012 1st half
Planned	130,000.00	156,000.00	135,400.00	134,257.6	174,700
Executed	0	0	0	122,883.78	47,411

Source: MRDC, MoF

Other public sources

For priorities funding provided by the RDS other public available sources can be oriented as well. The revenues and expenditures of budgets of administrative and territorial units (ATUs) in the region are given in Table 9. But given the fact that the own sources of districts cover only up to 50% of the basic

needs, local authorities being depending on transfers from the state budget, the ATU budgets can not serve as a significant source of funding for regional development projects.

However, the special-purpose transfers from the state budget, which represents approximately 15% of all transfers and are usually oriented towards the development of construction / capital investment projects, could be targeted to supplementing funding for regional development projects. Given that the allocations of these transfers in the previous years were less transparent and the local priorities often were identified by projects identified at central level, effective coordination and targeting resources to regional development projects involve the acceptance of a certain degree of decentralization by central authorities.

In addition, the local authorities may refer the sources from the ATU budgets to co-funding some projects, particularly within external assistance programs where such co-funding is required, or to support the preparation of some priority projects (initial studies, hiring consultants, etc.)

External assistance

An important source of funding for regional development projects can be foreign donor assistance, both through cooperation programs with the Government of Moldova and through the regional and local programs available. Since the creation of the institutional and regional strategic development framework and practical implementation of regional development policy, the foreign donors could contribute by providing assistance in the form of direct support to the budget within the NRDF. In 2010, the funding from the Government of the United Kingdom of Great Britain and Northern Ireland is about 60,000.00 thousand MDL. The mobilization of additional resources directly in the NRDF will depend on the effectiveness and efficiency of policy implementation and the quality of regional development projects identified.

In the period 2010-2016, the German Agency for International Cooperation (GIZ), in cooperation with the MRDC and the three Regional Development Agencies implement the project "Modernization of Local Public Services in the Republic of Moldova" generally aimed at a better public access to local public services. The project intervention areas include the investments in the physical infrastructure, improving the public service management and planning and programming activities. The project budget amounts to about 7 million Euros.

Additionally, many foreign assistance programs and projects implemented in collaboration with the Moldovan Government and central authorities have a regional or local spatial dimension. The projects on the rehabilitation of social infrastructure, water and sewerage systems, roads networks, etc. are implemented in many settlements and districts. Along with the assurance of the Regional Development Agencies functionality, they could play an important role in making mapping of foreign assistance projects and identifying sectors and settlements where external funds would be directed in the future, according to the priorities set out in the Regional Development Strategy.

The regional authorities can also directly access funds from the cross-border cooperation programs. Currently two major programs can be accessed by Moldovan authorities and organizations:

- Joint Operational Programme Romania - Ukraine - Moldova 2007-2013 (with a budget of 127 million Euros - the EU contribution)¹⁰
- Black Sea Basin Programme (17 million Euros)¹¹.

The cross-border cooperation programs involve establishing a partnership with players from Romania, EU member countries and co-funding selected projects in the amount of 10% of the projects budgets.

¹⁰ Joint Operational Programme Romania-Ukraine-Moldova 2007-2013, http://www.ro-ua-md.net/index.php?option=com_content&view=article&id=1&Itemid=57

¹¹ Black Sea Basin Programme, http://www.blacksea-cbc.net/index.php?page=PROGRAMME_OVERVIEW

Other resources

The regional and local authorities will make efforts to mobilize other sources, including private ones, to finance regional development priorities.

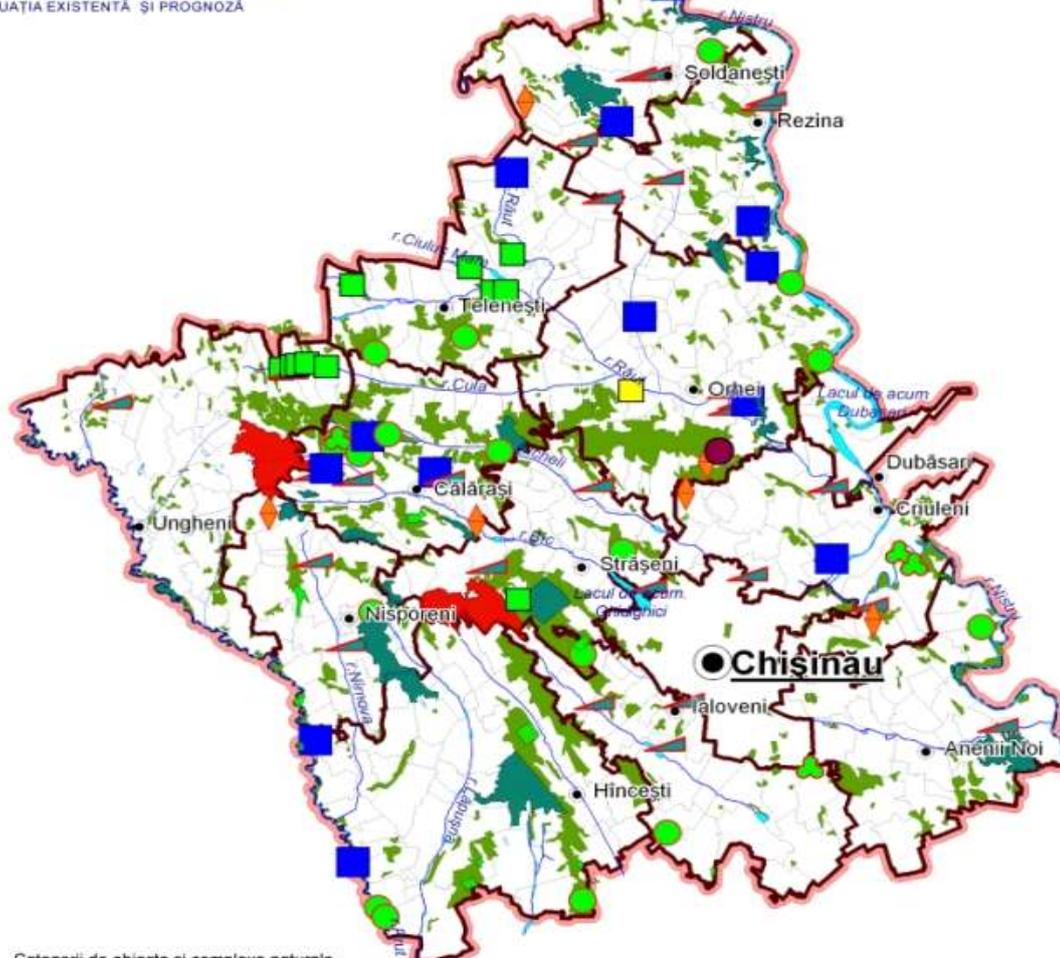
A solution for attracting investments in infrastructure and environmental protection projects would be applying to the National Sector Funds: Road Fund, Environmental Fund, Energy Efficiency Fund, Fund attracting investments and export promotion, etc., as well as international funds: MSIF, UNDP EBRD, etc.

Annex A State Protected Natural Areas

REGIUNEA DE DEZVOLTARE CENTRU

ARII NATURALE PROTEJATE DE STAT

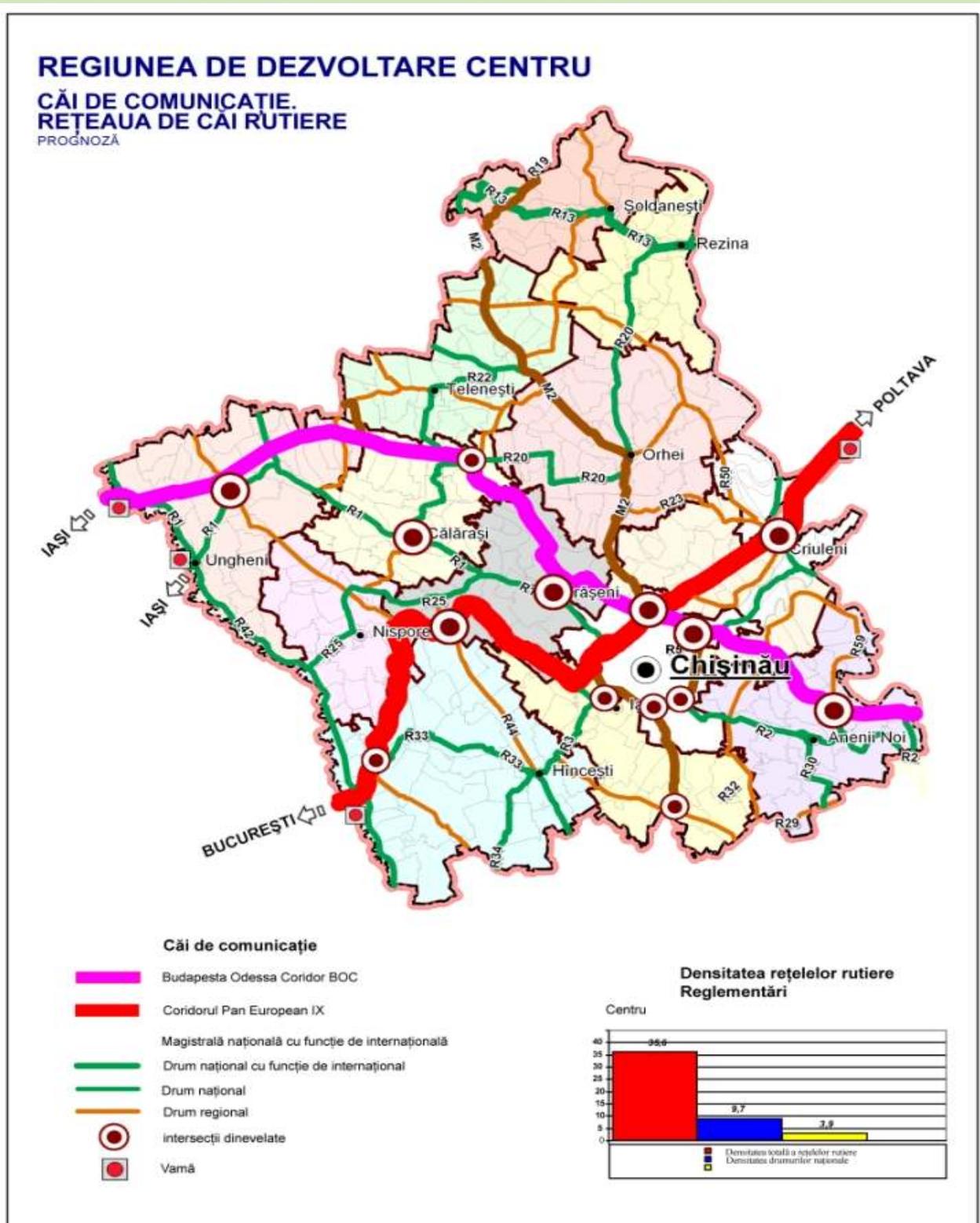
SITUAȚIA EXISTENTĂ ȘI PROGNOZĂ



Categorii de obiecte și complexe naturale

Grădini botanice	▲		
Grădini dendrologice	▼		
Grădini zoologice	○		
Monumente ale naturii botanice	▲		
Monumente ale naturii geologice și paleontologice	▲	Rezervații naturale mixte	●
Monumente ale naturii hidrologice	▲	Rezervații naturale silvice	●
Monumente de arhitectură peisajeră	◆	Rezervații peisagere	●
Perdele forestiere de protecție	■	Rezervații științifice	●
Rezervații de resurse	■	Sectoare reprezentative cu vegetație de luncă	●
Rezervații naturale de plante medicinale	■	Sectoare reprezentative cu vegetație de stepă	●

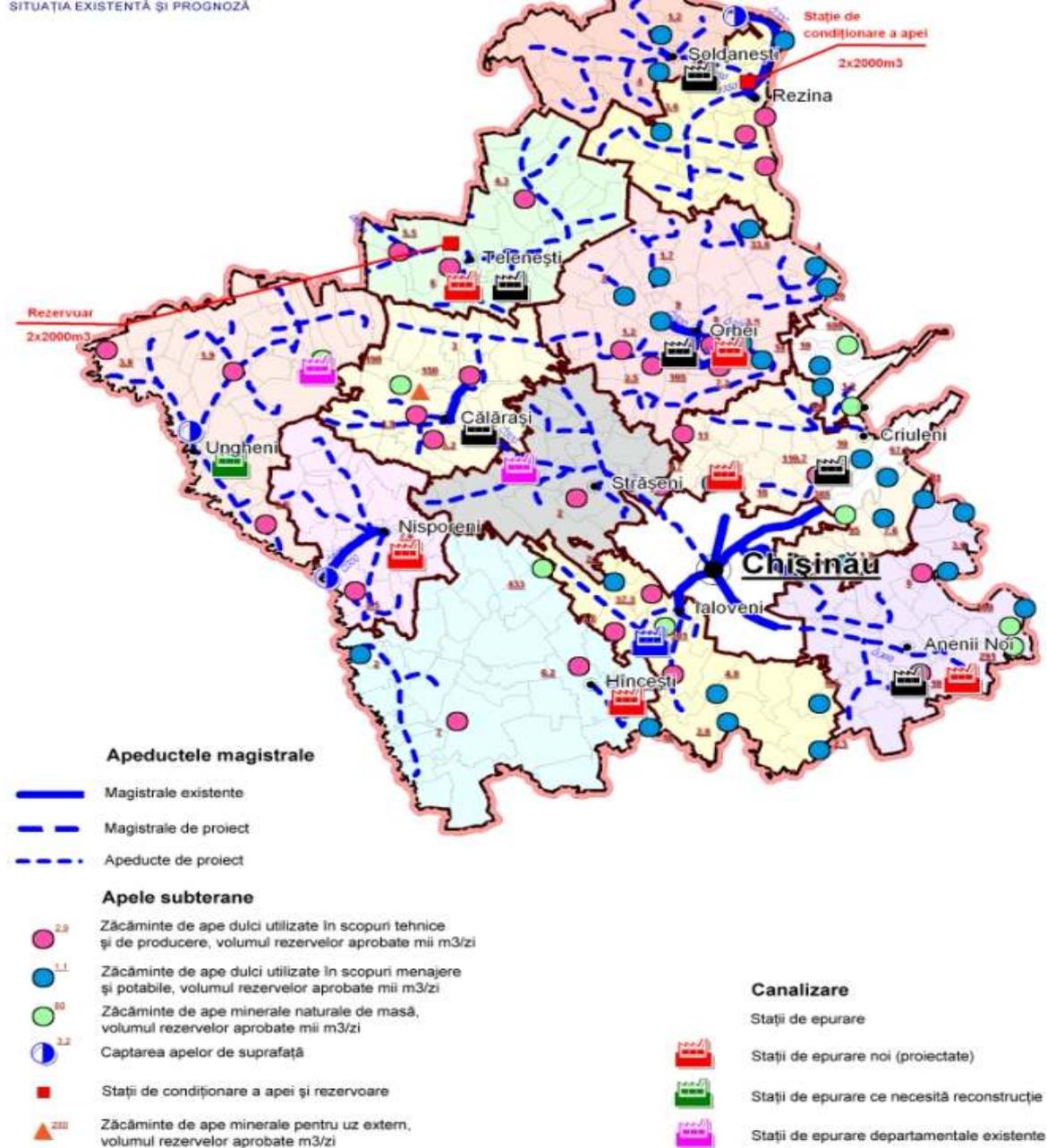
Annex B Road Communication Network



Annex D Water Supply, Sewage Networks and Wastewater Treatment Plants

REGIUNEA DE DEZVOLTARE CENTRU REȚELELE DE ALIMENTARE CU APĂ. EVACUAREA APELOR

SITUAȚIA EXISTENTĂ ȘI PROGNOZĂ



Annex E Regional Sanitation Scheme

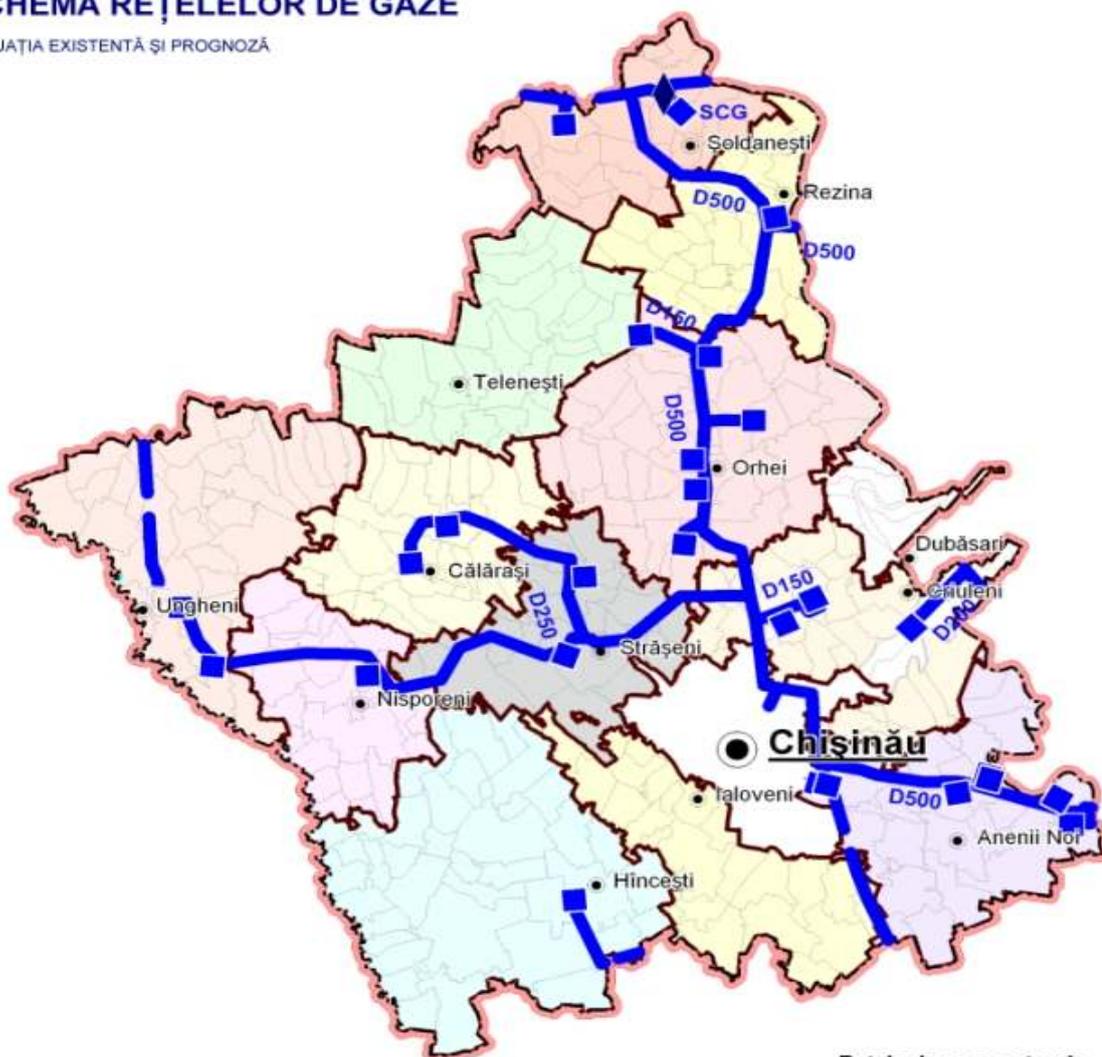


Annex F Gas Networks Scheme

REGIUNEA DE DEZVOLTARE CENTRU

SCHEMA REȚELOR DE GAZE

SITUAȚIA EXISTENTĂ ȘI PROGNOZĂ



Rețele de gaze naturale

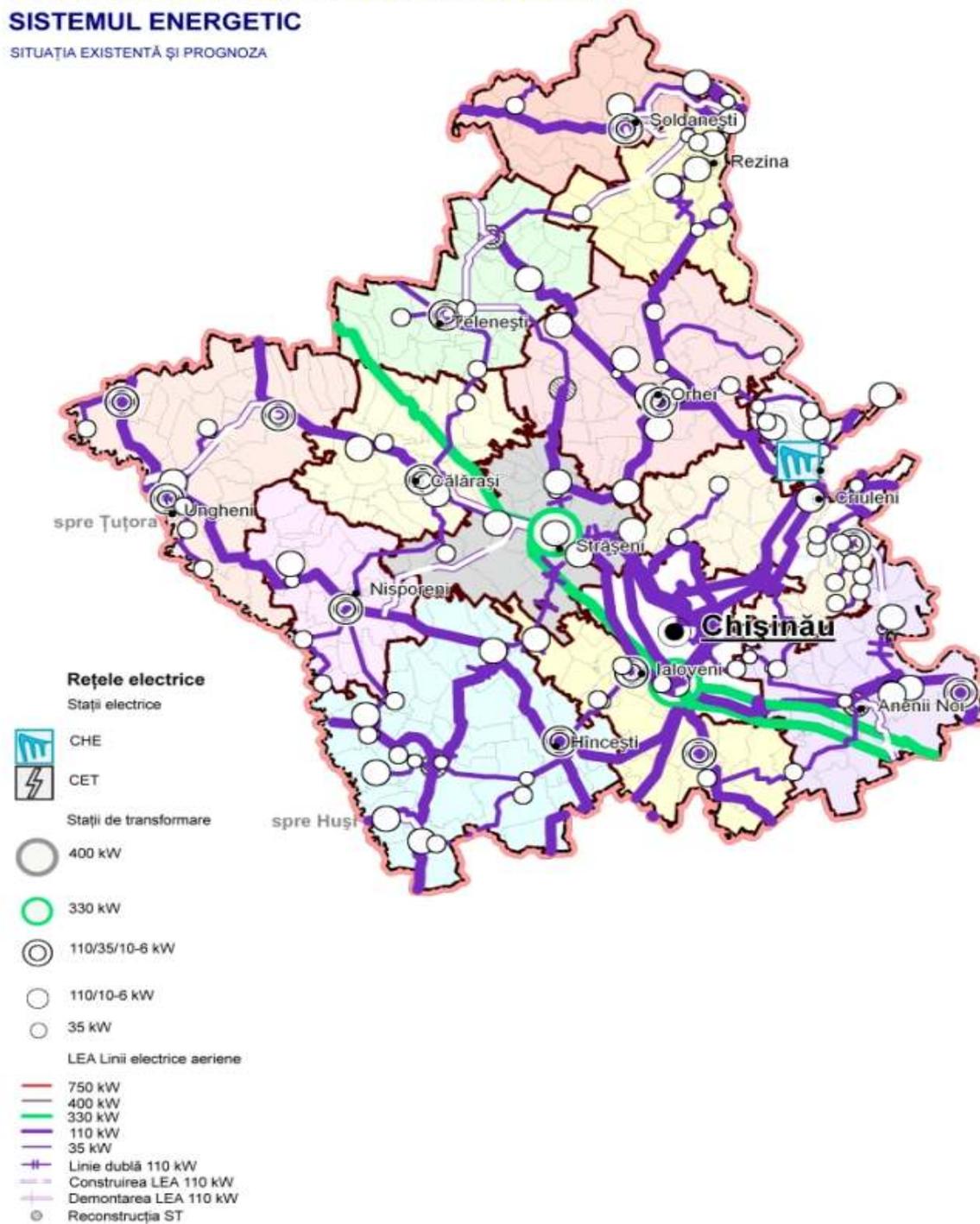
-  Gazoducte magistrale existente
-  Gazoducte magistrale de prognoză
-  Stații de măsurare a gazelor (existentă)
-  Zăcăminte de gaze (existentă)
-  Stații - compresor de gaze (existentă)
-  Stații de distribuție a gazului (existentă)

Annex G Energy System

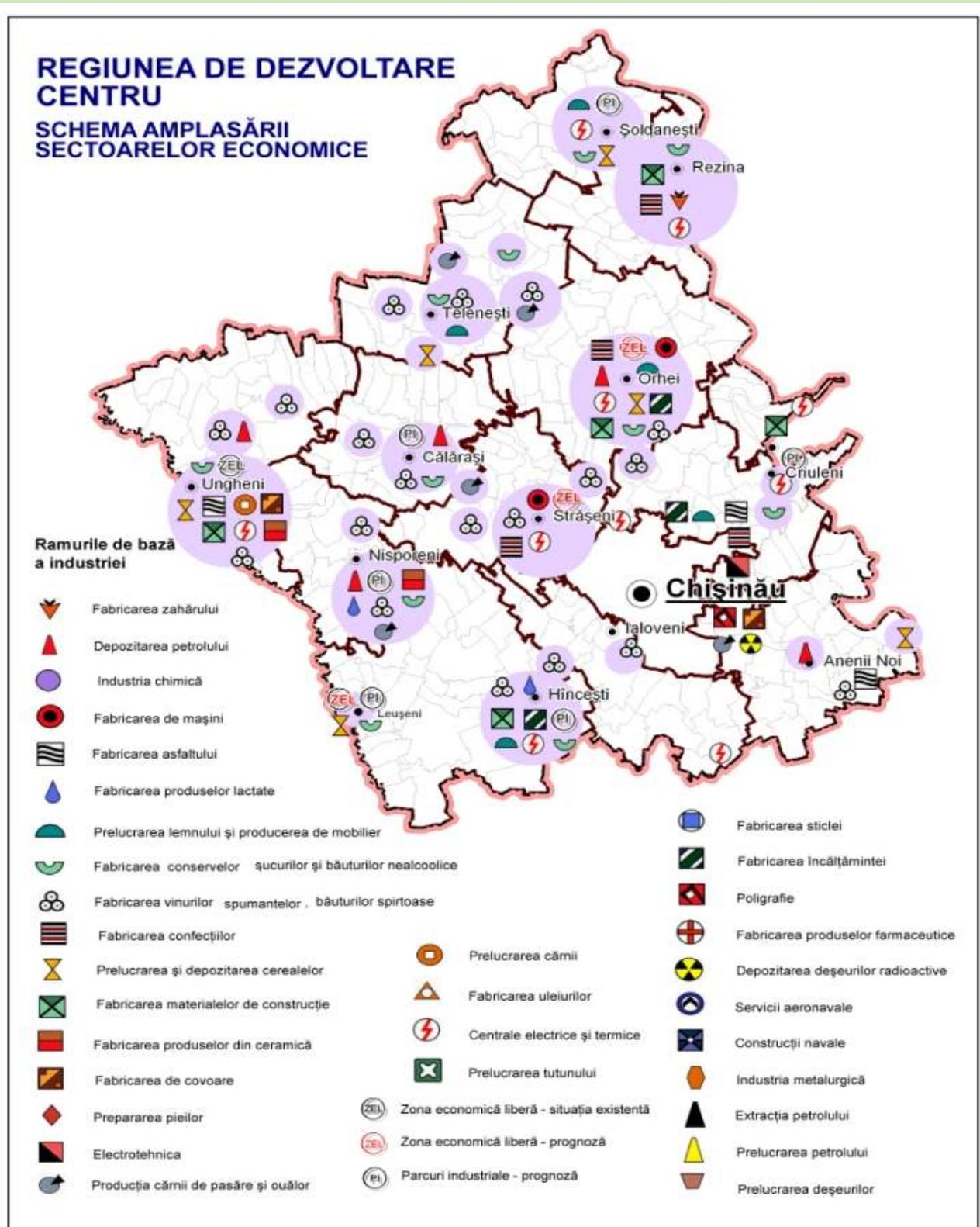
REGIUNEA DE DEZVOLTARE CENTRU

SISTEMUL ENERGETIC

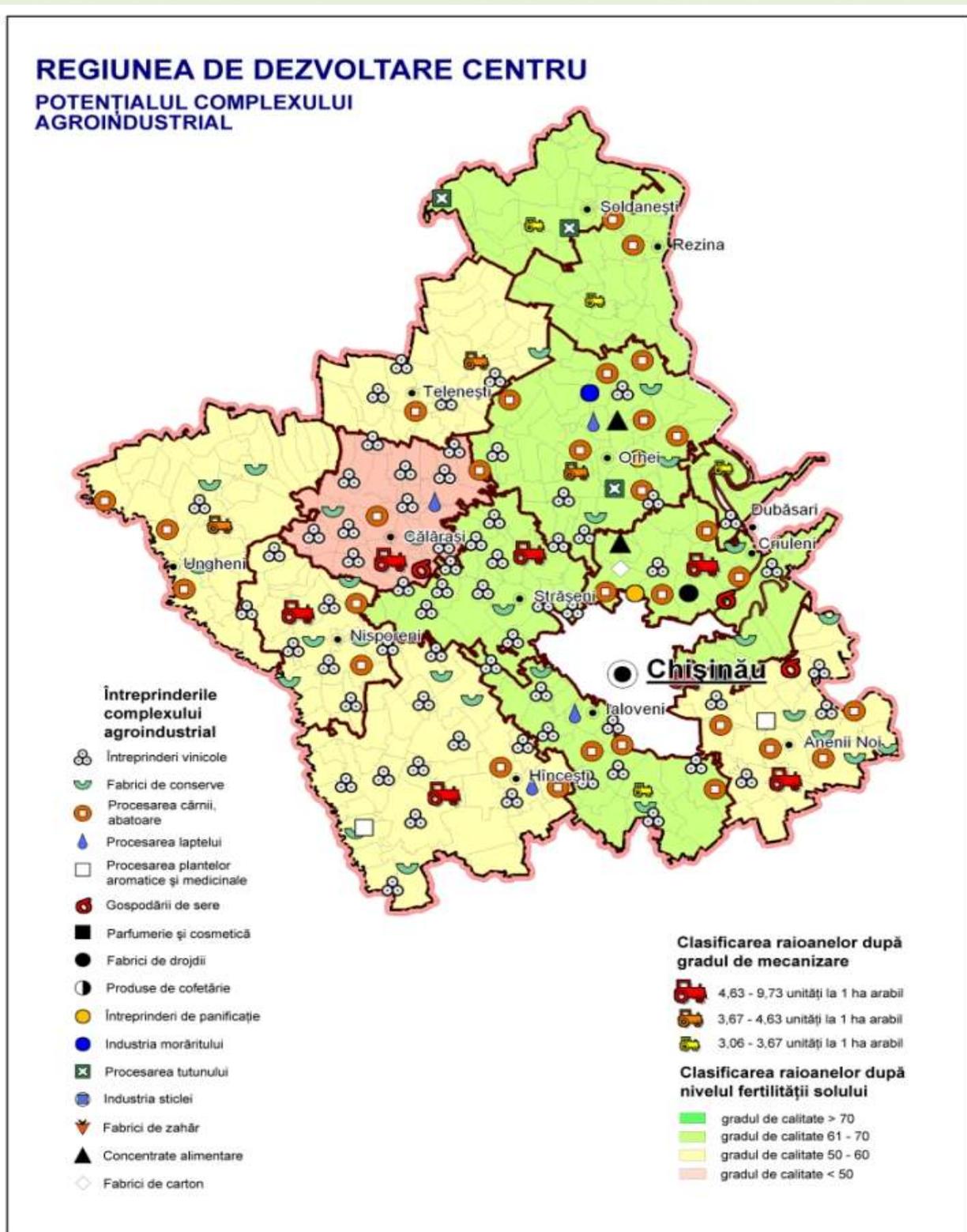
SITUAȚIA EXISTENTĂ ȘI PROGNOZA



Annex H Economic Sectors Location Scheme



Annex I Potential of the CDR Agricultural and Industrial Complex



Annex J Main Indicators of Economic and Social Development of the CDR

INDICATORS	CDR	Districts													Moldova
		AN	CL	CR	DB	HN	IL	NS	OR	RZ	ST	SD	TL	UN	
I. GENERAL DEMOGRAPHIC DATA															
Stable population as of 01 January 2011	1,062,848	83,144	78,821	73,115	35,188	122,044	99,108	66,762	125,866	52,597	91,346	43,292	74,177	117,388	3,560,430
Average population density of districts as of 01 January 2009 (inhabitants / km ²)	100.2	93.6	105.2	105.8	113.8	83.7	125.5	106.8	102.5	85.2	125.5	73.2	88	108.3	117.2
Percentage of female population (01 January 2009) (%)	51.1	51.2	50.9	51.1	50.9	50.6	50.9	50.7	52.1	50.9	51.0	51.3	50.3	52.1	51.9
Percentage of urban population (01 January 2009) (%)	19.3	10.4	20.5	11.3	-	13.38	15.6	21.8	26.6	25.7	23.7	17.6	11.0	34.7	41.6
Natural movement of population in the region (2010)	-1012	-30	-248	110	-11	-374	310	-140	-173	-143	-88	-184	-140	99	-3157
II. LABOR FORCE															
Percentage of active population in total population at the end of 2007 (%)	65.2	67.1	63.9	66.6	66.5	64.8	67.7	64.2	66.1	65.4	66.3	60.7	62.7	64.1	65.9
Percentage of population employed in industry in 2007 (%)	11,5														12,9
Percentage of population employed in agriculture in 2007 (%)	41,7														32,2
Percentage of population employed in services in 2007 (%)	40,1														48,8
III. SOCIAL INDICATORS															
Number of hospital beds in 2008 per 10,000 inhabitants	27.3	22.6	25.1	25.8		43.7	13.58	29.7	34.2	28.2	20.9	30.6	24	31.9	61.3
Number of doctors, in 2008 per 10,000 inhabitants	15.1	16	14.1	16.3	9.1	13.3	17.1	12.3	17.5	13	16.9	16.3	14.8	15.1	35.6
Day schools, gymnasiums and lyceums in 2008	537	36	42	34	13	54	38	37	65	40	40	31	43	64	1534

INDICATORS	CDR	Districts													Moldova
		AN	CL	CR	DB	HN	IL	NS	OR	RZ	ST	SD	TL	UN	
Preschool institutions in 2008	431	36	30	29	11	53	29	24	55	29	32	29	34	40	1334
Colleagues in 2008	7		1			1			2					3	49
Number of graduates of colleges in 2008	526		75			89			238					124	6433
Higher education institutions in 2008	0														31
Number of graduates from higher education institutions in 2008	0														19972
Number of hospital beds in 2008 per 10,000 inhabitants	27.3	22.6	25.1	25.8		43.7	13.58	29.7	34.2	28.2	20.9	30.6	24	31.9	61.3
IV. UNEMPLOYMENT															
Unemployment in 2007 (%)	0.95	0.59	0.73	0.74	4.30	1.12	0.69	0.69	0.38	0.87	0.58	1.48	1.21	1.30	0.80
V. INFRASTRUCTURE															
Density of public roads km / 100 km ² , 2009	32.4	31.7	34.0	34.3	35.2	23.9	35.6	32.2	27.1	33.5	36.7	33.4	29.9	34.4	26.9
Density of public hard surface roads km / 100 km ² , 2009	30.9	30.1	34.0	32.2	35.2	23.5	33.8	29.9	26.5	30.6	36.4	31.1	26.6	31.9	25.3
Percentage of hard surface roads of the total public roads, 2009 (%)	95.3	95.1	100.0	94.0	100.0	98.2	95.1	92.9	97.5	91.3	99.3	93.0	89.2	92.8	93.9
Density of drinking water distribution networks, km/ 100 km ² , 2008	13.2	25.6	10.5	15.4	2.4	6.1	24.4	16.8	26.7	4.3	14.1	3.0	11.6	10.9	23.3
Density of sewerage network, km/100 km ² , 2008	5.6	14.9	5.7	4.5	0.0	3.1	3.5	2.3	7.2	4.2	14.5	2.2	3.0	7.5	8.4
Percentage of gasified settlements, 2008 (%)	33.5%	82.2%	25.6%	67.4%	86.7%	3.2%	47.1%	2.6%	20.0%	17.1%	53.8%	27.3%	1.9%	1.4%	28.4%
Number of telephone lines per 100 inhabitants, 2009	23.6	23.8	24.2	25.2	20.6	23.7	26.7	23.8	24.4	25.7	24.1	19.6	22.1	22.4	28.7
VI. SECTOR RESTRUCTURING															
Dynamics of the number of	96.6	85.7	87.5	112.5	100	73.9	90.3	114.3	102.9	125	94.1	100	63.6	133.3	95

INDICATORS	CDR	Districts													Moldova
		AN	CL	CR	DB	HN	IL	NS	OR	RZ	ST	SD	TL	UN	
employees in industry 2007 (2004=100) (%)															
Dynamics of the number of industrial enterprises in 2007 (2004=100) (%)	100	100	100	100	100	100	100	100	100	100	100	100	100	100.0	100
Dynamics of the number of firms in service sector in 2007 (2004=100) (%)	136.9	126	158.5	152.4	132.1	123.3	153.4	96.6	131.4	120.3	149.8	106.7	140.4	159.3	133.9
Dynamics of the number of agricultural enterprises in 2007 (2004=100) (%)	103.6	113.2	65.6	102.4	119.0	100	85.4	69.6	108.6	93.3	136.1	174.0	95.6	93.0	104.7
Share of the number of agricultural enterprises which generate losses 2007, (%)	45.57	40.0	42.9	66.7	36.0	39.0	45.7	62.5	52.6	28.6	36.7	36.2	48.8	62.5	41.5
VII. SMEs SECTOR															
Number of SMEs per 10,000 inhabitants (2008)	52.84	65.46	40.10	47.80	49.15	38.72	73.35	32.89	70.93	51.89	65.46	33.56	23.03	63.23	115.23
Micro-enterprises (0-9 employees) (%)	74.29	72.24	75.16	76.15	75.72	68.55	78.22	71.49	78.05	68.73	73.29	70.75	57.56	77.87	75.64
Small enterprises (10-49 employees) (%)	21.05	23.71	20.75	20.69	17.92	25.37	17.89	23.98	17.92	24.73	21.87	22.45	32.56	18.35	20.26
Medium enterprises (50-249 employees) (%)	4.65	4.04	4.09	3.16	6.36	6.08	3.88	4.52	4.03	6.55	4.84	6.80	9.88	3.78	4.10
VIII. ASSOCIATION AND RESEARCH SECTOR															
Number of organizations, associations															
Budgetary expenditure per capita, MDL	1,159.4	1,163.4	1,181.1	1,208.0	1,645.6	1,058.0	1,042.2	1,345.1	1,054.9	1,243.2	1,118.1	1,204.1	1,090.0	1,197.6	1,330.8

Source: NBS 2011, Powell 2009, SADI Report, 2007,