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## **Foreword**

**Dear colleagues,**

As you know, in 2010 the Northern Regional Development Strategy for the period 2010-2016 was developed and approved, a document that highlights the values, abilities, needs and opportunities specific to the region. The regional development strategies for each region were prepared jointly with the Regional Development Councils (RDCs).

Given the fact that, at present, we undergo a reform, both nationally and internationally, we face the need to review and update the strategic document, realized through the integration of Moldova into the European Union, based on both spatial and political factors, as well as historical, cultural, social factors, etc., and the development of some measures to promote the national economic interests abroad, by identifying and capitalizing the best models for our country.

During this period, the Northern CDRs and professionals of the Northern RDAs attended various training programs in which they developed institutional capacities. However, the Northern RDAs professionals made bilateral study visits to the Republic of Latvia, following which they obtained practical skills and methodological support in developing strategic documents.

We firmly believe that the recent changes in the Northern SDR made by the team of professionals, assisted by regional development partners and consulted in public debates with the regional actors, will provide a practical strategy, according to the current situation, formulating solutions to various problems. However, the current priorities, the institutional and legal framework and new project ideas are established, contributing to the creation of opportunities for economic recovery, improvement of the environment and raising the living standards of citizens in the region, so that the current and future generations would benefit from a better quality of life.

Respectfully,

**Ion PAREA,**

**Chairman of the Northern Regional Development Council**

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**ACRONYMS**

RDA	Regional Development Agency
LG	Local Government
EBRD	European Bank for Reconstruction and Development
ILO	International Labour Office
NBS	National Bureau of Statistics
HBS	Household Budget Survey
NRDC	National Regional Development Council
RDC	Regional Development Council
SPD	Single Programme Document
MSIF	Moldova Social Investment Fund
NFFM	National Farmers Federation of Moldova
NRDF	National Regional Development Fund
DFIs	Direct Foreign Investments
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
NRDS	Northern 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

## Executive Summary

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

- *National Development Strategy (NDS) 2008-2011* which identifies the regional development as one of the five national priorities and expresses 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. The RDS 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 Northern Regional Development Strategy (NRDS) is based on detailed assessment of economic, social and environmental potential of the NDR, developed based on the findings of numerous studies, including the economic and social ones, the environment, 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 NRDS development. Regional working groups (WGs) were established consisting of governmental and nongovernmental partners, creating a sustainable partnership in establishing the 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 regional and national experts to ensure uniform dissemination and a clear understanding by all partners of the RD objectives, of financial schemes, the current situation at regional and interregional levels to involve all stakeholders in drafting the strategic documents and public consultations.

The NDR like the development of other regions is heavily affected by 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 NDR is the second largest development region following the Central Development Region. The NDR is the second in terms of the regional Gross Value Added (GVA) and the GVA per capita, being surpassed only by Chisinau Development Region. This performance is due to the use of industrial and existing Agricultural and industrial capacity of the region both by a growing number of local companies and by foreign investors as well as.

Balti municipality, the second largest and important city, serves as a pillar of growth for the communities in the region in terms of economy, education and culture. The relatively high level of urbanization and access to relatively strong educational network, together with the relatively high level of industrialization, growth-enhancing productive employment and contribute to the formation of human resources development index higher in the NDR.

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 NRDS priorities are the followings:

- **Rehabilitation of physical infrastructure**
- **Support for private sector development and labor market**
- **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 NDR is strengthened by such strong points as the availability of natural resources / raw materials for the development of a diversified industry - processing industry, building materials, electricity, machinery and construction, food industry, human resource potential, active growth of private businesses and foreign investors who have expressed interest in the region, the extended transport network and electricity generation and natural gas storage facilities.

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 NDR development.

The NDR involves becoming a dynamic, competitive and unified region where the current and future generations will have a better quality of life, secured by diversified economic activities, openness to technological innovation, a healthy environment and a distinct regional culture. Everyone will have the opportunity to realize his/her full potential.

**Table 1. Summary of the NDR development priorities**

Priority	Measures	Indicators
1. Physical infrastructure Rehabilitation	1.1 Extension and rehabilitation of water supply, sewage systems and treatment plants and irrigation systems	<ul style="list-style-type: none"> <li>- Length of constructed / rehabilitated WSS systems</li> <li>- Number of people with access to water and sanitation services</li> <li>- Number of rehabilitated / constructed wastewater treatment plants</li> <li>- Number of regional WSS services created</li> <li>- Length of constructed / rehabilitated irrigation systems</li> </ul>
	1.2 Construction, rehabilitation and improvement of regional bridges and roads, especially roads connecting to national roads and other portions of renovated roads	<ul style="list-style-type: none"> <li>- Length of repaired / upgraded / constructed roads</li> <li>- Number of rehabilitated bridges</li> <li>- Amount of goods and passengers transported by road</li> </ul>
	1.3 Development of infrastructure and airport services at Balti and Marculesti airports	<ul style="list-style-type: none"> <li>- Amount of goods and passengers transported by air</li> </ul>
	1.4 Stimulation of cross-border activities by increasing investment in creating crossing points between Moldova, Romania and Ukraine, located on the NDR	<ul style="list-style-type: none"> <li>- Number of cross-border activities</li> </ul>
	1.5 Energy efficiency in the NDR public buildings	<ul style="list-style-type: none"> <li>- Number of public buildings efficient in terms of energy</li> <li>- Rate of reduction of energy costs in public buildings</li> </ul>

Priority	Measures	Indicators
2. Support to private sector development and labor market	2.1 Development of the ongoing training. Support for qualification and retraining of the employed population in the region	<ul style="list-style-type: none"> <li>- Number of training and retraining programs, corresponding to labor market requirements</li> <li>- Number of beneficiaries of training programs, employed according to their professional skills</li> </ul>
	2.2 Stimulation of SMEs by developing information and consultation services for SMEs (industry, services, tourism, etc.) and supporting the creation of technological incubators, centers of technological innovation and application of innovative technologies (refrigerators, greenhouses, processing industry, etc.).	<ul style="list-style-type: none"> <li>- Number of SMEs that have benefited from consulting services</li> <li>- Number of jobs created in assisted SMEs</li> <li>- Number of consulting centers created or upgraded</li> </ul>
	2.3 Increase in the regional attractiveness as a location for investments for the creation of business infrastructure, connection to public utilities and access roads to industrial parks, FEZs and industrial zones in the region	<ul style="list-style-type: none"> <li>- Number of industrial parks, FEZs and industrial areas connected to public utilities</li> <li>- Number of newly created / extended jobs in business structures</li> </ul>
	2.4 Support for businesses with export potential, implementing international quality standards	<ul style="list-style-type: none"> <li>- Number of SMEs that have benefited from consulting services</li> </ul>
	2.5 Stimulation of association and cooperation of all stakeholders from the agribusiness sector in order to ensure fairness in the relationship between raw material producers, processors and traders	<ul style="list-style-type: none"> <li>- Number of SMEs organized in clusters</li> <li>- Number of events with the participation of all industry players</li> </ul>
	2.6 Promotion of energy efficiency principles in economic sectors in order to optimize production costs	<ul style="list-style-type: none"> <li>- Rate of reduction of production costs</li> </ul>
3. Improvement of the environment factors and tourist attractiveness	3.1 Increasing access to environmental information and promotion of environmental education	<ul style="list-style-type: none"> <li>- Number of social initiatives and awareness raising, media and environmental education actions completed</li> </ul>
	3.2 Development of integrated solid waste management, including separate collection, recycling and creation of modern landfills for recyclable waste storage, construction of a waste treatment plant in the region	<ul style="list-style-type: none"> <li>- Number of built / arranged new landfills / waste storage warehouses</li> <li>- Number of regional waste management services established</li> </ul>
	3.3 Enhancing environmental security in the region by promoting activities halting land degradation, rehabilitation of water bodies, forest area expansion through the development of some anticipation programs and response to extreme weather conditions.	<ul style="list-style-type: none"> <li>- Number of early intervention programs to anticipate extreme weather situations</li> <li>- Number of activities halting land degradation</li> <li>- Number of rehabilitated water bodies</li> </ul>
	3.4 Rehabilitation of tourist stuff and their integration into the national and	<ul style="list-style-type: none"> <li>- Number of rehabilitated and used tourist stuff</li> </ul>

Priority	Measures	Indicators
	international tourist circuits	
	3.5 Promotion of the development of tourism infrastructure in the region.	- Number of activities promoting tourism
	3.6 Reduction of the negative environmental impact generated by obsolete technologies by promoting and encouraging the use of renewable energy sources	- Number of new / modernized unconventional (electricity and heat) power generation units - Rate of cost reduction for electricity / heat

## I. 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 neither by any Government nor by local government separately. Partnerships designed to produce a synergistic effect, being closer to the realities than the central government are more needed, but with a better potential in terms of the resources that may be mobilized by a local government.

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 Northern Regional Development Strategy is the end result of a complex process of consultation and debate on sustainable and balanced development of the region. The NRDS 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 NRDS 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 on the approval of the National Development Strategy 2008-2011*, 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 development regions." The NDS is an inter-sector 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* (RDL) defines the main objectives and principles of regional development, establishes the institutional framework and the regional development planning tools. According to the GD no. 158 of 04 March 2010 on the approval of the *National Regional Development Strategy* (NRDS). The NRDS is a document of medium term (7 years) of regional level, identifying the priorities and measures specific to the RD. The document was developed by the Northern RDA under conditions of active participation of all stakeholders and approved on 26 March 2010 by the Northern RDC.

Unlike the NDS, the National Regional Development Strategy is an inter-sector policy planning document developed under the responsibility of the Ministry of Regional Development and Constructions. 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 on the regional development of the Republic of Moldova.

The NRDS 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 RDS 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 RDS is an important vehicle for interconnection measures at national, regional and local levels.

The RDS 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 NRDS 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 NRDS 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 Northern 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 NRDS for the relevant period.

### 1.3 Strategy Development Process and Principles

The Northern Regional Development Strategy is developed 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 Northern Regional Development Strategy, 6 Working groups 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 NRDS a number of careful studies on economic development, environmental issues, social issues, physical infrastructure and support to business development in the Northern Development Region were carried out.

The group format provided a fair representation of local governments in the districts of all the region districts, of the private sector, civil society by means of the presence of NGOs, business associations, observing the fair representation of genders and social strata. Seven workshops of the WGs took place, the result of which was the definition of the SWOT analysis<sup>1</sup> for each of the sectors analyzed, a strategic vision was formulated, priorities and measures for the development

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<sup>1</sup> SWOT Analysis is a strategic planning tool, which examines the strengths, weaknesses, opportunities and threats.

of the NDR were established, which substantiated the development of the Northern RDS. The Northern RDA got involved at the stage of finalizing strategies.

The Northern RDS 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 NRDS update process was assisted by Latvian experts of the Ministry of Environmental Protection and Regional Development of the Republic of Latvia.

The Northern RDS 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 Northern RDS the following basic principles were secured:

- **Consistency.** The NRDS is in line with the main policy documents on regional development, in particular the Law on regional development, the National Development Strategy and the National Regional Development Strategy 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 NRDC.
- **Comprehensive Analytical Approach.** The NRDS 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 NRDS 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. The moderated working groups, focus groups, surveys, organized to hold consultations on the analysis, draft documents and project ideas, all aimed at reaching consensus on the core objectives and regional development measures for the period of rigor.
- **Local and Regional Partnerships.** Persons concerned from state entities and non-governmental organizations were called together in the working groups 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 NRDS projects at the stage of development and update. The Northern RDA 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 RDS (including the public consultations organization and presentation of draft Strategies to the CDR for approval).

#### 1.4 Principles of Regional Development Support

The basic principles for supporting regional development are stipulated by the Law on regional development in Moldova and the National Regional Development Strategy:

- **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.

## II. 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 NDR, 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 NDR 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 NDR 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 NRDS and serve as a source of information for subsequent compartments of the RDS with analytical nature such as SWOT analysis.

The key development indicators in the region are provided in Table 2. The comparative analysis of these indicators is given in the following sector subsections, the information in the table was updated according to the NBS data on 01 January 2012

**Table 2. General Information on Development Regions**

	<b>NDR</b>
Population <sup>2</sup> , 000 persons	<b>1002.6</b>
<b>Share, %</b>	<b>28.17</b>
Rural population, %	<b>64.5</b>
Urban population, %	<b>35.5</b>
Area, km <sup>2</sup>	<b>10,014</b>
<b>Share, %</b>	<b>32.9</b>
Density, inhab./km <sup>2</sup>	<b>102</b>
GDP th. MDL (2011)	<b>911.8</b>
<b>Share, %</b>	<b>11.3</b>
Investment per capita, MDL	<b>2,011</b>
IInd level local government, units	<b>12</b>
Ist level local government, units	<b>315</b>

Source: NSB, 2012

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

## 2.2 Geographical Location and Spatial Development

### Overall Data

The Northern Development Region covers the territory of the northern Moldova. Geographically, the region is bordered in the North-East by Ukraine, in the West by Romania, in the South-East by Camenca district (Transnistria Development Region), in the South by Ungheni, Telenesti and Soldanesti districts (Central Development Region).

The Northern Development Region (hereinafter the NDR) includes Balti municipality, 11 districts (Briceni, Edinet, Donduseni, Drochia, Falesti, Floresti, Glodeni, Ocnita, Riscani, Singerei, Soroca), with a total area of about 10,014 km<sup>2</sup> ( 1,001,394 th. ha), which represents about 29.6% of the total area of the country. The region's population in 2009 was 1018.0 th. people (25% of the country population). The region's population in early 2012 was 1,002.60 th. people (28.17% of the country population). In the period 2008-2012 there was a decrease in population by 15.4 th. people (see Table 7). The main causes of this decrease is the negative natural growth and migration of the population.

The region has 315 1st level local governments, composed of 571 settlements, including 20 towns. Most people (over 60%) live in towns of up to 5000 people, 20% in towns and villages with a population between 5,000 and 20,000 inhabitants. The total number of settlements in the region is about 33.8% of the total number in the country, the share of towns being around 32%. The data on the distribution of the population with the presentation of the map of urban networks are given in Annex A and Table 3.

The distribution of urban population is classified as follows: (i) Up to 5000 inhabitants - 5 towns; (**Ghindesti, Marculesti, Frunza, Costesti, Biruinta**); (II) 5 000 - 15 000 inhabitants - 9 cities (**Briceni, Lipcani, Donduseni, Cupcini, Glodeni, Ocnita, Otaci, Riscani, Singerei**), (III) 15,000 – 25,000 inhabitants – 4 towns (**Drochia, Edinet, Falesti, Floresti**); (IV) 25,000 – 50,000 – one town (Soroca); and **Balti** municipality with 149.2 thousand inhabitants. The map of urban network and population distribution by districts is given in the Annex A.

### Environment

The NDR **relief** includes the Moldavian Plateau in the north, the Northern Moldova Plain – in the center of the region, the Middle Prut Meadow – in the west, the north of the Nistru Plateau – in the east and north of Central Moldavian Plateau – in the south. The relief of the region largely is a hilly plain, strongly dismantled by the valleys, with a general slope from the northwest to southeast. There are maximum altitudes at Lipnic (259 m), Visocica (348 m) and Baxani (349 m) in the north-east. The NDR relief is strongly influenced by exogenous processes (landslides and erosion). These phenomena have a frequency of 10-30 landslides per 100 km<sup>2</sup>, the most affected are the districts Riscani, Glodeni, Singerei (30-50 landslides per 100 km<sup>2</sup>). The erosion gullies are formed on average 5 ravines per 10 km<sup>2</sup>. Most affected by erosion (20-30 ravines per 10 km<sup>2</sup>) are Ocnita and Soroca.

The **climate** is continental, with hot and dry summers and cold winters. The average annual rainfall ranges from 520-620 mm. The average annual temperature is +8 degrees on the Celsius scale. The absolute minimum temperature recorded was -36<sup>0</sup>C and the average temperature in January is -5<sup>0</sup>C. The maximum recorded temperature was +38<sup>0</sup>C and the average temperature in July is +20<sup>0</sup>C. The agro-climatic northern district is characterized by conditions optimum moisture, with the shortest active vegetation season (175-182 days). For comparison: in the South Region this indicator is 180-190 days and the shortest duration of frost-free period (178-188 days). The region has agro-climatic conditions in the region are favorable for growing cereals, sugar beet, sunflower, tobacco and fruit trees. Another feature of the NDR high frequency of floods, excessive rains, landslides and increased vulnerability to climate hazards and increasing climate variability.

The **hydrological network** includes Prut River, which represents the natural border to the west, Nistru River - the river with the greatest flow of water in the area, which is the source of water for some NDR towns and natural border to the east. Prut River basin tributaries are: a) Camenca, b) Ciugur, c) Racovat, d) Larga, e) Vilia, f) Draghistie, g) Girla Mare, h) Caldarus. In the NDR Raut River tributaries: a) Cainari, b) Cubolta, c) Camenca, d) Ciulucul Mare begin. Improvement and adjustment works were carried out on Prut River (Costesti-Stinca), where the largest lake in the region is situated. The hydroelectric complex includes the hydroelectric power plant built in 1976. The lake area is 59 km<sup>2</sup>, being the second largest artificial lake in Moldova after Dubasari accumulation lake on Nistru River.

**Soils.** The main natural resource of the NDR are soils with high evaluation, which could achieve high yields from Agricultural technical cultures. The NDR territory has the following types of soils: typical black soils; argillic soils; leachate soils; cambic soils; groundwater damp soils; grey soils. The average evaluation of the NDR soils is 72 points (out of 100 possible). The highest evaluation (74 points) have the soils from Edinet, Briceni Ocnita. These soil features will produce performance in agriculture. As a result, 701.720 ha of the NDR total area (1,001,394 ha) are Agricultural land, which is 70% of the total area of the region. In terms agro-climatic and soil quality, the NDR has favorable conditions for the growth of cereals and industrial crops (sugar, sunflower, tobacco, etc.). Also, the region has the shortest active vegetation season and the shortest season without frost. The conditions in the region are inadequate for raising crops during the longer vegetation season. But excessive soil degradation and contamination, stimulated by unfriendly environment prevailing Agricultural practices, erosion, karst and landslide, and improper storage of expired Agricultural chemicals, cause a critical environmental situation in the NDR. These problems has another problem of unsustainable management of solid and liquid waste, very low share of recycled waste and gaseous emissions collected.

The **solid mineral resources** in most cases, are used as building materials. The limestone for construction is widespread in Ocnita, Riscani, Edinet, Briceni. Sand for glass production is located in Ocnita, gypsum resources are located in Briceni and construction ones in Floresti, Glodeni, Singerei, Ocnita, Soroca. Clay for brick and tile production has a broad spatial distribution, the largest deposits are located in Floresti, Glodeni, Riscani, Singerei, Drochia, Balti, Ocnita. Soroca has only one technical chalk deposit in the country, deposits of granite are exploited, limestone is extracted, deposits of diatomaceous earth were discovered, which can be used to produce detergents, insulation plates and synthetic zeolites for water softening. But the inefficient and insufficient use of mineral resources available in the region causing increased volume and impact of mining waste and construction activities.

**Mineral water sources.** The region has important sources of mineral waters. In the north sulphato-bicarbonatato-calcio-sodium waters predominate (Soroca, Balti, Gura Cainarului, etc.), in the north-west - bicarbonatato-sodic waters. Currently, mineral water wells from Soroca are developed, which can be used to treat cardiovascular and gastrointestinal diseases, Gura Cainarului and Criscauti water is bottled for everyday consumption.

**Air.** In the recent decades air pollution from stationary sources reduced, mainly due to massive replacement of solid fuels with natural gas and heating energy. The air emissions from stationary sources decreased by almost 25% from 1999 to 2004, due to the inactiveness of industrial enterprises, but increased in the period 2000-2010 due to increasing number of vehicles, mainly mush old. The emissions in the atmosphere increased by about 30%, the most polluted areas because of transport emissions are Balti, Singerei, Briceni, Floresti. According to the State Ecological Inspectorate, the NDR most polluting enterprises are located in Balti municipality, Floresti, Falesti and Drochia towns. The main pollutant of the thermal power sector in the NDR is "Nord-Balti" TPS, which eliminates in the atmosphere around 70t of toxic substances per year. A solution for the improvement of the environment and air protection would be wide implementation of clean technologies, equipping enterprises with powerful means of purification.

**Forest Fund.** In the NDR forests make up about 27% of the forest fund in the country, Balti municipality area has the smallest forest area. The intensive deforestation, reduction of biodiversity, wet areas, forest strips, areas protected by state and insufficient and unsustainable use of local energy resources affect the very strong tourism and recreational potential.

**Protected natural areas.** Among the protected areas in the NDR, Padurea Domneasca forest is the largest scientific reservation in Moldova, which is located in the Middle Prut Meadow. The total area of the reservation is 6,032 ha. The area of natural forest reserve is 3054 ha or 52% of all its territory. Most natural forests consist of oak tree - 17.7%, white poplar - 17.8% and white willow - 6.3%. The reservation territory has over 79 species of rare plants. The map of state protected areas is given in the Annex B.

**Dendrological and landscaping gardens:**

- Taul Park is located in the middle of Taul village has a total area of 46 ha. The botanical collection of Taul Park has about 150 species, of which over 100 are exotic. In the early XXth century, the park has about the same number of species of animals currently being considerably reduced. But the park, as before, have deer, a specially designed pool host ducks and white swans.
- REDIUL MARE Park is located near REDIUL MARE village, with an area of 10 ha. It consists of 4 glades. The park includes various species of deciduous trees. These landscape plantations include 26 species and forms of trees and shrubs, among which the horse chestnut, which crown shape is spherical, silver maples, pedunculate oaks, white poplars, etc.
- MINDIC Park is located at a distance of 4 km from MINDIC village and 7 km from COTOVA village, with a total area of 16.4 ha. The park has a collection of species of flora and dendro-flora that are rare and valuable in Moldova. In total, the park has 15 lanes, 5 springs, 3 lakes and 2 rivulets.

Other important landscape reservations in the region are: Pavlovka Park - 18.3 ha, Linden Alley located between Pavlovka and Larga villages - 3 ha, "Iasnaia Polyana" Park - 12.8 ha, Brinzeni Park - 2 ha, Hincauti Park - 27 ha, Stolniceni Park - 3 ha. The natural forest reservations are: Ocnita district reservation and Briceni district reservation, Buzdujeni Clough, Buzdujeni village, Edinet district, geological and paleontologic monument of great scientific value, covering about 100 ha.

**2.3 Connection, Accessibility, Infrastructure****Connection**

The NDR has 11 international connection points with the neighbouring countries - Romania and Ukraine. The railway connection is provided by 4 crossing points: Criva-Mamaliga, Larga-Kelmenti, Ocnita-Sokireani and Valcinet-Mogilev-Podolsk. The first three were placed on the same railway section, Ocnita-Chernivtsi (Ukraine). There are 6 road crossing points: Criva-Mamaliga, Larga-Kelmenti, Ocnita-Sokireani, Otaci-Mogilev-Podolsk and Unguri-Bronnita; 2 river crossing points: Soroca-Tekinovka and Cosauti-Yampil and 4 road crossing points in simplified regime: Medveja-Zelionaia, Lipcani-Podvorievka, Grimancauti-Viskivti and Clocusna-Sokireani.

The connection with the European Union via Romania is ensured by the crossing point Costesti-Stinca, although in the recent years two more points at Lipcani-Radauti Prut and Criva-Darabani were constructed. So far, the relations with the EU are difficult, given that of the three existing crossing points only the first two mentioned above operate. The main reason for this is the political factor, thereby causing minimal contacts, high costs, limited economic, social and cultural cross-border relations.

In South the NDR has connections with the Central Development Region through a lot of republican and local routes. In the Southeast the NDR borders Transnistria Development Region through the R19 national road and the bridge over Nistru River Sanatauca-Camenca.

The distance to the main large market centers is: Chisinau - 100-190 km, Botosani, Romania - 70-200 km, Suceava, Romania - 140-270 km, Chernivtsi, Ukraine - 50-260 km, Zhytomyr, Ukraine - 200-400 miles. The distances to the major cities are: Balti-Chisinau - 131 km, Balti-Ungheni - 77 km, Balti-Tiraspol - 202 km, Balti-Cahul - 263 km.

All administrative and territorial units of the region are Euro-regional components. The Euroregion **"Upper Prut"** consists of Falesti, Edinet, Glodeni, Ocnita, Riscani and Briceni districts; the Euroregion **"Siret-Prut-Nistru"** consists of Floresti, Soroca districts, the Euroregion **"Nistru"** consists of Donduseni, Ocnita, Soroca, Floresti districts.

**Accessibility**

The NDR is accessible through all the four means of transport: air, road, river and rail.

The NDR is the only region that has the opportunity of air access through two airports – Balti International Airport, Marculesti Free International Airport. But both airports are used at minimum, providing freight transport services, mostly domestic flights and occasionally external flights.

Balti airport is a civilian one and Marculesti airport (Floresti) district is mixed (military and civilian). Both have the status of international airport. Balti airport is certified and open for passenger and goods, but now is used only for single irregular flights. The runway has a length of 2,240 m and a width of 42 m, with a total area of 2,640 m<sup>2</sup>, it is able to ensure the regular operation of airplanes types IL-18, AN-12, YAC-42 and TU-134 and of the lower classes.

Marculesti airport was certified by the State Administration of Civil Aviation and soon became the largest freight airport in the region. The airport covers an area of 265.2 ha, it has a runway, a manoeuvre road, platform, radio-navigation means, which allow the operation of various aircraft, including IL-76, TU-154, Boeing, Airbus and heavy freight aircraft, with flights on any time of day or night and in bad weather conditions.

The NDR is crossed by only one international road route: Giurgiulesti-Briceni Corridor (GBC) with a length of 460 km, which is not operational (unfinished) and two national routes: M14 and M2. The length of road transport of national and international importance that cross the NDR is:

- The Northern direction, to the cities Chernivtsi-Zhytomyr-Lviv-Warsaw: M14 to the border with Ukraine and further on the E583 route.
- The Northeast direction to the cities Vinnitsa-Kiev: M2 to the border with Ukraine and further on the A253 and E95 routes.
- The Southern direction to the cities Chisinau-Cahul-Galati-Tulcea-Constanta-Varna-Istanbul: M14 to the border with Ukraine and the European road E80.
- The Southeast direction to cities Chisinau-Odessa-Nikolaev-Kherson-Yalta: M2 and R30 to the border with Ukraine on the European road E581.
- The Western direction to the cities of Botosani-Suceava-Cluj-Oradea-Budapest: European road E581.

The future construction of another international route on the road portion R7 with the construction of the bridge over Nistru river in Soroca (Moldova)-Yampoli (Ukraine) will be the shortest route to the Balkan States, Russia and the Baltics.

*Inter-regional road network.* The link with the Central Development Region is ensured towards Chisinau municipality (M14, M2 and R13, R14, R17 routes). The link with Transnistria Development Region is ensured through Sanatauca village on the national route R19. M14 road crosses the NDR from north to south. The traffic density is 1,200-5,400 vehicles per day in both directions. The most intense areas are near Edinet and Balti, where their density is over 5,000 vehicles in 24 hours. The road M2 provides connections to the Northeast. The traffic density varies from 1180 up to 12,250 vehicles per day, the busiest sectors are the entries in Soroca and the crossing to Floresti-Balti.

The availability of *railways* in the region is an advantage because the interregional railway junctions Balti and Ocnita are at the same time access roads to Ukraine, Russia, Belarus and the European Union. The future construction of Marculesti (Floresti district) - Soroca railway, if the bridge over Nistru River in the Soroca-Yampoli area will be constructed in a combined way (road and railway type), the distance between Moldova and European Union will be 400km shorter. The configuration of the railway network is of one type with one line. The passenger train traffic density is 1-6 trains per day and 2-4 freight trains per day. The main problems of the organization of rail traffic are: improper technical assembly creates difficulties in managing the flow of cars, yard arrangements are available on one platform, sector stations are poorly mechanized.

*River transport.* The NDR has two naval border crossing points that are used at minimum capacities both for freight as well as for passenger transport: Soroca-Tekinovka floating bridge and Cosauti-Yampol floating bridge. Because of the depth limit and Nistru and Prut rivers beds, the navigable sectors are used only by ships with small carrying capacity and small passenger vessels.

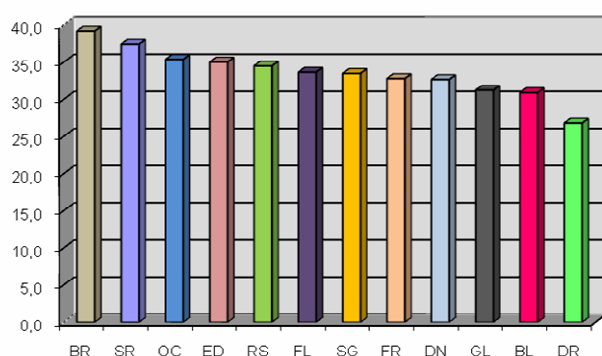
## Infrastructure

**Intraregional road network.** The distances between the extreme points are about 170 km north-south direction and about 130 km west-east direction. On average, the NDR districts are located at a distance of 55.3 km from Balti municipality<sup>3</sup>.

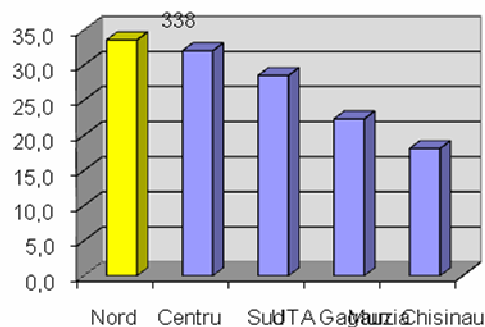
The links between the NDR towns are ensured by a dense road network. The main urban centers have direct transport links - Balti-Singer (R14); Balti-Edinet-Briceni (M14); Balti-Gloden (R15); Soroca-Drochia-Riscani-Costesti (R7); Soroca-Otaci (R9); Ocnita -Briceni (R11) and Soroca-Floresti (M2)-Balti (R13)-Falesti (R17) -, or through the regional center Balti, ensuring transit functions between the districts in the north and the south. The international and national routes are in satisfactory condition, there are some damaged portions. The existing transport network provides sufficient transport links.

**Local road network.** The total length of roads in the NDR is about 3,820 km or 36.2% of the total length of roads in the country (see Table 4). Of these, 31% are national roads, all being hard surface roads. The share of local roads is 39.4%, of which 94% are hard surface roads. The NDR public roads density is 33.6 km/100 km<sup>2</sup>; according to this indicator the NDR is ranked first in the country followed by the CDR and SDR, and the average of this indicator is higher than the national average. Briceni, Soroca and Ocnita districts have the highest density of transport routes. At the opposite extreme are Drochia and Gloden districts.

**Figure 1. Density of public roads, km/100 km<sup>2</sup> by districts**



**Figure 2. Density of public roads, km/100 km<sup>2</sup> by regions**



Source: NBS, 2010

North, Center, South, Gagauzia ATU, Chisinau

**Rail transport.** The density of railway network in the NDR is the lowest in the country and makes up 2.1 km / 100 km<sup>2</sup>, being below the republican average of 3.3 km/100 km<sup>2</sup>. The main railway junctions of the NDR are located in Balti municipality and Ocnita town<sup>4</sup>. Through these connections, the Moldovan railway routes are diversified and include the following destinations: Russia (Moscow and Sankt-Petersburg), Belarus (Minsk), Ukraine (Kiev, Chernivtsi, Ivano-Frankovsk, etc.). The international railway routes are: Chisinau-Ungheni-Balti-Ocnita (border check and crossing point). The regional routes are the branches: Balti-Ribnita, Balti-Gloden, and Balti-Slobodka and Balti-Cupcini.

## Water Supply and Sanitation

**Water supply.** The water supply in the NDR is carried out mainly from groundwater abstraction and from Prut and Nistru rivers. In early 2009, the share of settlements with water supply network was 35%, increasing slightly from 2006. 70% of consumed water is drawn from the artesian wells. Meanwhile, 80% of water resources do not meet the water quality standards. This is due to the outdated aqueduct and obsolete standards and technical conditions of water treatment. According to

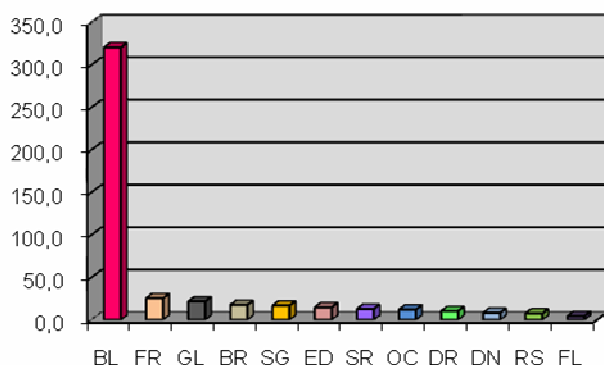
<sup>3</sup>Map of communications and international, national and local road network, the information on the distance to the main market centers and traffic density are given in *Annex C*.

<sup>4</sup>The map of existing and future railway network is presented in the *Annex D*

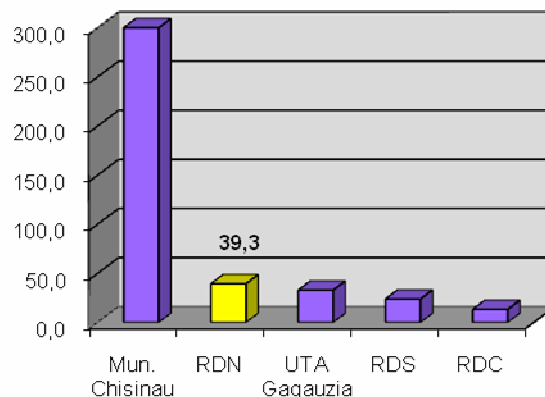
the NBS from 2011 most of the rural population is supplied with water from 99,719 wells and 818 springs. After the drought of recent years, the water levels from wells dropped with about 2 m.

According to statistics, the density of water supply networks in 2009 made up 39.3 km/km<sup>2</sup>. For this indicator, the NDR is exceeded only by Chisinau municipality and is above the national average.

**Figure 3. Density of water supply networks km/100 km<sup>2</sup> by districts**



**Figure 4. Density of water supply networks km/100 km<sup>2</sup> by regions**



Source: NBS, 2009

Chisinau mun., NDR, Gagauzia ATU, SDR, CDR

As for the utilities related to the aqueduct, we find that only 34% of the NDR households are connected to the aqueduct. The largest share of settlements that have water supply networks are in Balti municipality and Floresti and Glodeni districts. The districts with the lowest share are Falesti, Riscani and Donduseni districts. The region has a large discrepancy between qualitative and quantitative indicators of drinking water supply between Balti municipality and other settlements. In most NDR settlements the water supply network is in a bad condition because the construction of water supply networks requires considerable financial resources that local authorities can not cover. It is therefore necessary to implement various national and international programs in the field.

The region has a functional Soroca-Balti aqueduct supplying drinking water to consumers in Balti municipality and the settlements in the area surrounding the route. In the future to expand the number of consumers, it is expected to connect to the aqueduct another 5 districts located in the north of the Republic: Singerei, Floresti, Drochia, Riscani and Telenesti. The map of water supply networks is given in the Annex E.

The NDR has 13 municipal water supply companies, which manage water supply networks 1028.9 km long and annually capture about 40 mln. m<sup>3</sup> of water (see Table 5). These companies operate in urban centers, and in rural areas, besides the LGs, there are services administrating water supply sector.

The drinking water quality in the region is unsatisfactory. Because no investments were made in the restoration of the biological sewage treatment plants and in sewerage systems, the domestic and industrial activities become major sources of pollution. At present, event the fifth of the 580 treatment plants constructed in Moldova before 1990 does not operate and only 67% of runoff requiring treatment are treated. The impact of this situation on human development is evident. The lack of investment in infrastructure of waste disposal and treatment result in direct negative consequences on human health, especially in rural areas. The improvement of water quality would lead to improved population health and would reduce the spread of gastrointestinal diseases.

**Sewage.** The NDR sewerage systems are underdeveloped, the similar situation is in the country. The sewerage systems operate mostly in urban areas only. The sewerage networks density is about 20 km / 100 km<sup>2</sup>, which is below the national average of 22.6%. In Balti this indicator is 9 times higher making up 185 km/100 km<sup>2</sup>. The underdevelopment of sewerage systems is aggravated by the technical condition of wastewater treatment plants, which in most settlements, are totally absent, and

outdated sewage system lacks as well. Soroca town, with a population of about 40,000 inhabitants, is generally lacking sewage treatment plant and storm waters are discharged directly into Nistru River. Daily 2,040 tonnes of waste reach the river, which pass through treatment plants.

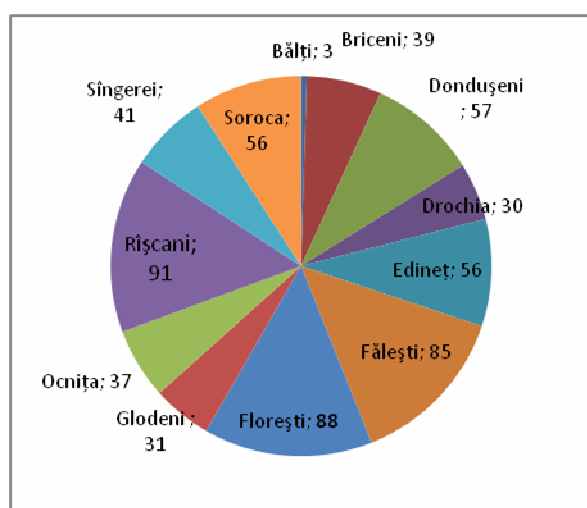
The NDR has 10 municipal enterprises providing "channel" services, which manage 14 sewerage systems with a total length of 433.1 km. The map of wastewater disposal networks and wastewater treatment plants is given in the Annex E.

The future trend is the regionalization of water and wastewater services in order to ensure the population sanitation and the raise of the living standards in the region.

### Waste Management

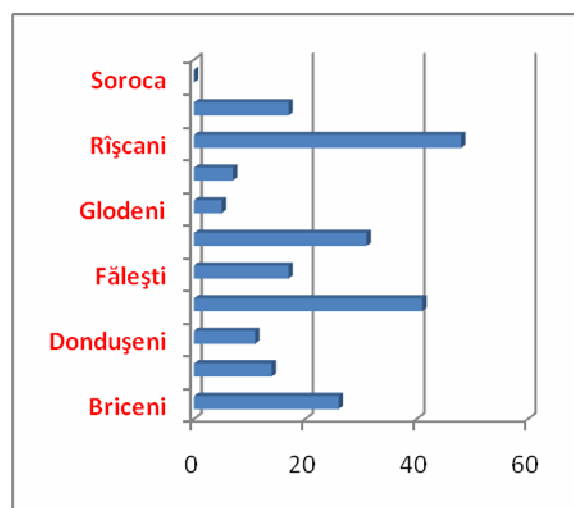
In NDR infrastructure and management of solid waste management is quite poor. The region suffers from a high degree of pollution of soil, water and air caused mainly by the lack of integrated waste management systems and poor infrastructure collecting solid and liquid waste, including toxic one. Except for Balti municipality and district centers, the region lacks specific enterprises, advanced technologies and recycling practices. Daily, the NDR produces thousands of tons (**see Table 6**) of municipal solid waste, which is collected and stored in over 614 small stores located usually on the outskirts of towns. Most of these deposits are unequipped and unauthorized and according to the Ministry of Environment they make up **220** units.

**Figure 5. Number of existing unauthorized deposits**



Source: Ministry of Environment (IES-2010 yearbook)

**Figure 6. Number of deposits**



Singerei, Balti, Briceni, Donduseni, Drochia, Edinet, Sococa, Riscani, Glodeni, Falesti, Falesti, Floresti, Glodeni, Ocnita, Riscani Donduseni, Briceni

More efficient and environmentally friendly would be the radical change of the waste collection infrastructure that would provide for the collection of such waste in large landfills that would allow their separation, partial recycling and collection of biogas from the decomposition of recyclable waste.

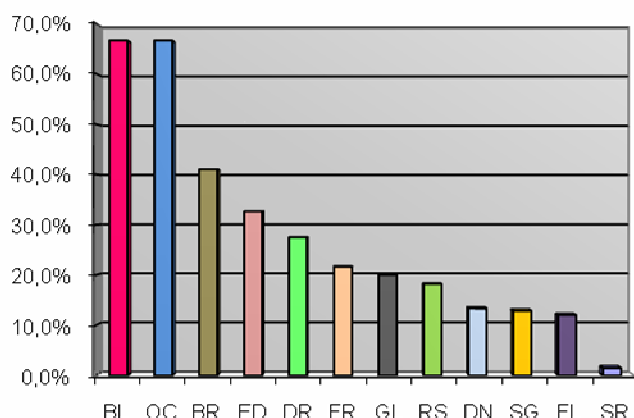
According to the draft National Land Improvement Plan and the National Waste Management Strategy, the construction of 4 large landfills (Glodeni, Drochia, Ocnita and Singerei) and a waste processing plant in Singerei that will ensure a more efficient solid waste management. The map regional scheme for storing and processing waste deposits is given in the Annex F.

### Provision with Natural Gas

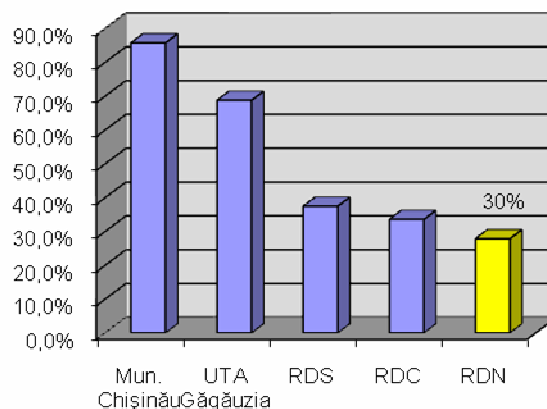
The provision with natural gas of the NDR settlements is ensured from the main gas pipes with high pressure coming from Ukraine: Ananiev-Kotovsk-Floresti-Drochia-Edinet-Alexeevka (Ukraine) the pipeline Moghiliy-Podolski-Ocnita-Bogorodceni. In 2010, the share of settlements in the region

connected to the gas pipeline, was 30%, being below the national average of 35%. The largest share of settlements connected to the gas network is represented by Balti municipality, Ocnita and Briceni districts. The districts with the lowest share of settlements connected to the gas network are: Soroca, Singerei and Falesti. The NDR has opportunities for natural gas storage in underground galleries and mines. These opportunities are not used. The map existing and projected natural gas networks is given in the Annex G.

**Figure 7. Share of gasified settlements, % by districts**



**Figure 8. Share of gasified settlements by regions, %**



Source: NBS, 2010

Chisinau mun., Gagauzia ATU, SDR, CDR, NDR

## Electricity and Heat Supply

**Electricity Supply.** The Moldovan energy sector operates almost entirely (98%) based on imported energy resources. Both electricity as well as fuel is imported to produce electricity and heat. The NDR is supplied with electricity through distribution networks owned by the state enterprise Electricity Networks "Nord" and the Electricity distribution enterprise JSC "RED Nord-Vest". All the settlements in the region are connected to the electricity networks. Each consumer of electricity signed an individual contract with the distribution companies.

The Power Plant "Nord", with a stable electric power of 24.0 Mwt and a power generation capacity of 57.7 million kW / h is located in Balti municipality, but it serves Balti municipality only. The hydroelectric station Costesti-Stinca operates in Riscani district, which produces around 83 mln. kW / h. We note, however, that these resources are insufficient for the needs of the region. A solution could be the settlement of the dispute with the power plant from Naslavcea (24.0 MWt). The map of the regional power system is given in the Annex H.

In the absence of energy resources and with a growing dependence on imported energy, a solution to the energy sector and the improvement of the environmental factors would be the wide implementation of innovative technologies and renewable energy sources (wind, solar, biomass), thus ensuring reliably the NDR's energy economy and population with energy and fuel in the required amount and at reasonable prices.

Heat supply is a common regional issue. Among all the settlements in the region only Balti municipality is supplied with heat from the Power Plant "Nord". In other settlements, the municipal central heating plants do not work. Of the 894 boiler houses in the NDR, 226 operate based on solid fuel (coal), 20 based on black oil / diesel fuel and 641 on natural gas, 7 boiler houses of the total number were liquidated during 2010.

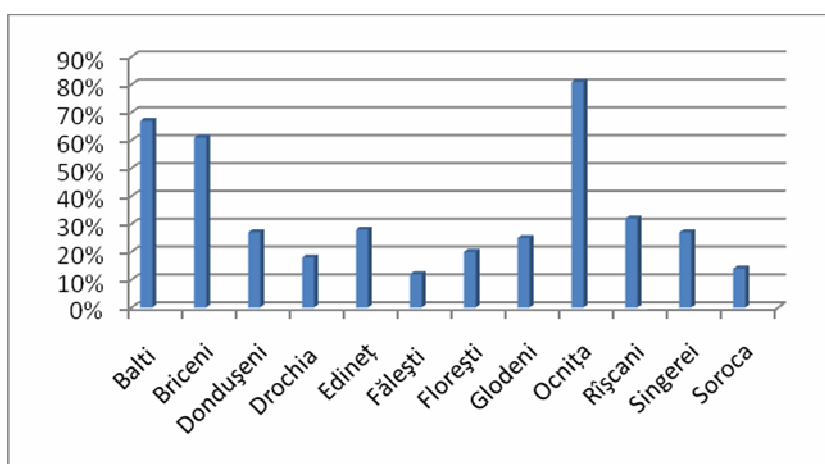
Thus, the residents of the apartment buildings from gasified settlements constructed autonomous boiler houses, someone constructed stoves in the buildings, while others use various electrical means for generating heat in the cold season of the year. The relevant professionals do not agree

that, in apartment buildings, the thermal regime is very different from apartment to apartment, which influences the wear of block walls. The situation is similar in public institutions, which have constructed autonomous boilers or stoves. The private sector (houses on land) both in urban and in rural areas uses stoves as heating source. The energy sources are wood and coal. The main problems of this sector is the lack of resources to supply heat and energy losses due to the obsolete thermal systems.

### Street lighting

According to the study on the NDR settlements provision with road lighting systems, conducted by the North RDA, the maintenance resources of this service and the use of alternative sources of renewable energy in public institutions from the settlements in the northern Moldova, residents from 89 ATUs out of the total 315 ATUs from the NDR benefit from the street lighting services, which is 28.5% of ATUs (Balti - 67%, Briceni - 61%, Donduseni - 27%, Drochia - 18%, Edinet - 28% Falesti - 12 %, Floresti - 20%, Glodeni - 25%, Ocnita - 81%, Riscani - 9%, Singerei - 27%, Soroca - 14%). In most districts, the costs for street lighting maintenance services is increasing and Balti municipality is leader in the NDR in this terms, the costs being on average 5-6 mln. MDL annually. The lowest expenses are recorded in Riscani, although the number of settlements with street lighting network is higher than in other regions (see Table 22).

**Figure 9. Rate of settlements with (functioning) street lighting networks**



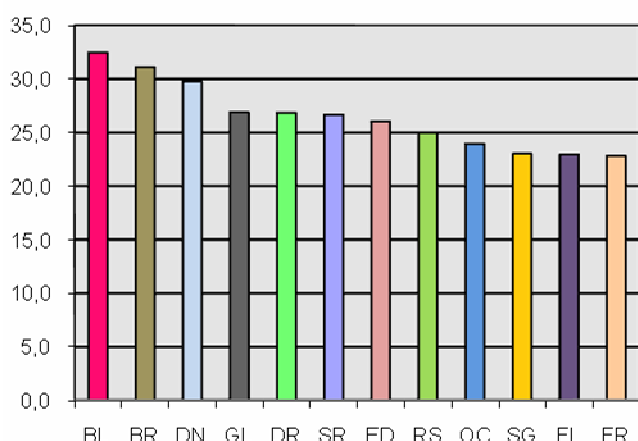
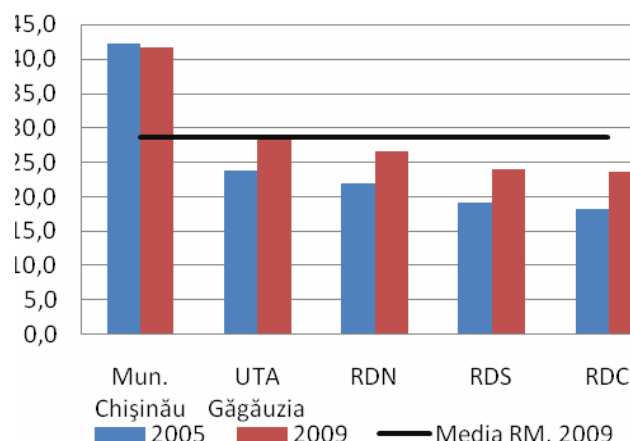
Source: Calculations of the North RDA, 2011

The poor endowment of settlements with functional street lighting networks (28.5%), the high rate of expenditure for maintenance of this service and the low number of investment projects with regional social and economic impact in this area, suggest using alternative energy sources, including street lighting.

### Communications

In terms of household access to fixed telephone network, about 82% of the NDR households are connected to it.

The fixed telephony in the NDR is provided by the branches of the state company "Moldtelecom". As of 01 January 2005, there were 22 telephone stations per 100 inhabitants and 27 telephone stations per 100 inhabitants in 2009, which is less than the average in the country, but the indicator is high compared to other regions. The highest degree of telephony is registered in Balti municipality and Glodeni, Soroca, Riscani districts. The lowest level is recorded in Falesti, Floresti and Singerei districts. In the recent years, the telecommunication network experienced a growing development, expressed both in quantitative as well as qualitative indicators.

**Figure 10. Number of fixed telephone stations per 100 inhabitants by districts****Figure 11. Number of fixed telephone stations per 100 inhabitants by regions**

Source: JSC „Moldtelecom”, 2010

Chisinau mun., Gagauzia ATU, NDR, SDR, CDR

The mobile telephony services experienced an upward trend over the recent years. According to the NBS, 34.9% of households have at least one mobile phone.

The mobile telephony services are provided by "Orange", "Moldcell" and "Unité" companies covering with their services the whole NDR. 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.

The internet access still remains underdeveloped in the NDR. According to the recent studies, 30% of the NDR inhabitants have computers connected to the Internet. The share of legal persons who have computers connected to the Internet, is about 30%, the rural / urban discrepancy is 90/10. Most of the public institutions are connected to the global network.

## 2.4 Demography

The NDR stable population as of 1 January 2012 was 1,002.60 th. people. This figure continues the general negative trend of the demographic volume for the period 2008-2011. The changes in population during this period were negative for all administrative units in the region. The population decrease recorded in this period was 15.4 thousand people, representing -1.5% (see Table 7). This decrease is due to the negative natural increase and migration.

The average NDR population density is 101 persons/km<sup>2</sup>, being almost the highest compared to other regions (excluding Chisinau municipality). Both the maximum density in the region, as well as in the entire country is in Balti municipality with 1,898 inhabitants per km<sup>2</sup>. And among districts from the region first ranks Soroca (97 inhabitants/km<sup>2</sup>). The lowest population density is in Donduseni (71 inhabitants/km<sup>2</sup>). The map of population distribution by districts is given in the Annex A.

The population structure shows no major imbalances in terms of gender. Thus, according to the NBS as of 31 December 2011 the men of the NDR made up 47.6% and the women - 52.4%. A similar report is recorded both at the country and regional levels. Most people live in rural areas - 64.5% (see Table 8). The share of urban population in the region is higher compared to the Central and South regions.

By age group, the highest rate in the NDR is made up by the age group of 16-56/61 years - 63.2%, followed by the age group of 57/62 years old - 19.3% and the last one is the age group of 0-15 years old - 17.5%. The dynamic rate of decrease in the recent years in the age group of 0-15 years shows that the birth rate and emigration of the NDR youth decreases.

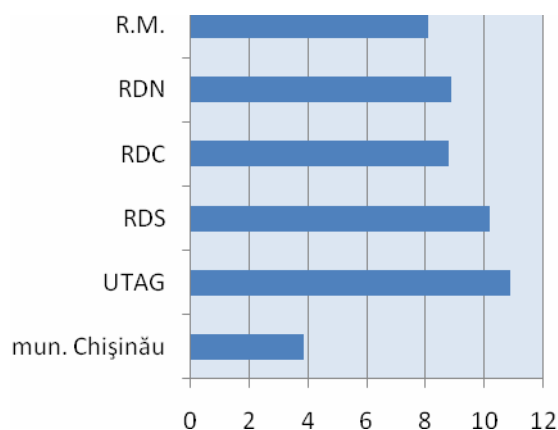
## Natural Movement of Population

The negative natural increase recorded in the region is higher than the national average, driven by declining fertility and population aging. In 2010, there were 10,881 newborns with a natural increase of -2.9. The worst situation in this regard is in Donduseni (-9.5) and Ocnita (-5.7) districts. During this period, only Balti municipality (0.9) and Singerei district (0.1) recorded a positive natural growth (see Table 9).

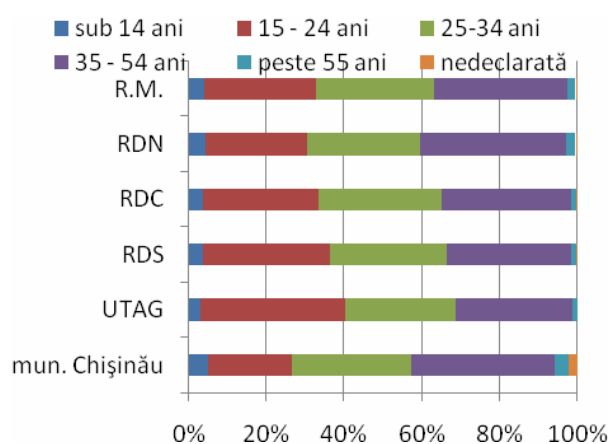
The analysis of the urban population shows that in the 12 units in the last three years, the population present early is in steady state or with a light dynamic (Briceni, Lipcani, Donduseni, Edinet, Cupcini, Ghindesti, Marculesti, Ocnita, Frunza, Costesti, Singerei, Biruinta). In the three units the total present population is decreasing (Glodeni, Otaci, Riscani), and only 5 (Balti, Drochia, Falesti, Floresti, Soroca) the present population is increasing (see Table 10).

Migration influences the demographic profile and has an important role in economic and social life of the NDR. Although the statistical data to make more rigorous conclusions in all aspects lack, there are three main migration flows with a different degree of intensity: rural-urban migration within the NDR, the NDR-Chisinau migration, Balti migration (especially students studying at higher educational institutions located in Chisinau and Balti migrate in this direction and settle out here to live) and emigration (migration outside the Republic of Moldova). It is the strongest flux of population migration in the NDR. According to the general census of 2004, about 86,000 residents of the NDR were "temporarily absent". These represent about 9% of the region population, and according to the latest data of the NBS about 14%.

**Figure 12. Share of absent people in the total population according to the 2004 census**



**Figure 13. Structure of absent people by main age groups**



Source: Expert Grup Calculations [1]

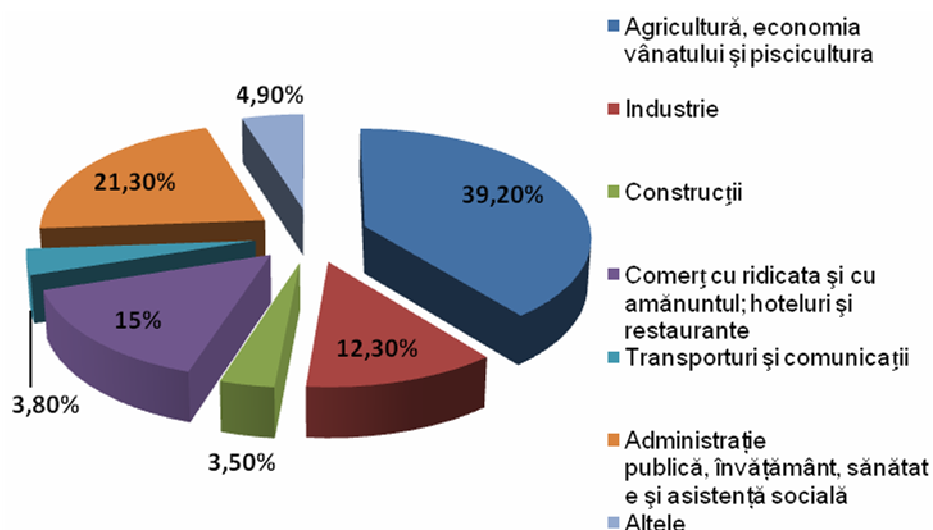
R.M., NDR, CDR, SDR, GATU, Chisinau mun., under 14 years old, 15-24 years old, 25-24 years old, 35-54 years old, over 55 years old, non-declared

In 2010, the average life expectancy for men of the NDR constituted 65.7 years and 74.7 years for women. Due to different levels of mortality, life expectancy for urban residents was higher than those in rural areas, respectively by 4.4 years for men and 4.5 years for women.

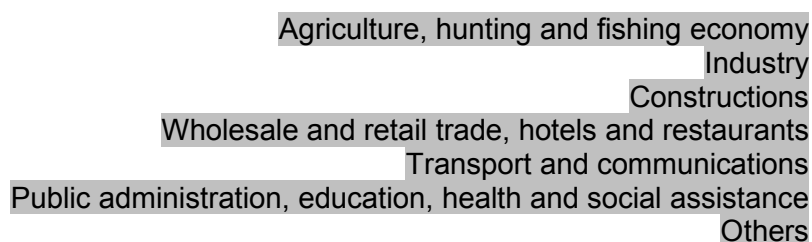
## Labor Force

According to the National Bureau of Statistics for 2011, the NDR activity rate of the population was 39.0%, the occupancy rate was 37.0%. The public sector has 35.1% of employees, and the private sector had 64.9% of employees (see Table 11). Of the total, about 49.5% (322.9) of the population is engaged and 39.2% (127,000) of the employed population work in agriculture, which is largely subsistence agriculture.

**Figure 14. Structure of employed population,%, as of 01 January 2011**



Source: NBS, 2012



In 2011, the average monthly salary of an employee of the NDR made up 2,747.8 MDL, compared to the average salary of 2,972.9 MDL. The average monthly salary of an employee in Balti is about 3,469.5 MDL, or 83.8% of the average salary. The salaries in other district settlements range from 1,997 MDL in Glodeni to 1,980 MDL in Singerei.

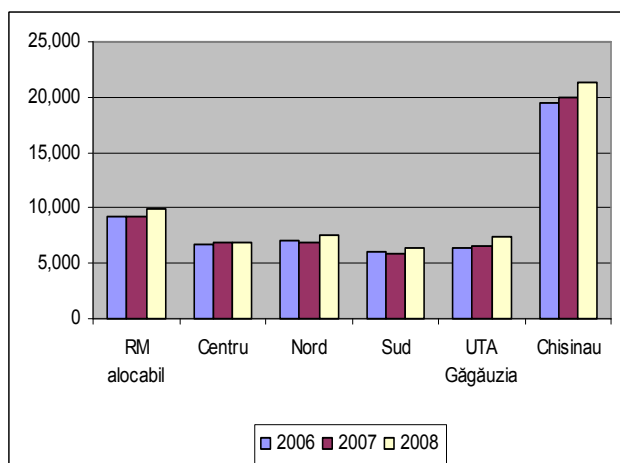
According to the NBS, in 2011 the NDR had 15,431 unemployed people recorded, 61 more than in 2010. The NDR unemployment rate made up 5.2%, in women being 5.0% and in men 5.5% both in urban and in rural areas. Most affected by unemployment are people aged 35-44 years old, making up a rate of 6.1% (see Table 12).

## 2.5 Economic Development

### Region Gross Value Added <sup>5</sup>

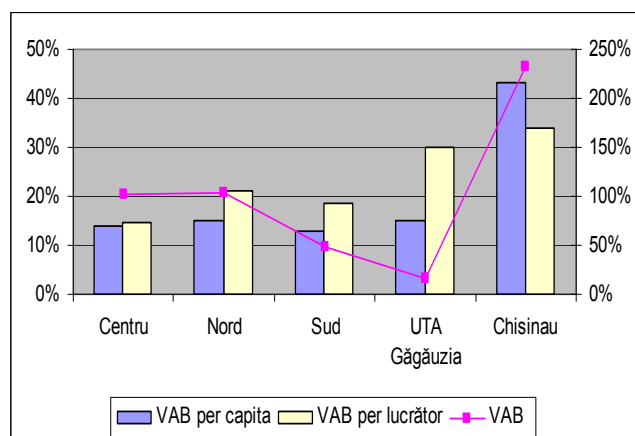
The Gross Value Added (GVA) of the NDR in 2008 is estimated at 7.22 billion MDL or 21% of the national allocable GVA<sup>6</sup>. Compared to 2006, the GVA changed slightly, and the GVA per capita was less than 500 euros or 76% of the national level.

**Figure 15. GVA per capita, MDL**



Source: Powell 2009, (Regional Statistical Report)

**Figure 16. Share of the GVA per capita in the national GVA allocated in 2008**



GVA per capita, GAV per employee, GVA

In 2011, the Gross Domestic Product (GDP) in current prices is 911.8 th. MDL, or 11.3% of the country's total. The GDP per capita is 9.026 MDL per inhabitant.

### Sector Profile

The economic sectors contribute differently to the formation of the regional product. In the recent years the trend of change in the branch structure of the regional economy has been observed. Thus, in 2008 the share of agriculture in the GVA was 25% being reduced compared to the previous years with 11.6%. However, the contribution of services increased in the same proportion, reaching 47%.

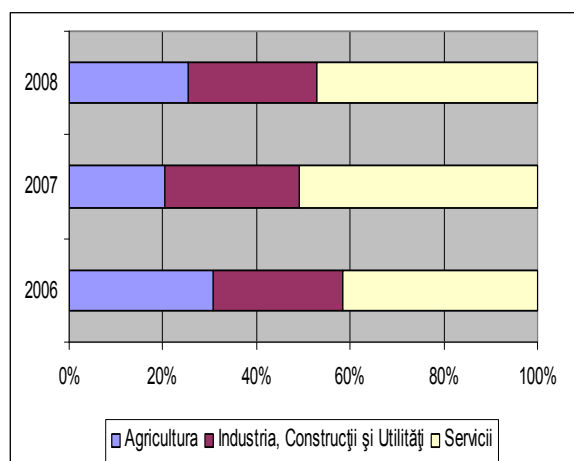
**Figure 17. Branch structure of GVA, %**

**Figure 18. Industrial specialization index by the number of employees, 2007<sup>7</sup>**

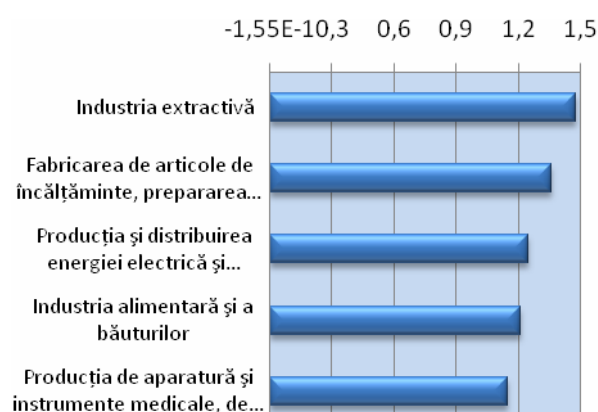
<sup>5</sup> The GVA data by region are taken from Matthew Powell [1].

<sup>6</sup> It was not possible to allocate by regions 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 to the financial services calculated indirectly and no data necessary to allocate the Government revenue and the non-profit institutions from services provided to households. Thus, the unallocated GVA accounts for about 12.5% of the GVA in 2006 in the prices of 2006 and about 14.5% of the GVA in 2008 in the prices of 2006. The estimates for the national GVA and the GVA per capita used for comparison in this section are the GVA allocable to all regions and do not include the unallowable GVA.

<sup>7</sup> Calculations made in the AESM study [2]



Source: Powell 2008, (Regional Statistical Report)



Agriculture, Industry, Constructions and Utilities, Services

Extractive industry

Manufacture of footwear, preparation of...

Production and distribution of electricity and ...

Industry of food and drinks

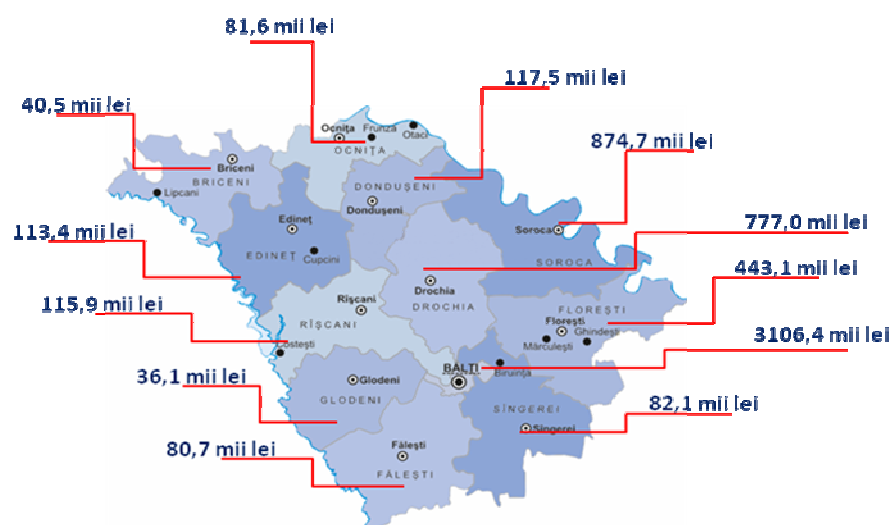
Production of equipment and medical devices, ...

## Industry Sector

Compared to the Southern and Central Development Regions of the Republic of Moldova, the Northern Development Region is characterized by the highest level of equipment and development of the industrial sector. This is due, in particular, to the activity of a large number of industrial enterprises located in Balti municipality and Drochia, Edinet, Soroca, Falesti, Floresti districts, etc., compared to other regions.

In 2011, the NDR recorded an industrial output amounting to 5,869.0 mln. MDL, or 20% of the industrial production at the republican level. The NDR achieved the highest growth rate of industrial production - 8.3% compared to 2009, and 1% compared to 2010, compared to the Central Region - 2% and South Region - 6.7%.

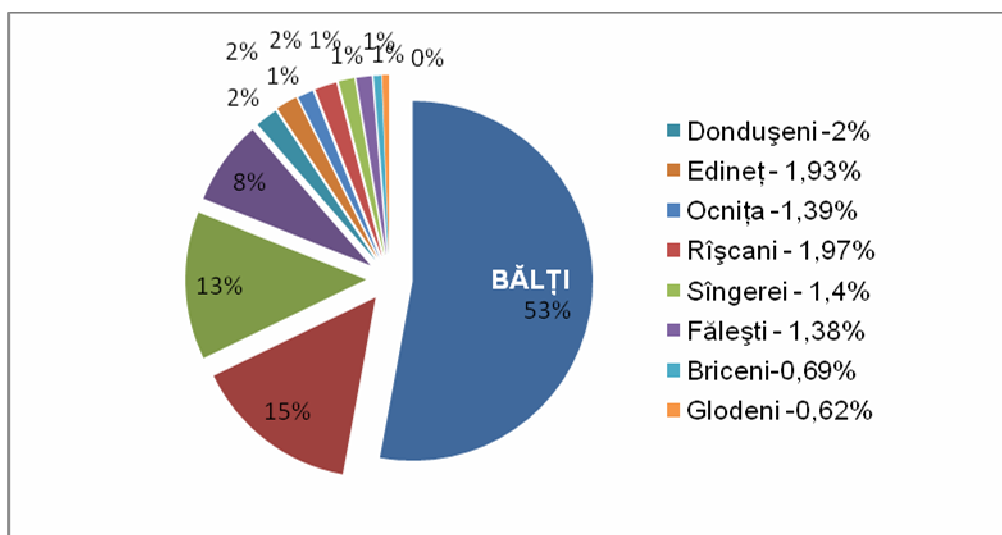
**Figure 19. Industrial output by districts in the NDR, mln. MDL (2011)**



Source: NBS, 2012 mii lei – th. MDL

Balti municipality is the most industrially developed, accounting for 50% of the industrial production in the region and constituted 3,106.4 mln. MDL, followed by Soroca (874.7 mln. MDL) and Drochia (777.0 mln. MDL).

**Figure 20. Industrial output value, %**



Source NBS, 2012

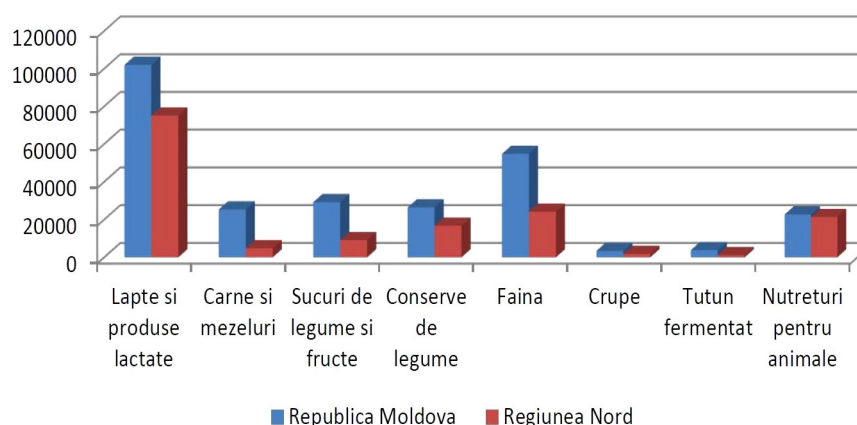
**Donduseni, Edinet, Ocnita, Riscani, Singerei, Falesti, Briceni, Glodeni, BALTI**

The most industrially underdeveloped district is Glodeni, the industrial production output of which in 2011 was only 36.1 mln. MDL (0.6% of the regional indicator).

Having a more developed industrial potential, the NDR has a high productivity, especially in the sector of milk processing (cheese, white cheese, curd, yogurt, kefir, butter), canned vegetables, forage production for animal feeding, flour and groats, fermentation of tobacco, etc.

However, the NDR has a weak industrialization of the sector of viticulture processing and production of alcoholic beverages (wine, cognac, vodka) because of unfavourable climate for grape growing and because of inefficient location of winemaking factories in the region.

**Figure 21 . Main industrial products in the NDR, tons (2010)**



Source: NBS, 2011

Milk and dairy products	Meat and sausage products	Juices of vegetables and fruits	
Canned vegetables	Groas	Fermented tobacco	Forage for animals
Republic of Moldova		Northern Region	

The NDR is exclusively specialized in the manufacture of sugar (strategic branch of the Moldovan economy), all sugar factories from Moldova are located in this region, which stimulates sugar beet cultivation in the region. Currently, sugar beet is processed by three companies providing the domestic market with sugar and the surplus is exported abroad. These are: JV "Südzucker-Moldova" JSC, beign composed by Drochia, Falesti and Alexandreni sugar factories, "MAGD Vest" Ltd. – Glodeni, Donduseni sugar factories and Krajowa Spolka Cukrowa JSC, with Cupcini sugar factory (see Table 13).

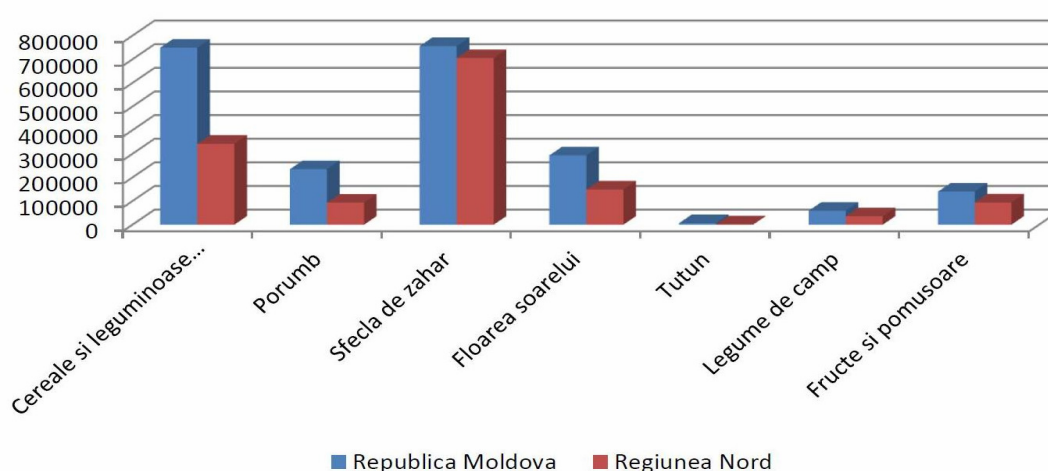
Having a relatively developed industrial potential, the NDR has industrial enterprises processing milk and dairy products (JSC "Incomlac", JSC "JLC"), building materials (JSC "CMC-KNAUF"), sausages production (JSC "Basarabia Nord", JSC "SoroMeteor"), glass, clothing production (JSC "Mioara", "Rada"), footwear, wood processing, manufacture of rubber and plastic products, oil extraction (JSC "Floarea Soarelui") etc.

## Agriculture Sector

The Agricultural sector of the North Region, as well as the industrial sector has of significant importance in the economic development of the region. This is due mainly to fertile black soils, which have an average evaluation of 72 points. The area of Agricultural land is about 79% of the total area of the region (about 1 mln. ha).

The agriculture of the Northern Region is specializes both in the plant growing sector, by cultivating plants, as well as in the livestock sector, by reproducing and breeding animals, contributing around 40% to the total Agricultural production of the country. In the structure of Agricultural production by region the highest percentage of 70% is represented by the vegetable production, and 30% by the livestock.

**Figure 22. Main crops cultivated in the NDR, tons (2010)**

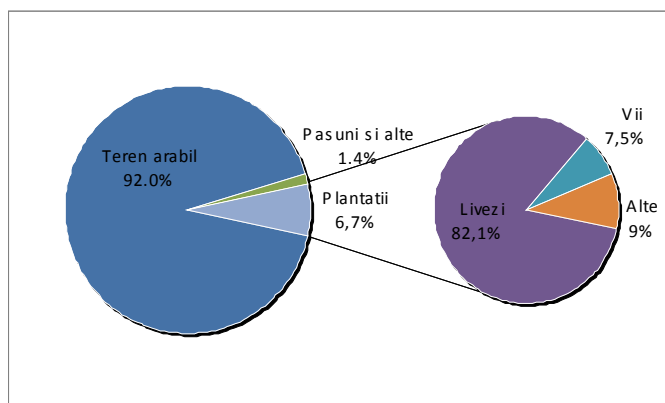


Source: NBS, 2011

Cereals and vegetables....	Corn	Sugar beet	Sunflower	Tobacco	Camp vegetables	Fruits and berries
Republic of Moldova			Northern Region			

The Agricultural sector of the Northern Region specializes in growing cereals and technical crops, including: sugar beet, potatoes, sunflower, corn, tobacco, etc. The global production of these crops in 2010 was 63.3% of the overall national production (2,040 th. tons), namely: sugar beet (93.3%), cereals and legumes for grains (45.7%), sunflower (50.8%), corn (39.7%), tobacco (19.9%). Significant volumes of the above crop are produced in Drochia, Floresti, Falesti and Donduseni districts.

**Figure 23 . Structure of Agricultural land, %**



Source: NBS, 2011

#### Arable land    Grass land, etc.    Plantations    Vineyards    Fruit gardens    Others

However, the NDR has significant competitive advantages in cultivating fruits and vegetables because of fertile soils and favorable climate in the region. The global production of fruits and vegetables in the region in 2010 was 129,400 tons, or 65% of the global production of such crops at the republican level. About 65% of multiannual plantations in this region are apple plantations, which generates a share of about 70-75% of export of this crop in the country.

In 2010, the global production of fruits and berries accounted for 67% of the global production of fruits and berries of Moldova (140 thousand tons), the main production is in Soroca, Briceni, Ocnita and Donduseni.

The production of field vegetables makes up 60.2% of the global production of field vegetables in the country (59 thousand tons), the basic amounts being obtained in Briceni, Soroca, Edinet and Riscani.

The livestock sector in the NDR has a significant share in the total national livestock. The main livestock in the region in 2010 included: cattle – 100,700 heads (46.1% of the total cattle at the country level) including cows – 76,000 heads (47.7%), pigs – 152,300 heads (31.7%), sheep and goats – 226,400 heads (25.5%).

The share of main animal products in the NDR is registered in the production of cow milk - 7.7 th. tons, or 53.4% of the global production of cow milk and egg production -140.3 mln. units or 50.8 % of global production of eggs nationally.

## Tourism

The NDR has significant tourism potential, including unique natural attractions, protected areas, museums, ecclesiastical buildings of national importance, monasteries, caves, parks and nature reserves, etc.

The hospitality industry of the Northern Region consists of hotels and accommodation facilities with a total capacity of over 2,500 seats, most of which are located in Balti municipality and Soroca town.

Sightseeing of the region contains 178 ecclesiastical buildings of national importance, 102 protected areas, with an area of 16 000 ha, 2 beaches of national importance (Costesti and Soroca), 5 monasteries, 46 natural monuments, 20 museums. The Museum of History and Ethnography from Balti municipality is visited annually by about 20.0 thousand people.

The main unique natural attractions in the region include:

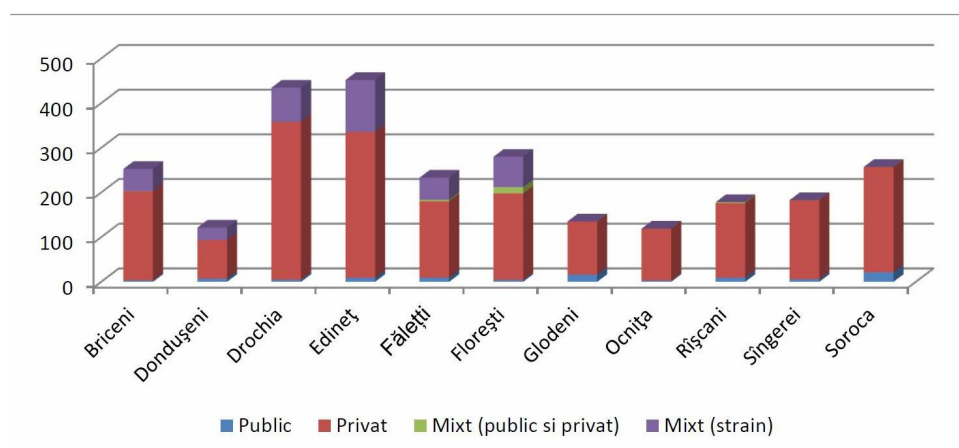
- Scientific reservation Padurea Domneasca II, Glodeni;
- Soroca citadel, founded by Stefan the Great;
- Landscape reservation Suta de Movile, Glodeni and Riscani districts;
- Toltrel Prutului, Glodeni and Edinet districts;
- Struve geodetic arc, included in the UNESCO World Heritage List, Soroca district;
- Natural monument Cave of Emil Racovita, Briceni district;
- Taul Park, with a total area of 46 ha, Donduseni district;
- Mindic Park, with a total area of 16.4 ha, Drochia district;
- Rediul Mare Park, with an area of 10 ha, Donduseni district;
- Rudi monastery, Soroca district.

The inclusion of the tourist stuff of the Northern Region in the economic circuit by developing a national network of tourist areas, location in the tourist areas of appropriate tourism service activities, encouraging entrepreneurship in rural tourism represents some aspects of development opportunities in the tourism sector in the region.

## Services Sector

The NDR services sector is represented mainly by retail companies and companies providing payable services to the population from the region. The retail trade in the region is conducted mainly based on existing commercial units (shops and kiosks), whose number is constantly growing. On 01 January 2010, the region has 3,000 active stores and 460 kiosks. The region has the largest number of stores compared to all developing regions, representing 33.7% of the total number of stores in Moldova. However, the region has the largest number of counters compared to the Central and South Development Regions, representing 21% of the total number of counters in the country, which prove that the NDR is the most developed region in retail trade. The largest number of businesses is in Balti (21.2% of the total area), followed by Floresti (12.3% of the total area), the last ranking being Donduseni (3.9 % of the total area).

In 2010, the turnover of retail trade accounted for 25.1 billion MDL, of which the NDR contributed with 5 billion MDL or 20% of the total turnover of business in the country. The largest share of the services is owned by local private companies - 72%, followed by foreign joint ventures - 25%.

**Figure 24. Turnover in retail trade by type of companies, territorial profile (2010)**

Source: NBS, 2011 (Information on the NDR does not include Balti municipality)

Compared to the number of existing commercial units, the first by the turnover is Balti municipality, followed by Edinet and Drochia districts. The last ranking are Ocnita and Donduseni districts that have the smallest number of businesses.

The services rendered to the population of the region were recorded in 2010 with a turnover of 2 billion or 14.2% of sales in the country. In these terms, the largest market share is held by public companies with 60% of the region, followed by private companies with about 36%. The (public and private) joint ventures and the (foreign) joint ventures have only 4% of turnover in the region.

Balti municipality has the most significant market share, about 37% of the region, followed by Soroca (7.3%), Briceni, Drochia and Edinet districts with 7.1% each.

The Northern Region specifics is rendering services in the areas of auto repair, repairs of household appliances, hairdressing salon, telecommunications, transport, construction services, woodwork, technological stations servicing agribusinesses.

## Entrepreneurship

The small business are an important part of economic development across the region, participating actively in Moldova's economic recovery, including the creation of new jobs.

In 2010, the NDR has 5,675 active large, micro, small and medium enterprises or 12.1% of the total number of SMEs in Moldova. The number of SMEs in the region has decreased by 0.2% compared to 2009. The largest share in the total number of SMEs was made up micro enterprises, followed by small and medium enterprises (see Table 14).

The large companies employ approximately 41.0 thousand employees and the SMEs about 58,500 employees. Although the number of medium-sized companies is the lowest in the region, which had the largest number of employees - 26,002 people (45% of total per region). The micro businesses hire the fewest number of employees - 18%, small businesses hire 37.5% (see Table 14).

The largest number of SMEs is registered in Balti municipality, which holds 36.45% of the total number of SMEs in the region. This is followed by Soroca - 9.74%, Drochia and Rîșcani districts, with about 7.0% each, and Briceni and Sîngerei districts with 5.9% each. However, Florești district has the smallest number of SMEs - only 3.9% (see Table 15).

In 2009, the turnover of SMEs in the NDR was 7.616 mln. MDL or 13% of the total turnover of SMEs in the country. The NDR has the highest turnover of SMEs compared to the Central Region (12%) and South Region (5%), but much less compared to Chisinau municipality (67%).

At the local level, SMEs from Balti municipality had the largest turnover (35% of the regional indicator), Soroca (9%), Edinet (8%) and Drochia, Falesti, Floresti and Briceni (6-7% respectively) districts. The smallest turnover had SMEs from Glodeni (4%) and Donduseni (3%) districts.

### **Investments and investment process**

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

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

Analyzing the statistical data in the table below, regarding investments in fixed capital used in the national economy as well as in the regional one, the downward trend may be suggested in fixed capital investment activity starting from 2009, which continued until 2010. In 2010 there was a tendency to stabilize the situation in terms of fixed capital investments in the region (see Table 16).

### **Free Economic Zones and Industrial Parks**

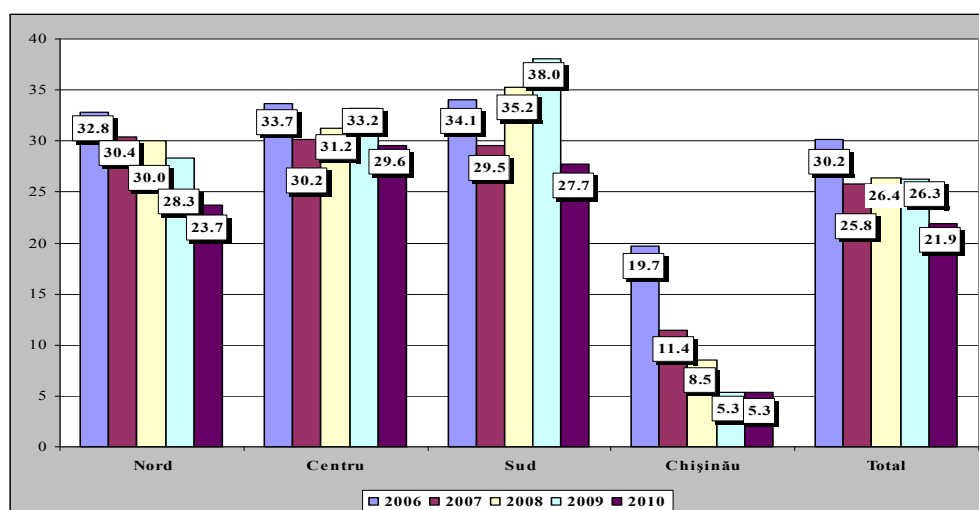
The Northern Region has three Free Economic Zones: Balti Free Economic Zone, which has three sub-zones with a total area of 147.85 ha, which employs 15 residents, the Otaci-Business Free Economic Zone - composed of 2 sub-zones with a total area of 32.17 ha, which employs 12 residents and Marculesti Airport International Free - the Free Airport area is 265.2295 ha being comprised of the aerodrome territory (205.59457 ha) and the development territory (59.6395 ha).

The NDR has three Industrial Parks: Industrial Park "Raut" – the PI area is 14.68 ha, there production halls, warehouses, office building, etc. are located. Falesti Industrial Park – the PI area is 13.2 ha, where production halls, warehouses, office building, etc. are located. According to the development plans of the Ministry of Economy, it is planned to create a Greenfield Industrial Park in Edinet – the land for Edinet Industrial Park (IP), owned by Edinet LG, covers an area of 18.6 ha, with direct exit to the international road M14 Chisinau-Chernivtsi and exit to E583 European road and the Industrial Park located in Tarigrad village, Drochia district, on a land area of 13.49 ha, private property of Bioenergagro Limited Liability Company.

However, the region is known to foreign investors not only by the availability of foreign companies in the traditional branches – bank and oil distribution sector – but in the production of building materials (Knauf), food (Südzucker, Metro Fourchette), mechanical engineering (Dräxlmaier) sector, etc.

## **2.6 Social Situation**

The living standards in Moldova are relatively low, particularly in areas outside the capital. Thus, in 2010, significant differences were found in the incidence of poverty by regions. By statistical areas, the data show that the poorest region in Moldova in 2010 was the Center (30%), followed by the South (28%), and North (24%), which has been keeping its position over several years compared to other regions. The most significant relative reduction by 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, by 3.6 percents.

**Figure 25. Poverty level in Moldova by zones during 2006-2010**

Source: MoE, base don HBS

### Education

According to the NBS for the academic year 2010-2011, 972 educational institutions, including: 3 universities, 15 colleges, 28 secondary vocational educational institutions, 482 preschool institutions and 444 secondary educational institutions.

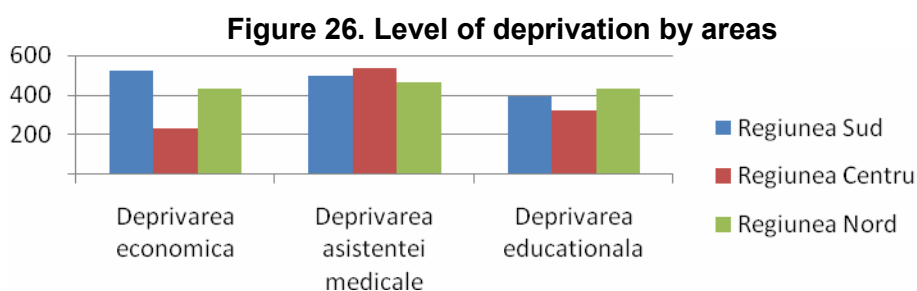
The higher educational institutions, colleges and secondary vocational educational institutions from the NDR are strengths for professional development and competitiveness increase on the labor market of human capital in the region. The universities from Balti municipality had, in the academic year 2010-2011, 7,379 students, of which 2,426 students have graduated. The NDR colleges in the same period had 6,594 registered students.

Analyzing the evolution of the number of educational institutions from the NDR during the years 2008-2011, we see a growing dynamic only in the number of preschool institutions and a dynamic in the decrease of schools (see Table 17), which is continuously decreasing and, in the academic year 2011-2012, represents 476 institutions. The number of schools in the region in 2008 -2012 decreased by 17 units and will continue to decrease in the context of reforms implemented of the Ministry of Education. In the coming years a more considerable reduction in the number of schools is expected with the creation of institutions with the status of district school ascribing a number of small schools. For the NDR, it is expected to open 54 district schools (see Table 17).

The results of the dynamic analysis of the number of pupils in comparable figures for the academic years 2008 / 2009-2011/2012 show an annual decrease in the number of pupils on average by 3%. During 4 years, the number of preschool institutions decreased by more than 12% or by 14,474 (see Table 18).

The main causes affecting education in the region are the same, characteristic for all areas of the Republic of Moldova: the massive exodus of population abroad, including teachers, decreasing birth rates, insufficient resources to support the educational field, etc. According to estimates, the share of expenditure budgets of the 1st level LGs for the maintenance of educational institutions is at a level of 14-15% besides the remuneration of the teaching staff. The reduction of the maintenance costs of school buildings is possible using the methods of energy efficiency of public buildings with regional impact.

The education is closely related to material poverty and is an important aspect of multi-dimensional deprivation. The access to education and quality of education determines personal opportunities in the future, possibilities of getting a higher income, and therefore the welfare of the population will increase as well. The researches show that the risk of poverty decreases proportionally with the level of education. The access to education, especially in rural areas of Moldova is considered to be a problem, especially in pre-school education and higher education. The indicators selected for this field aim to measure the access to education in rural areas. The more children do not attend the preschool and educational institutions, the more deprived the settlement is. The provision of teaching staff both of preschool institutions and schools, as well as is important.



Source: Poverty and Policy Impact Report 2010

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

The deprivation level by areas shows that the access to education of the NDR settlements is higher than in the Central and Southern Regions.

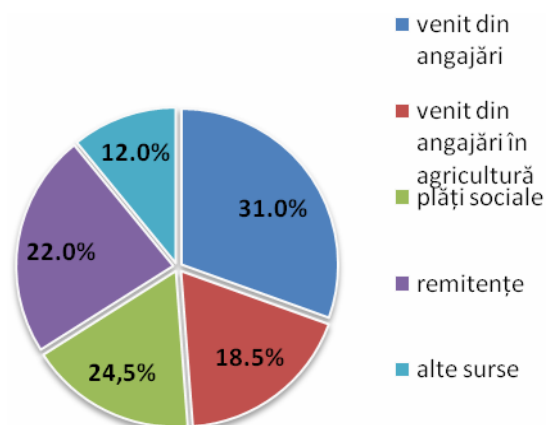
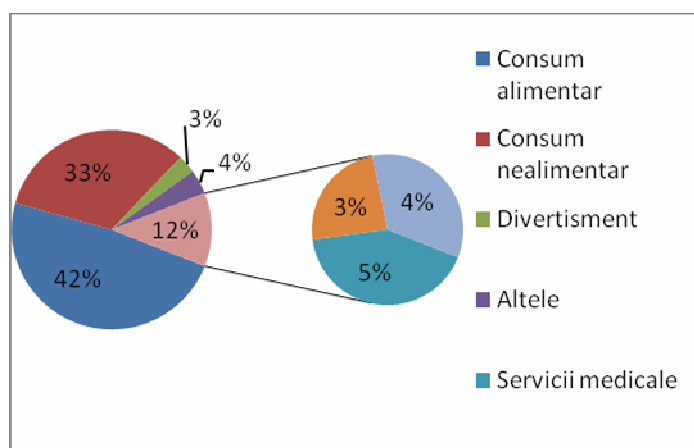
### Public Health

The health of the population can be measured by several indicators made available by the NBS for 2011. Thus, there are 41 health care institutions with a potential of around 40.9 beds per 10.0 thousand people in the NDR. Of the total number of institutions, there are 11 district hospitals and a municipal clinical hospital, serving the residents of all regions (see Tables 19-20).

The NDR has 2,023 doctors, compared to the national total of 12,914 in the country, a figure that is exceeded only by the number of medical staff of Chisinau municipality (2,225 people). The degree of population provision with doctors is 20.2% per 10.0 thousand people in the NDR.

### Population Income

According to the NBS, most of the population's income in the NDR consists of salary earnings (31%). A significant part (22.0%) is made up by remittances and income from agriculture (18.5%), but the income from social benefits (24.5%) prevail. It worth noting that in 2011 the average salary in the NDR made up 2,734.6 MDL, representing 82.7% of the average wage. The income of men exceeds by over 27% the average salary of women.

**Figure 27. Income sources 2010****Figure 28. Expenditure by categories**

Source: BNS 2011

Employment income  
Income from agricultural employment  
Social benefits  
Remittances  
Other sources

Food consumption  
Non-food consumption  
Advertising  
Others  
Health care services

### People Expenses

The food (42%) and non-food (33%) costs prevail in the structure of consumption expenses of the NDR population, while the services make up 18%. This proportion is maintained in all regions. We will note the low percentage of health care expenses (4% of total) and, in particular, for education - only 1%, which is 2.5 times less than in the capital.

## 2.7 Regional Institutional Capacities

The NDR provides a format for regional cooperation between public authorities and social partners of regional interest: (i) achieving a balanced social and economic development and sustainable development throughout the region; (ii) reduction of the imbalances in the national social and economic development; (iii) strengthening financial opportunities, institutional and human resources for social and economic development; and (iv) supporting the LG activity and of the local collectivities oriented towards the social and economic development.

The NDR contains 11 districts and Balti municipality as a II<sup>nd</sup> level territorial and administrative units and 315 I<sup>st</sup> level administrative and territorial units. In terms of the principles of determination of a development region, the NDR meets the European regional classification criteria, being part of the category NUTS II - population with 800,000 – 3,000,000 inhabitants. Given the social and economic results, the NDR has the best prerequisites for development, given the development potential and opportunities.

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 an unincorporated structure consisting of district presidents, mayors, representatives of the private sector and civil society.

The RDC operates according to approved regulations and shall: a) approve the regional development strategy and the operational plan developed by the RDA; b) approve and promote regional development projects; c) represent its interests in the region and the National Regional Development Council (NRDC); d) identify disadvantaged areas; e) monitor the use of funds allocated to the region by the NRDF; f) assess the impact of the implementation of regional projects and programs and the achievement of regional development objectives; g) promote interregional and intraregional cooperation with public and private organizations.

In its work, the RDC is assisted by the RDA, legal structure, operating in accordance with the regulations approved by the MCRD. The RDA performs the following tasks: a) conducts social and economic development analysis, develops strategies, plans, programs and projects of regional development; b) coordinates the implementation of strategies, plans, programs and regional development; 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 RDC, MCRD and NRDC; 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 balanced and sustainable development of the region; g) ensures the secretarial work of the RDC.

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

The local councils and mayor's offices are basic administrative structures that coordinate the local development process. The main duties of local councils and mayor's offices as regional development factors are: (i) planning and managing local budgets; (ii) managing local public and private property; (iii) development and land improvement; (iv) coordination of local public services; (v) establishing and setting local taxes; (vi) providing construction, management and modernization of local physical infrastructure.

In order to carry out their powers and duties, the 1st and 2nd level local authorities can develop partnerships with other public and / or private domestic and / or foreign institutions. One of the most important issues in regional development process reported by the LGs is the lack of resources to finance investment and poor qualification of personnel structures. An important opportunity in regional development is allocated by the EU and other international financial institutions of considerable amounts to encourage investment in regions and regional development programs. Given the weak capacity of local authorities of proper management, most of the grants are allocated to various development projects through NGOs.

### III. 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 Northern Region.

Table 21. SWOT Analysis of the NDR

STRENGTHS	WEAKNESSES
<ul style="list-style-type: none"> <li>- Diversified and branched transport infrastructure (dense network of roads, railways, 2 airports).</li> <li>- Developed network of educational institutions with teaching potential for training and university education.</li> <li>- Existence of Soroca-Balti Aqueduct with extendable capacities in the region.</li> <li>- Relatively diversified industrial potential.</li> <li>- Increase in the number of private enterprises and presence of some well-known investors.</li> <li>- Existence of 3 Free Economic Zones: Marculesti Free International Airport, Balti FEZ, Otaci-Business FEZ.</li> <li>- Resources of raw materials (building materials, food products).</li> <li>- Available Production areas, including conditions for entrepreneurship (Edinet and Balti Industrial Parks, Soroca Business Incubator).</li> <li>- Role of Balti municipality as a regional pole of growth and relatively high degree of urbanization.</li> <li>- Ability and potential of Balti and Marculesti airports.</li> <li>- Capacity to generate electricity and heat, gas storage possibilities.</li> <li>- Favourable agro-climatic conditions.</li> <li>- Labour productivity increase and relatively low cost of labor force.</li> <li>- Relatively rich and diverse natural resources, including useful mineral reserves and quality water resources</li> <li>- Belonging to 3 Euroregions functional and eligibility for the EU cross-border programs (Moldova-Ukraine-Romania 2007-2013, the Black Sea Basin)</li> <li>- Support to development partners in the country and abroad.</li> </ul>	<ul style="list-style-type: none"> <li>- Degradation of towns and utilities infrastructure.</li> <li>- Poor quality of roads and railways.</li> <li>- Low degree of gasification of settlements.</li> <li>- Poor quality of drinking water.</li> <li>- Reduced own revenues of local governments and dependence on transfers from national authorities.</li> <li>- Limited connection with the EU through Romania.</li> <li>- Low technological level of companies in certain sectors.</li> <li>- Low capacity to access of funding sources.</li> <li>- High cost of capital and limited access to finance for businesses.</li> <li>- Low degree of localization of businesses.</li> <li>- Mismatch between supply and demand on the labor market.</li> <li>- Labour migration outside the region.</li> <li>- Negative demographic trends and population aging.</li> <li>- Lack of energy resources and growing dependence on imported primary energy resources.</li> <li>- Environmental degradation, excessive contamination of soil and increased erosion and landslides.</li> </ul>

- Existence of tourism potential.	
OPPORTUNITIES	THREATS
<ul style="list-style-type: none"> <li>- Neighbourhood with the European Union.</li> <li>- Presence of Romanian Consulate.</li> <li>- High priority given by the Government to regional development and decentralization reforms.</li> <li>- Creation of clusters,<sup>8</sup> industrial parks and technology incubators.</li> <li>- Polycentric development of the NDR urban areas.</li> <li>- Management of strategic competitiveness of the human capital on the labor market.</li> <li>- Timely bilateral agreements for investments and trade with neighbouring countries (Romania, Ukraine).</li> <li>- Improvement of the investment policies at central and local levels.</li> <li>- Experience of interregional and international cooperation.</li> <li>- Promotion of local and cultural values.</li> <li>- Creation of innovation centers.</li> <li>- Development of technologies for renewable energy.</li> </ul>	<ul style="list-style-type: none"> <li>- Deepening of the negative effects of the global financial crisis and economic downturn extension.</li> <li>- National political instability, expressed by inconsistency of regional development policies and / or frequent changes in the regulatory framework.</li> <li>- Energy dependence and energy price fluctuations.</li> <li>- Climate changes affecting crops.</li> <li>- Continuous migration of economically active population.</li> <li>- Increased natural disasters and extreme weather conditions as a result of climate change processes.</li> <li>- Maintenance of the visa regime with the neighbouring country Romania and the EU.</li> <li>- Fiscal instability or disincentives in the tax policy.</li> <li>- Slow implementation of new technologies.</li> <li>- Disparities between urban and rural technology development.</li> <li>- Unfair increasing competition of "black" work and the underground economy.</li> </ul>

### 3.1 Strengths

**Diversified and branched transport infrastructure.** The region has transport potential of all means of transport. The regional road network has the highest (between regions) upgraded road density and a high percentage (94%) of hard surface roads. The region's international highway, 2 railway junctions and 2 airports integrate the region into the international flows.

**Developed network of educational institutions with teaching potential for training and university education.** In 2011, the region had including: 3 universities, 15 colleges, 28 secondary vocational educational institutions, 482 preschool institutions and 444 secondary educational institutions. This provides increased accessibility to education and support for development.

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<sup>8</sup> **Clusters** are geographic concentrations of interconnected institutions and companies from a certain domain. Clusters consist of a group of related industries and other important entities from a competitiveness point of view. These include, for example, specialized *input* such as components, machines and services suppliers or specialized infrastructure suppliers. Clusters often expand downstream towards various distribution channels and clients and sideways towards complementary product manufacturers and towards industries that are related to them by mutual qualifications, technologies or common *inputs* (definition of Porter M., 1998).

**Existence of Soroca-Balti Aqueduct with extendable capacities in the region.** The aqueduct capacity is 180,000 m<sup>3</sup>/24 hours. A Memorandum on cooperation in water supply (26 September 2011) was signed, which provides the regionalization of Soroca-Balti Aqueduct by a gradual increase in the settlements of 6 districts: Soroca, Floresti, Drochia, Riscani, Singerei, Telenesti and Balti municipality, which will allow the provision of population with quality water and in sufficient amounts. It will also improve the financial situation of water supply and sanitation service, will reduce water losses in the distribution network and will allow implementing the European standards in the field.

**Relatively diversified industrial potential.** The region has natural resources / raw material for the development of diversified industries – processing, construction materials, energy, machinery and construction, food industry, etc.

**Increase in the number of private enterprises** and presence of some well-known investors. The presence of some recognized foreign companies such as Knauf, Sudzucker, Metro, Fourchette, Dräxlmaier, Petrom etc. increases the attractiveness of the region and contribute to attracting foreign capital.

**The existence of 3 Free Economic Zones: Marculesti Free International Airport, Balti FEZ, Otaci-Business FEZ** in the development region created preconditions and influences the attraction of foreign capital and investments, better exploitation of human potential and new production technologies, favoring and accelerating social and economic development.

The region has *resources of raw materials*, including solid minerals used in construction industry, such as limestone, clay, technique chalk, sand, diatomaceous earth, etc. Also the relatively high evaluation of the land geo-climate conditions favor the agricultural food industry.

**Available production spaces, including conditions for entrepreneurship development.** The presence in the region of structures supporting and developing the business environment such as Edinet and Balti Industrial Parks, Soroca Business Incubator are perfect examples of excellent cooperation between foreign investors, local governments and businesses to encourage the development of SMEs in the region.

**Role of Balti municipality as a regional pole of growth and relatively high degree of urbanization.** The region has most urban centers and has the highest rate of urbanization after Chisinau region, the urban population makes up 35.5%. The advantages of urbanization provides people increased access to social services and provides greater opportunities for employment or establishing a business.

**Ability and potential of Balti and Marculesti airports.** Both Balti as well as Marculesti airport are international airports. Both have the capacity to serve internal and international flights. Balti airport is certified and opened for the transportation of passengers and goods, and Marculesti airport recently received the status of free economic zone, which could encourage the use of the airport as a transit and logistic center.

**Capacity to generate electricity and heat, gas storage possibilities.** Unlike other regions, the NDR has important capabilities to generate electricity (located in Balti municipality, Costesti-Stinca, Naslavcea) that being developed can ensure regional energy security. The main gas pipeline with high pressure through Soldanesti- Rezina junction, connection to the route Bogorodoceni-Mohiliv Podilski (Ukraine) and Balti-Falesti-Iasi can contribute to the assurance of security of gas supply, while the regional mines (Criva) can be adapted for natural gas storage.

**Labour productivity increase and relatively low cost of labor force.** The NDR average salary in 2011 was 2,734.6 MDL, which constituted 82.7% of the average salary per country. This enhances the competitiveness and stimulates the attraction of foreign and domestic investments.

**Favourable agro-climatic conditions.** The NDR is characterized by optimum moisture conditions with the shortest period of active vegetation. The agro-climatic conditions are favorable for growing cereals, sugar beet, sunflower, tobacco and fruit trees and, consequently, the development of processing of these crops.

**Relatively rich and diverse natural resources,** including useful mineral reserves and quality water resources. The region has mineral water sources, which are bottled for current consumption, but also used to treat certain diseases.

**Belonging to 3 Euroregions functional and eligibility** for the EU cross-border programs (Moldova-Ukraine-Romania 2007-2013, the Black Sea Basin) offers possibility for cross-border cooperation and access to the European structural funds for investment through participation in certain joint projects and attraction of investments in different areas: social, economic, environmental and infrastructure. Funding opportunities for some projects including infrastructure ones are provided by two large programs: the Joint Operational Programme Romania-Ukraine-Moldova 2007-2013 (with a budget of 126 million Euros - EU contribution) and the Black Sea Basin Programme (17 million Euros).

**Support to development partners in the country and abroad.** In the NDR under bilateral agreements relationships of efficient cooperation at different levels are established with development partners in attracting and implementing investment and technical assistance projects in the regional development.

**Existence of natural and authentic cultural and historical tourism potential.** The main tourist attractions in the NDR are the natural landscapes and an important cultural heritage, which serve as a good basis for the development of different types of tourism, such as ecotourism, rural tourism. The tourist stuff of the region contains of 178 ecclesiastical buildings of national and local importance. The accommodation facilities in the region are located in Balti municipality and in the NDR towns, and the regional hospitality industry includes 18 hotels and accommodation units with a total capacity of 2,500 seats. Since the development of the tourism sector has a great potential for decreasing the ratio of migration by creating jobs and income, it is important to meet the tourists' expectations and attract more visitors to the area.

### 3.2 Weaknesses

**Degradation of towns and utilities infrastructure.** The small towns are depopulated, the labor force emigrates, the urban economy is in decline. The utilities complex is in a continuous degradation. In 70% of settlements water from artesian wells, and 80% of water resources do not meet the water quality standards. The sewerage systems and treatment plants operate only in urban areas. The heating systems are outdated.

**Poor quality of roads and railways.** Although the density of public roads of 33.6 km/100km<sup>3</sup> is the highest compared to the Central and Southern Development Region, the technical condition of roads is unsatisfactory, many roads require significant rehabilitation. Moreover, there are villages that have no access to roads with hard surface.

**Low degree of gasification of settlements.** Currently, the share of settlements in the region, connected to the gas pipeline, is about 30%. The NDR gasification process is slowed due to the continuous increase in the price of natural gas, which causes people to give up this kind of service.

**Poor quality of drinking water.** The degree of pollution of wells and springs in the region is very high. Many rural water supply systems are incomplete, they lack sewerage systems and wastewater treatment plants. The water supply networks, treatment facilities and wastewater sewerage networks are old, incomplete, are based on outdated technologies and are environmentally unfriendly. Although the region has sufficient resources of quality drinking water (both surface water sources - Prut and Nistru rivers - as well as the ground water), about 50% of rural areas do not have water supply systems.

**Reduced own revenues of local governments and dependence on transfers from national authorities** are generally due to economic activity in districts, the large number of companies operating in the region, but are registered and pay taxes in Chisinau and the deficient system of distribution of tax revenues between the central government and the regions. The remaining costs required by public authorities in the region are financed by transfers from the State Budget. This limits the flexibility of local and regional authorities to direct resources to local priorities and fund costly infrastructure projects.

**Limited connection with the EU through Romania.** Of 3 crossing points in Romania, only one is functional. The direct rail connection with the EU lacks. The technical condition of the railway network is obsolete, there are no electrified railway, the running speed is reduced.

**Use of outdated technologies and equipment in the production process.** The technologies used in production, especially in the production and sale of agricultural products, are outdated and no longer effective. The high cost of capital investment in new technologies is difficult and the use of outdated technologies limits the productivity of companies.

**Low capacity to access of funding sources,** including the grants of businesses looking for funding for their business ideas. The SMEs access to capital is low and hence the access to new technologies, is low, the potential of introduction of innovative products is so low. The development of support services for business are incipient, the SMEs have very limited access to expert consulting and business development capacities.

**High cost of capital and limited access to finance for businesses.** According to the National Bank of Moldova, in August 2012 the weighted average interest rate on loans for businesses was 15% for loans in MDL and 9% in the foreign currency. High interest rates limit the access of enterprises, especially SMEs, financial resources and thus impede the private sector development.

**Low degree of localization of businesses.** Although the number of registered enterprises is constantly growing, the spatial distribution of production and sales of enterprises is uneven, the differences between districts are dozens of times. The degree of localization of firms is quite small and, in 2010 it made up 50 enterprises per 10,000 inhabitants, which is 2.5 times lower than the national average and their number is constantly decreasing.

**Mismatch between supply and demand on the labor market.** A malfunction of the labor market specific not only to the region but also to the country as a whole, is the discrepancy between what the education system provides and what the labor market needs and requires. This explains, on the one hand, the surplus of specialists (law, economics, foreign languages) and, on the other hand, the insufficiency of others (doctors, IT professionals, seamstresses, electricians and so on). In these circumstances, there is mass migration of those who can not find a job because there are too many professionals in their field, but also those whose lack is felt through the market "deficit".

**Labour emigration** negatively affects the regional market. Emigrants often find a job abroad as unskilled workers. Along the way, they lose their qualification and usually do not return to their profession. And professions that are in demand on the labor market have adequate coverage or require retraining.

**Negative demographic trends and population aging.** The region has the lowest level of natural increase (-2.7), and this trend was maintained in the past, at least 5 years. The maintenance of the trend of decreasing population, caused both by natural loss, as well as the high rate of migration can cause a shortage of labor force and a significant aging of population of the region in the future.

**The lack of energy resources and growing dependence on imported primary energy resources** have a more pronounced impact on energy security, since energy is the dominant factor that determines the wealth and influences the development of all business segments of the society. However, the growing prices for energy resources adversely affect the region's economic competitiveness.

**Environmental degradation, excessive contamination of soil and increased erosion and landslides.** Although the degree of afforestation in the NDR is higher compared to other regions, in the recent years there is a trend of deforestation and reduction of forest belts, and perennial wetlands, which contribute to increased erosion and landslide frequency and reduce tourism and resort potential in the region. The infrastructure and solid waste management are very weak, both quantitatively and qualitatively. The NDR is observed in a high level of pollution of soil, water and other environmental elements, mainly caused by poor infrastructure for the collection and management of solid and liquid waste, including toxic ones, very small share of recycled waste. The excessive soil degradation and contamination stimulated by prevailing environmentally unfriendly agricultural practices and improper storage of expired agricultural chemicals reduce the agriculture and industry potential in the region and harm the environment.

### 3.3 Opportunities

**Neighbourhood with the European Union.** The geographical location near Romania, EU member state, the opening of the Consulate General of Romania in Balti can bring significant commercial, economic and social benefits. Moreover, in the last few years new opportunities of cross-border cooperation have been identified. There are 3 crossing points in the NDR on the border with Romania, but so far only one is active - Costesti-Stinca.

**High priority given by the Government to regional development and decentralization reforms.** The current Government of Moldova, confirmed by Parliament on January 14, 2011, granted a high priority to the regional development and decentralization reforms. These themes are prominent in the government program. Moreover, the government reformed the institutional framework responsible for the decentralization, transferring powers in the area of decentralization to the State Chancellery. Properly implemented, the decentralization, 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 technology incubators.** The innovation capacity of SMEs is one of the main characteristics of this sector, along with the flexibility and market orientation needs. The success of innovative activities, carried out by SMEs, is reflected both in developing markets by introducing new or improved products, and through improvement and innovation in organizational and technological processes specific to each company, including distribution processes. From this perspective, the creation of parks and technology incubators will contribute significantly to the increase in the capacity of SMEs to create and introduce new products and technologies in the market, etc.

**The polycentric development of the NDR urban areas** will provide regional competitiveness and territorial cohesion. The polycentric development of the territory falls within the objectives of strategic development to better exploit the available resources in the space areas of the NDR. By concentrating the public investment in a limited number of polirav on the development of regional economies will be stronger. To find the necessary balance for the urban development the growth poles shall be identified in consistency with the national strategic framework, the funding from Structural Instruments both of the growth poles, as well as of the development poles, the creation of the institutional framework needed to implement the projects that contribute to the development of growth poles. Currently, the most important development pole is Balti municipality, the opportunities for growth being the towns with the most developed industrial infrastructure in the region - Soroca, Edinet, Drochia.

**Management of strategic competitiveness of the human capital on the labor market.** Jointly with the State University "Alecu Russo", the **Human Capital Development Strategy in the NDR of the Republic of Moldova** will be developed, which will highlight the current and strategic competitiveness of the NDR human capital from the labor market in Moldova, after which approval market and job offers oriented training programs to increase professional skills and competitiveness.

The **Timely bilateral agreements for investments and trade with neighbouring countries** (Romania, Ukraine) provides a favorable climate for foreign investment and is a major booster for the economic growth of the region. The competitiveness of the domestic market will increase the external competitiveness. Greater openness to the economies of other countries and openness to Europe are mutually beneficial factors in stimulating the European competitiveness. The rules and trade policy of the common market will increase their growth and competitiveness, forcing companies to continually evolve, to innovate, to restructure and adapt to the technological changes.

**Improvement of investment policies at central and local levels.** Once the Moldovan Government approves the Strategy of investment attraction and promotion of exports for 2006-2015 (Decision No.1288 of 09 November 2006), as well as other relevant policy documents, favorable conditions for attracting investments in the Moldovan economy and to ensure effective promotion of exports of domestic goods and services were created. Both central administrative authorities as well as local authorities work to ensure the implementation of the Strategy of investment attraction at all levels. The combination of the policy of investments attraction with the policy of export promotion creates a strong precondition to ensure further growth and increase the generation of welfare. Thus, a special attention is paid to attract investments in the export-oriented economy, which is able to provide

innovation and transfer of *know-how*, high added value and creation of effective economic and technical infrastructure.

**The interregional and international cooperation experience** accumulated by public and non-government structures of the NDR, favours mutual exchanges for a sustainable economic development, accompanied by greater social cohesion. Currently, the bases of a successful cooperation are strengthened through cross-border programs and projects with Romania and Ukraine, both at regional and local levels.

**Promotion of local and cultural values.** The NDR provides a wealth of popular culture, traditions, customs, folklore, crafts, natural and historical sights. The conservation and efficient use of the cultural potential of the region would boost the development processes, harmonize the local and national tourist zones, would spur the creation of tourist zones with national and local stations that would diversify the tourist destinations in the NDR. Due to the cross-border cooperation projects financed by the European Union, the cultural institutions in the region have the opportunity to exchange and transfer the experience with similar institutions in the counties of Romania and other European countries.

**The creation of innovation centers in the NDR,** besides the universities and companies with research departments would help develop an economy based on innovation and transfer of new technologies, which would lead to the application of new technologies in production, minimizing costs and increasing competition on the export market.

This priority focuses on several aspects to contribute to the following objectives: increase in the research capacity by investing in the research and development infrastructure (R & D) and attracting young researchers and high-level professionals both in research and development institutes (universities and research institutes) and enterprises; the strengthen of the supply of knowledge from universities and research institutes; stimulation of the technology transfer based on the cooperation between research institutes and enterprises; stimulation of the demand for innovation of enterprises; creation and strengthen of high technology societies and the development of centers of excellence and competitiveness.

**The development of technologies for renewable energy,** especially energy production from biomass (provided in the UNDP project on energy production from biomass in Moldova), would help to produce more secure, competitive and sustainable energy in the NDR orientated towards the most viable and available local source of renewable energy, especially the biomass from the agricultural waste, with minimal impact on the environment.

### 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 social and political instability in the country, including the legislative instability, can become a serious obstacle to attracting investment and regional competitiveness. The delay of the implementation of the Law On Regional Development in Moldova (dated 28 December 2006), delayed 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

**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.

**Risk of damage from natural hazards (droughts, hail, flood, etc.).** The climate changes in the recent years severely affect crops, leading to lower agricultural output. A solution to mitigate the

climatic factors influence would be to develop a comprehensive system of protection (melioration, irrigation, anti-hail systems, etc.).

**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.

**Maintenance of the visa regime with the neighbouring country Romania and the EU** could limit the economic, commercial and cultural changes of the NDR with other countries.

**The fiscal instability or disincentives in the tax policy** may cause failures in attracting investment and creation of obstacles for business development in the region.

**The slow implementation of new technologies** in production could decrease investment attractiveness and the interest of local and foreign investors in the region developing economy.

**The disparities between urban and rural technology development** is an impediment to the balanced development of settlements in the region. Increasing disparities can lead to social and economic decline of small towns and rural areas.

**The unfair increasing competition of "black" work and the underground economy** increase the risk of negative social and economic effects in the short term but especially in the long term, the "harmful" effects are spreading corruption phenomenon, the occurrence of an excessive tax burden for the legal economy, the increase of tax evasion, which in turn leads to lower payments in the budget due to the failure of social policies in education, health, environment.

### 3.5 Conclusions

The social and economic analysis and the SWOT analysis of the NDR reveal some fundamental internal and external factors affecting the development of the region. The second most developed region by area of the six (after the Central Development Region), the NDR is located on the second place in terms of the GDP and the GDP per capita, being surpassed only by Chisinau region. This performance is due to the use of the existing industrial and agro-industrial capabilities of the region, both by an increasing number of local businesses, as well as by well-known foreign investor.

Balti municipality, the second city by size and importance in the country, serves as a true rural growth pole for the region, both in economic terms as well as in terms of education and culture. Relatively the high degree of urbanization and access to a relatively strong educational system favor the growth of labor productivity and results in a higher level of human development in the NDR.

Historically, the NDR inherited from the Soviet times a diversified transportation network, including airports with significant commercial capabilities, which facilitate the movement of goods, services and human resources and can serve as a solid foundation for future commercial development. Moreover, the NDR has capacity and energy production, a crucial element in the ongoing development of the industry.

In the absence of energy resources and growing dependence on imported energy, a solution to the energy sector and the improvement of environmental factors would be the widely implementation of innovative technologies and use of renewable energy sources (wind, solar, biomass) thus ensuring reliably the NDR economy and population with energy and fuel in the required quantities and at reasonable prices to minimize the production costs, maintenance of public institutions / housing and environmental protection.

However, the economic performance of the region indicates that the benefits described above are not fully used. The high wear of fixed assets, the use of old technologies can not provide a positive dynamic economy, high productivity and competitive quality of products. At the same time, the high

cost of capital and limited access to finance, together with the constraints and risks of regulatory order do not favor the investment in machinery and technologies and limit the business expansion and creation of new jobs. The structural modernization of the economy, the development of competitive performance and capacity can not be implemented without a significant increase in the skill levels of the population and development of entrepreneurial skills and ability to adapt to the market economy.

In the NDR the quality and the local, national and international road infrastructure is deplorable, being an essential barrier that prevents investment in economic sectors. However, priority should be given to roads that provide interconnection of the region towns and those that link the region to the neighbouring countries.

The low level of public investment leads to significant degradation of roads and utilities infrastructure. This increases transport costs, restricts the movement of goods, services and human resources, not only reducing the economic activity, and limiting human development. Only about 1/3 of the region's population has access to drinking water supply networks and the quality of the water consumed from artesian wells does not meet the quality substandard. The discrepancies between the living standards in the region and in Chisinau and territorial development of the region, particularly between urban and rural areas, are deep in these circumstances. As a result, the migration flows increased, being accompanied by negative demographic growth and population aging leading to increased shortcoming of skilled labor force.

Overall, the NDR has a considerable development potential, while being positioned as significant investment performance. Therefore, the NDR is characterized by many economic development opportunities, the entrepreneurship is the basis for the development of the economic potential of the region.

The RDN development, as well as the development of the other regions, is strongly influenced by external factors. The policies implemented at national level are particularly important. They affect both economic performance, many businesses in the region even being registered in Chisinau, and the quality of public services offered locally. The influence of the national policies is especially 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 depends on transfers from the State Budget. Thus, the national political instability and economic decline endanger the NDR development.

Meanwhile, in the recent years extreme weather conditions have intensified, which harm economic activity, especially in agriculture and agribusiness, and sometimes even paralyze the activity of settlements over a period of time. In the absence of adaptation mechanisms, such events can slow the region's growth.

At the same time, the promotion of the regional development policy and the government's renewed emphasis on the decentralization can create conditions necessary for the implementation of regional projects that would eliminate the weaknesses of the NDR. Moreover, the proximity to the European Union and the membership in three eligible and functional Euroregions for the EU cross-border cooperation programs open up new opportunities for both businesses in the region, as well as public authorities. The domestic and foreign funds for the regional infrastructure rehabilitation, implementation of business support programs and improvement of environmental conditions will remove the growth constraints and accelerate the multilateral development of the NDR.

## IV.

## Strategic Vision

### 4.1 Vision

The strategic vision of the NDR is a realistic, credible and attractive prospect of the region. The strategic vision describes the set of ideals, priorities, principles and core values that underpin the development of the region and what differentiates the region as a separate entity.

The NDR clear strategic vision is based on the strategic vision of the entire country, established in the Constitution and the National Development Strategy of the Republic of Moldova 2012-2020 and the National Regional Development Strategy, which comprises: *The balanced and sustainable social and economic support throughout the country, by concentrating efforts in settlements with high growth potential in the region. The improvement of the infrastructure and business environment in order to create attractive opportunities for living, investment and tourism.*

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

The NDR will be a dynamic and united region where present and future generations will have a better quality of life, from the diversification of economic activities, openness to technological innovation, a healthy environment and a distinctive regional culture. Each will have the opportunity to fully realize their potential.

In this context, the following strategic objectives were formulated in support of realizing the vision:

**Overall objective:** The NDR balanced development through diversification of economic activities with a competitive human capital on the labor market and the openness to environmentally friendly technological innovations.

**Specific Objectives:**

- Development of utilities infrastructure and access roads to raise investment attractiveness and living standards of local inhabitants.
- Improvement of the business environment by supporting the development of entrepreneurship and technological innovation in the region.
- Increase in employment level by increasing the human capital competitiveness on the labor market and creation of new jobs.
- Strengthening territories with potential growth and reduction of regional disparities.
- Improvement of the environmental and tourist attractiveness
- Energy efficiency of buildings and promotion of the use of renewable energies.

All goals will be achieved by local authorities, in close cooperation with civil society, private sector and ordinary citizens.

### 4.2 Identification of Priorities

The economic analysis of the region and the SWOT analysis reveals certain factors that influence the development of the region - either serve as constraints that slow growth or that have certain advantages the region has compared to other regions, both inside the country and in the immediate vicinity. The strategic vision, on the other hand, offers a long-term perspective on the level of development that the region tends to achieve. Combining the analysis of the present and future vision, we can identify certain guidelines that region wants to follow in the subsequent development.

But the identification of priorities must not only meet the many needs of the region. It should be recognized that the public resources are limited compared to the projects that could be implemented. Therefore, the regional efforts should be strongly focused on those activities that will eliminate most fundamental constraints and will bring the greatest benefit with multiplier effects for several sectors.

The analysis reveals clearly that disparities between Chisinau and regions, and between urban and rural areas within the region are significant. A fundamental factor that causes and aggravates these

disparities is the poor state of physical infrastructure, which increase transportation costs and limit the movement of goods and people. Meanwhile, the economic efficiency of rural population is limited not only by high transport costs, but by limited employment opportunities in economic activities as well, both in rural as well as in urban areas. Thus, it is imperative to increase efficiency in agriculture and agribusiness and encourage diversification of activities which would bring alternative income. Using the principles of energy efficiency, both of public buildings, apartment building as well as business buildings, and the use of renewable energies will minimize the maintenance costs, will produce and protect the environment.

The economic development, however, should not be achieved at the expense of environmental quality. The environmental conditions can significantly affect the quality of life and the attractiveness of the region, both for the local population, as well as for visitors.

Consequently, we identified 3 action priorities for the implementation of the Strategy's objectives:

- 1. Physical infrastructure rehabilitation.**
- 2. Support to private sector development and labor market.**
- 3. Improvement of the environmental and tourist attractiveness.**

In order to implement the national development policies set out in the National Development Strategy of the Republic of Moldova 2012-2020, the priorities mentioned above are completed with energy efficiency measures of buildings and promotion of the use of renewable energy.

These priorities are interrelated and their consistent implementation is likely to accelerate the development of the region.

#### **4.3 Regional Partnerships**

The achievement of the vision and strategic objectives of the NDR and the implementation of action priorities can not be achieved without the active participation of the whole society in the implementation of Regional Development Strategy. The participatory development of the Strategy, with substantial contributions of individuals representing private companies, NGOs, public authorities of various levels and even civic-minded stakeholders must be followed by the implementation of programs and projects deriving from them in a transparent, fair and effective manner.

The culture of cooperation between different regional actors should be promoted at all levels. The development council of the region is composed of elected inhabitants from different parties, officials, businessmen, social workers, and professionals of various fields. Such regional partnerships are to be created in the implementation of various components of the regional development projects as well. Just combining the efforts in the regional partnerships major objectives of the Strategy will be achieved.

## V. Prioritises

The regional working groups discussed various programs and measures necessary for the dynamic development of the region. But taking into account the possibilities of financing and the Strategy's implementation deadline, several priority areas were determined. The reasoning, measures and expected results for each priority are described below.

### 5.1 Priority 1. Physical Infrastructure Rehabilitation

**Purpose.** The purpose of the priority 1 is to improve access to quality infrastructure for both the NDR population, as well as for businesses for national and foreign investors.

**Reasoning.** The deficiencies in public infrastructure investment in the last decades have led to significant damage to roads, water and sewerage systems, gas supply systems, etc., which fundamentally affects the competitiveness both at national and at regional level. In the region, only urban areas are equipped with wastewater treatment plants, and they work improperly. The problem is particularly serious in Soroca, which lacks a wastewater treatment plant. Daily, 20,40 tons of waste reaches Nistru River, which do not pass through treatment plants. Such serious problems will be addressed primarily in the achievement of the priority. The rehabilitation and physical infrastructure will boost the region's attractiveness for economic activity and investment.

**The quality water supply** is an imperative in the region, where 80% of water resources do not meet the quality standards. It affects human health, and agro-industrial sector. The water supply and the sewerage systems are to be built primarily in the underdeveloped regions that have the networks and localities that can be connected to Soroca-Balti, Prut-Falesti, Prut-Gloden, Prut-Edinet, Prut-Briceni aqueduct, etc.

**Rehabilitation, construction of sewerage systems and sewage treatment plants** will enhance the quality of life of the population, will contribute to the economic development of the NDR and improve the environmental factors.

**The rehabilitation and construction of irrigation systems** will develop the agricultural sector in the NDR.

**The modernization of regional roads** will follow to increase access to national and international roads and consequently, the trade flows.

**The development of airport infrastructure and the creation of access points** will help attract foreign investors and to increase the attractiveness of the region for tourists.

**MEASURES.** The maximum impact measures for the rehabilitation and development of the physical infrastructure of the NDR are:

- 1.1 Extension and rehabilitation of water supply systems, sewage treatment plants and irrigation systems.
- 1.2 Construction, rehabilitation and improvement of regional bridges and roads, especially of roads connected to the national roads and other reconstructed parts of roads.
- 1.3 Development of airport infrastructure and airport services in Balti and Marculesti.
- 1.4 Stimulation of cross-border activities by increasing investments in creating the crossing points between Moldova, Romania and Ukraine, located on the NDR.
- 1.5 Energy efficiency of public buildings in the NDR.

**Outcome indicators.** The implementation of projects to achieve the priority 1 will be monitored through the following outcome indicators:

- Length of constructed / rehabilitated DWS systems.
- Number of people with access to water and sanitation services.
- Number of rehabilitated / constructed wastewater treatment plants.

- Number of rehabilitated / constructed regional waste water services.
- Length of constructed / rehabilitated irrigation systems.
- Length of constructed / repaired / upgraded roads.
- Number of constructed / repaired / upgraded bridges.
- Volume of goods and passengers transported by land / air.
- Number of public buildings more efficient in terms of energy.
- Rate of reduction of energy costs.

## 5.2 Priority 2. Support to private sector development and labor market

**Purpose.** The purpose of the priority 2 is to create business infrastructure in the NDR, to support SMEs, helping to integrate the production of goods and services in the region in clustered systems, creation of jobs and increase in the employment rates.

**Reasoning.** Although the NDR is relatively more industrialized than the other regions, the economic performance and human development in the region is below the potential suggested by analysis of strengths. The main challenge in this respect is the economic activity in rural areas. Over 60% of the population is located in rural areas and is concerned, first of all, to ensure household consumption and only then generate additional income. For this purpose we need to fortify the settlements / territories with growth potential from the NDR and business infrastructure.

Although the rehabilitation of infrastructure will encourage the movement to urban areas in search of jobs in the short and medium term, it will not be a significant migration flow. In this context, it is necessary to increase the performance in agriculture and diversification of economic activity. Thus, the private sector development is important for the region's dynamic growth and job creation.

**Measures.** The maximum impact measures for private sector development are:

2.1 Development of ongoing training. Support to professional qualification and retraining of the employed population in the region.

2.2 Stimulation of the SMEs by developing information and consultation services for the SMEs (industry, services, tourism, etc.) and support for the creation of technology incubators, centers of technological innovation and application of innovative technologies (refrigerators, greenhouses, processing industry, etc.).

2.3 Creation of the regional attractiveness as a location for investments by creating business infrastructure, connection to public utilities and access roads to Industrial Parks and FEZs and industrial areas in the region.

2.4 Support for businesses with export potential, implementing international quality standards.

2.5 Stimulation of association and cooperation of all stakeholders in the agribusiness sector in order to ensure fairness in the relationship between raw material producers, processors and traders.

2.6 Promotion of energy efficiency in economic sectors in order to optimize production costs.

**Outcome indicators.** The implementation of projects to achieve the priority 2 will be monitored based on the following outcome indicators:

- Number of upgraded trending programs, in collaboration with the private sector and academic centers.
- Number of SMEs that have benefited from consulting services.
- Number of industrial parks, FEZs, industrial areas connected to public utilities.
- Number of jobs created in assisted SMEs.
- Number of SMEs organized in clusters.
- Number of counselling created or upgraded centers of SMEs.

- Number of events with the participation of all industry players.
- Rate of reduction of production costs.

### 5.3 Priority 3. Improvement of the environmental and tourist attractiveness

**Purpose.** The purpose of the priority 3 is to generate initiatives in environmental protection and the development of an integrated waste collection and transportation system. The increase in the NDR attractiveness for population and visitors through sustainable tourism development, the increase in the competitiveness and attractiveness of tourism in natural and human heritage and increasing quality of tourism products and services.

**Reasoning.** The environmental condition directly affects the comfort, health of population and the attractiveness of the region. Currently solid and liquid wastes are managed unsustainably, leading to resource degradation and worsening of health.

The increased frequency of extreme weather conditions requires the development of programs that would allow people and organizations to adapt to changes in climate. In particular, it is important to anticipate and react quickly to such events.

**Measures.** The maximum impact measures for the improvement of the environmental factors are:

- 3.1 Increasing access to environmental information and promotion of environmental education.
- 3.2 Development of integrated solid waste management, including separate collection, recycling and creation of modern landfills for recyclable waste storage, construction of waste treatment plants in the region.
- 3.3 Increasing environmental security in the region by promoting activities to halt land degradation, rehabilitation of water bodies, forest area expansion, and through the development of programs to anticipate and respond to extreme weather conditions.
- 3.4 Rehabilitation of tourist buildings and promotion of their integration in international tourist circuits.
- 3.5 Promote the development of tourism infrastructure in the region.
- 3.6 Reduction of negative environmental impacts generated by obsolete technologies by promoting and stimulating the use of renewable energy.

**Outcome indicators.** The implementation of priority projects for the achievement of the priority 3 will be monitored through the following outcome indicators:

- Number of social initiatives and awareness raising actions, realized mediatization and environmental education.
- Number of constructed / improved landfills / new waste storage warehouses.
- Number of created regional waste management services.
- Increased capacity to intervene rapidly in case of environmental accidents.
- Number of rapid response systems.
- Number of rehabilitated / equipped water bodies.
- Development of a system to anticipate and respond to extreme weather conditions.
- Number of rehabilitated tourist stuff and included in the tourist circuit.
- Number of unconventional new / upgraded (electricity and heat) power generation units.
- Rate of cost reduction for electricity / heat.

## VI. Monitoring, Reporting and Evaluation

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

The Northern RDA will report to the Regional Councils and the Ministry of Regional Development and Construction about the projects funded by the NRDF and other sources. The quarterly reports will contain information on project implementation. The biennial reports submitted to the Regional Council will indicate the progress in terms of the Regional Strategy implementation. An annual report on the implementation of the Regional Operational Plan will be compiled by the RDA at the end of each fiscal year. In exceptional cases of regressive bifurcations of developments of the NRDS projects, the Northern ADR team will report to ad hoc authorized the predictive forecasting of events.

Each NRDF funded project and included in the Single Programme Document, 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 Northern 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 Northern DRA will monthly record project progress. A quarterly report on each project on the overall implementation, results and indicators related to each project will be submitted to the MRDC. The collection of these reports will form the basis for quarterly and annual reports prepared for the Regional Councils and the MRDC.

The Northern RDA is responsible for reporting the chapter of the Regional Operational Plan of this Strategy. The Regional Operational Plan contains result and product indicators. The product indicators, which are largely process indicators (i.e. indicate whether or not an action was performed) will be monitored by the RDA. The outcome 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 National Bureau of Statistics. This information will be sent by the RDA to the MRDC for inclusion in the biennial reports prepared by the MRDC.

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 RDA 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 Northern RDA will also conduct periodic surveys of perception for the Regional Councils, in order to estimate the efficiency of the Council activity and the progress in the Northern RDS perceived by the local population. Their results will become part of the quarterly reports, and also will be presented separately in the form of reports to the Regional Council.

Reporting on the Northern RDS is a part of the overall monitoring and evaluation.

The Regional Operational Plan is made for a period of 3 years. Along with evolution of the Operational Plan, the monitoring and evaluation system will be brought in line with the Operational Plan.

## VII. 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 Northern Regional Development Strategy 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 that can be oriented to the implementation of regional projects 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 Regional Operational Plan. The annual application for funding and funding needs by priority are included in the Operational Plan.

#### Funding sources

##### National Regional Development Fund (NRDF)

According to the *Law no. 438 on regional development in Moldova, of 28 December 2006* 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 resources provided by external partners. The NRDF amount is **1%** of the State 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. The amount of the NRDF planned in the budgets for 2008-2012 are given in *Table 21*. But the available funds were not yet recovered because of delays in creating the institutional and regional development strategy. Along with the creation of the Northern ADR and the approval of the Northern RDS, possibilities for the submission of projects for funding and, respectively, recovery of resources allocated were created.

#### Other public sources

For priorities funding provided by the Regional Development Strategy other public available sources can be oriented as well. 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 state 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. 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.

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.

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 126 million Euros - the EU contribution);
- Black Sea Basin Programme (17 million Euros).

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.

### **Other resources**

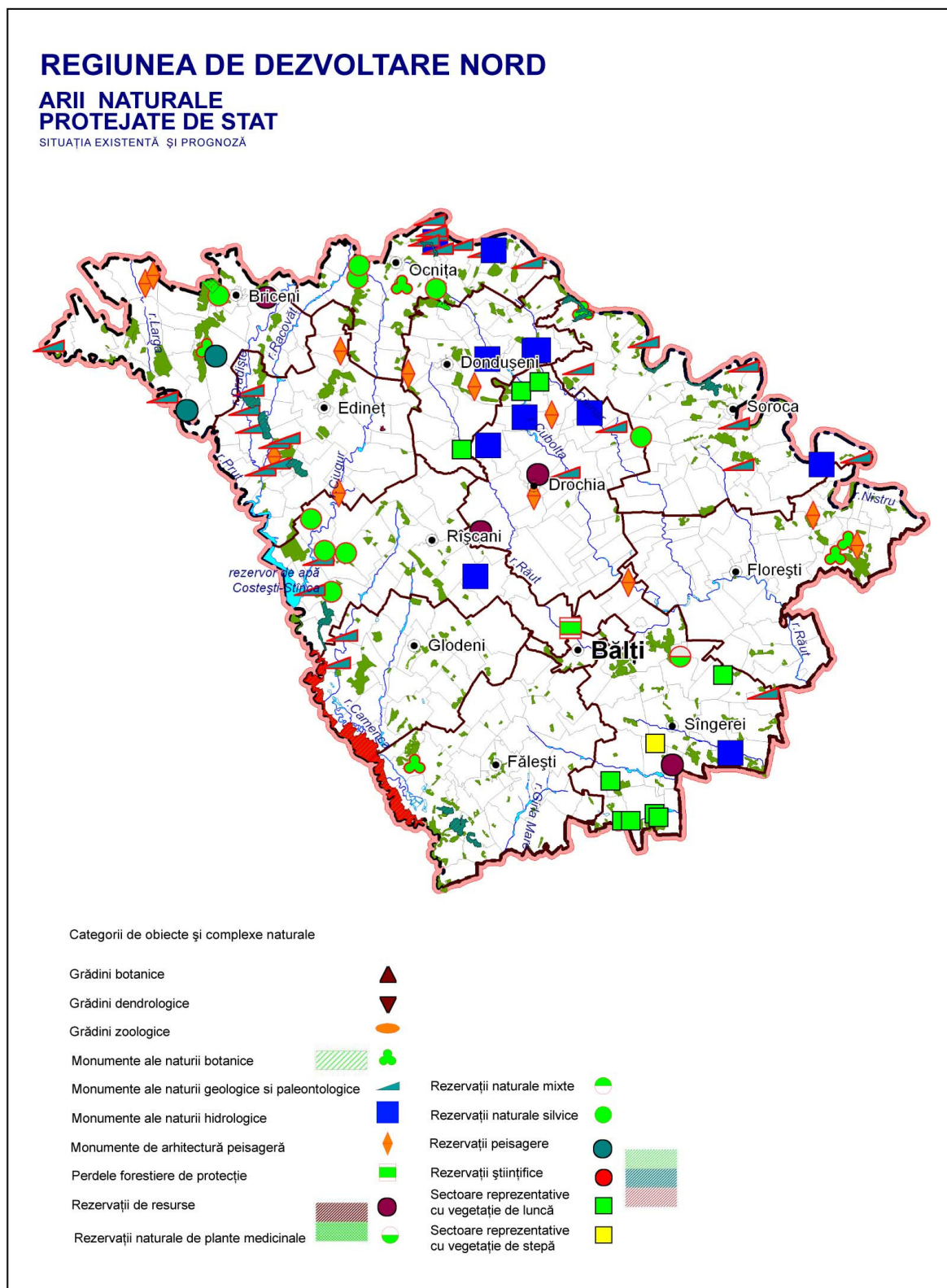
The regional and local authorities will make efforts to mobilize other sources, including private ones, to finance regional development priorities.

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..

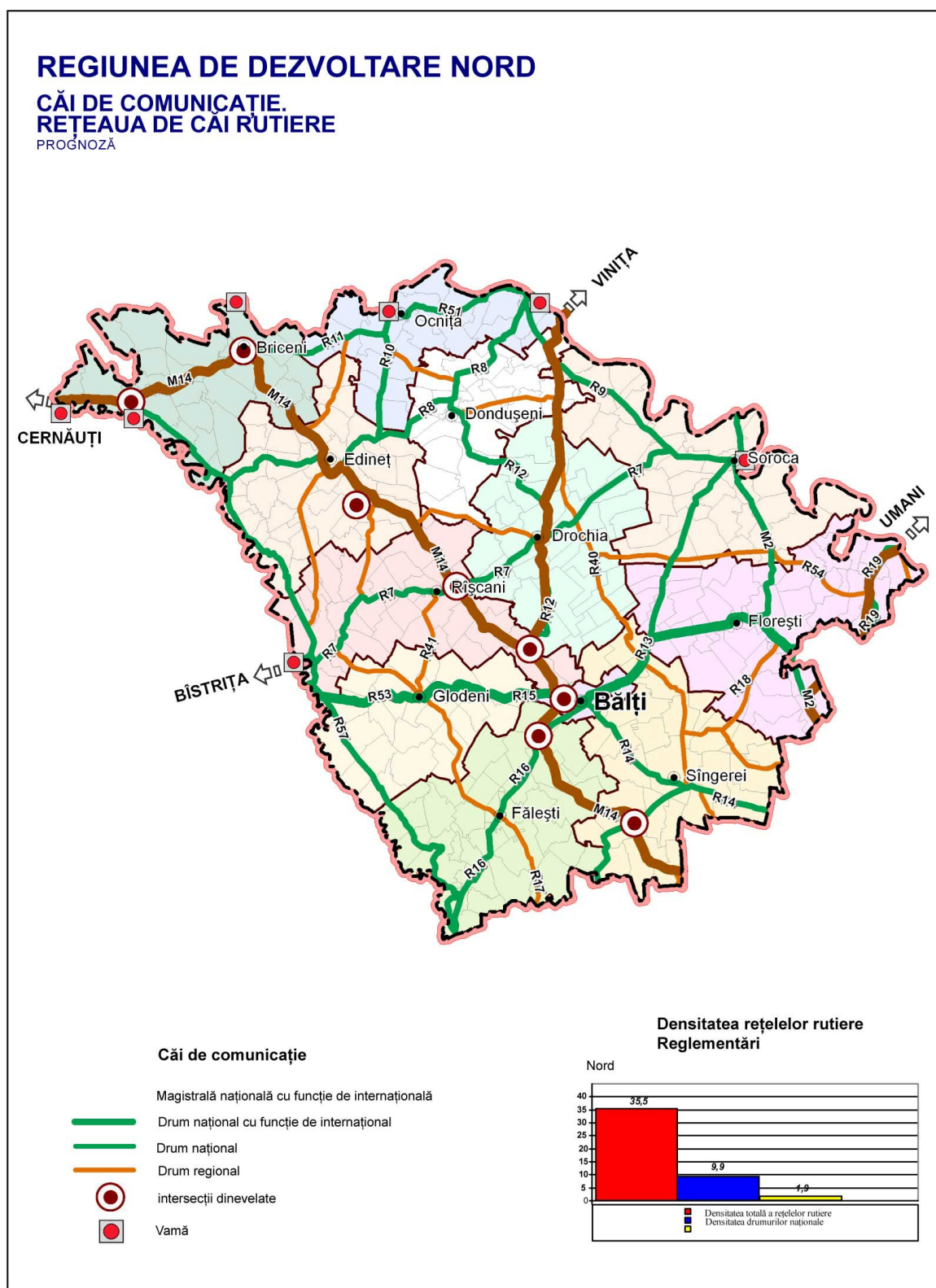
## Annex A. Network of Settlements and Population Distribution by Districts



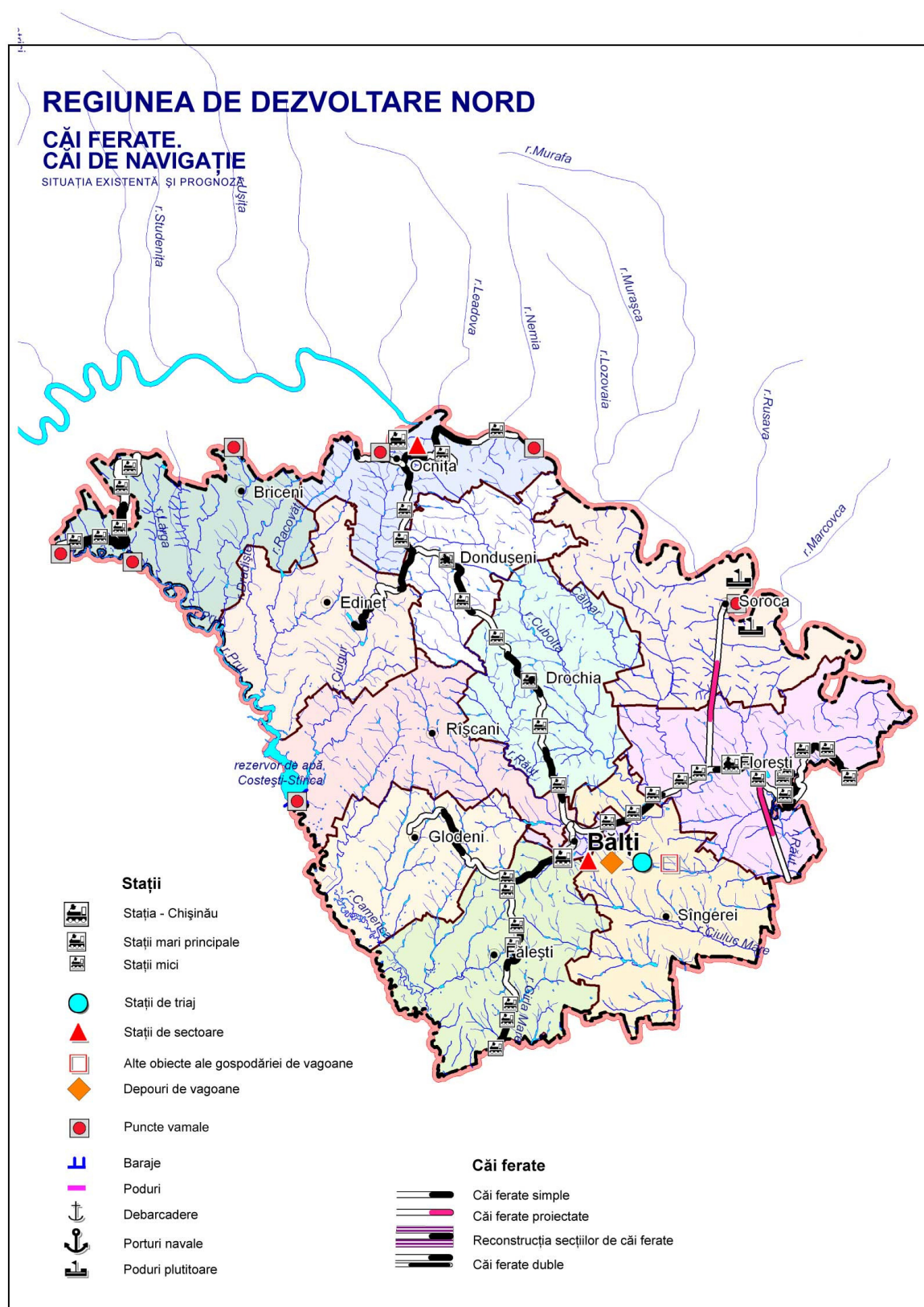
## Annex B. State Protected Natural Areas



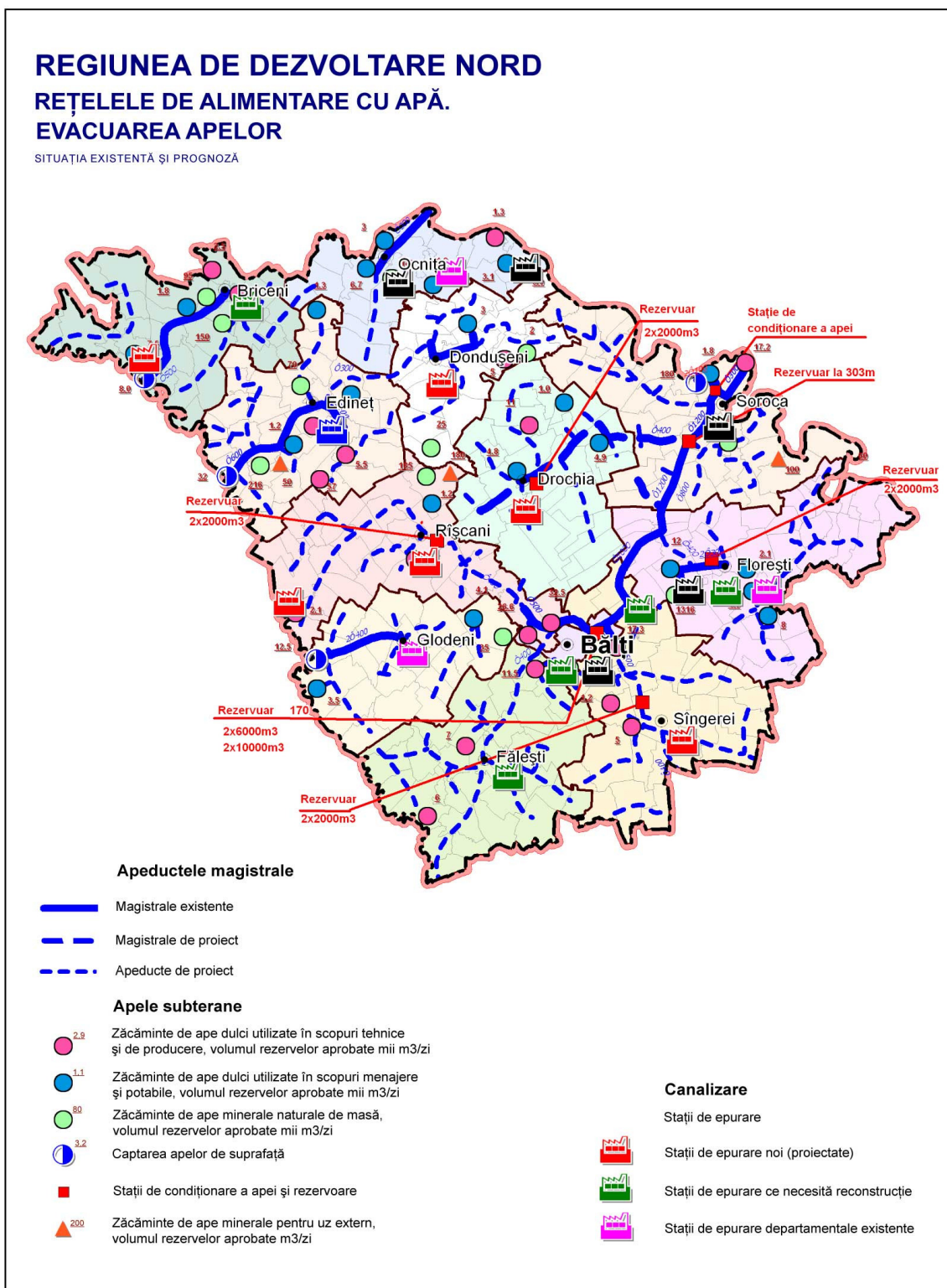
## Annex C. Road Communication Network



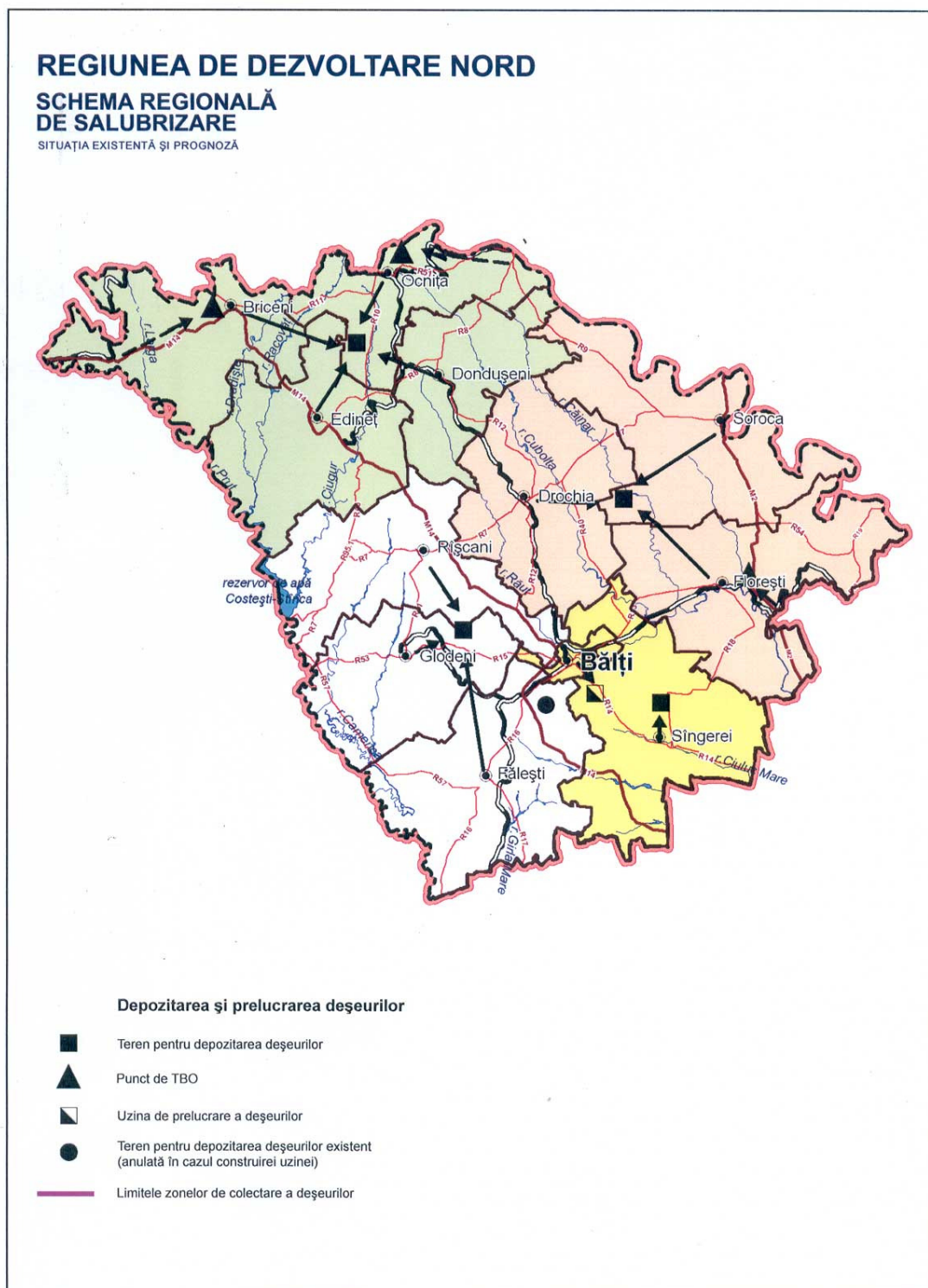
## Annex D. Railways and Navigation Routes



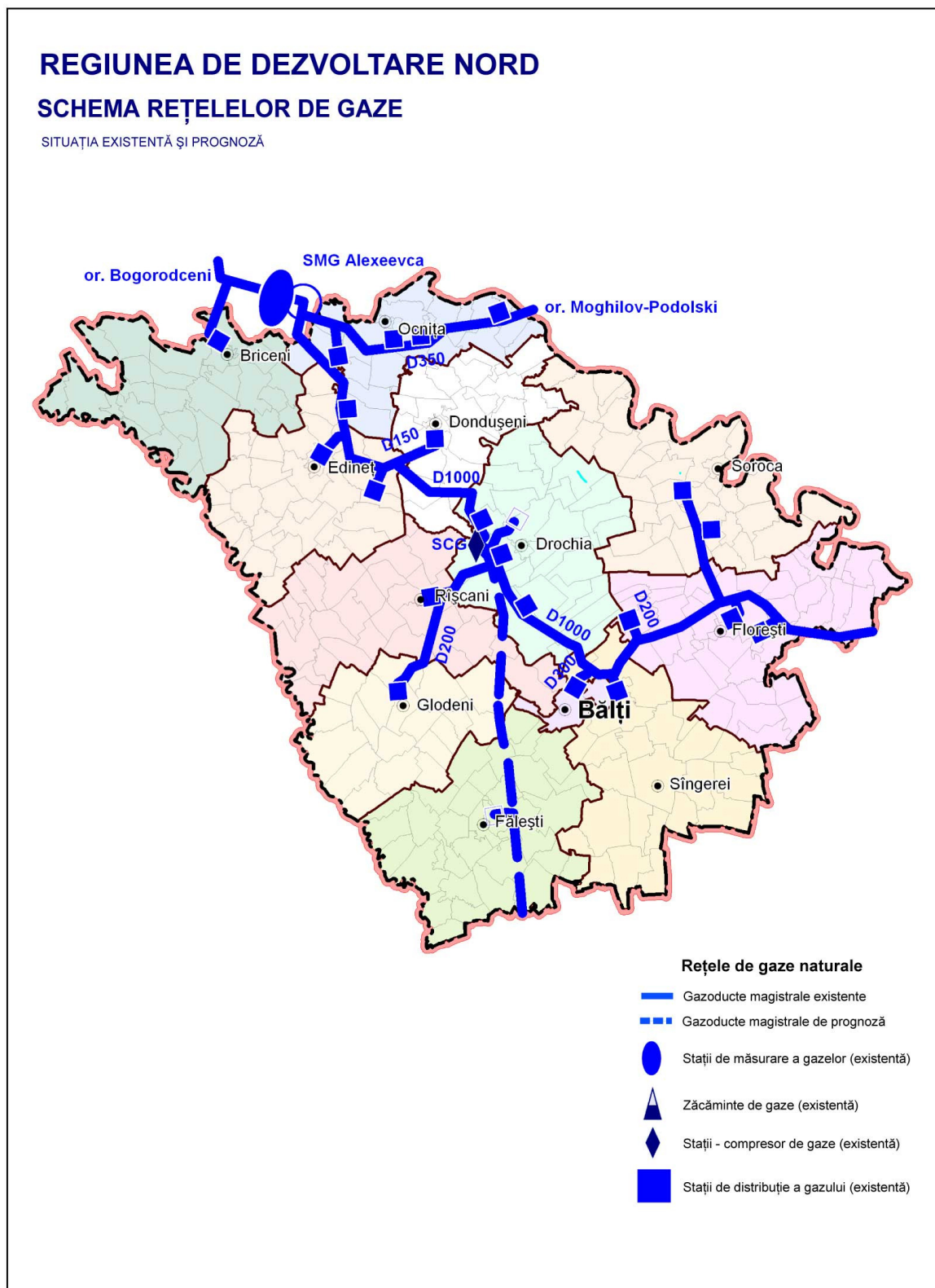
## Annex E. Water supply, sewerage networks and wastewater treatment plants



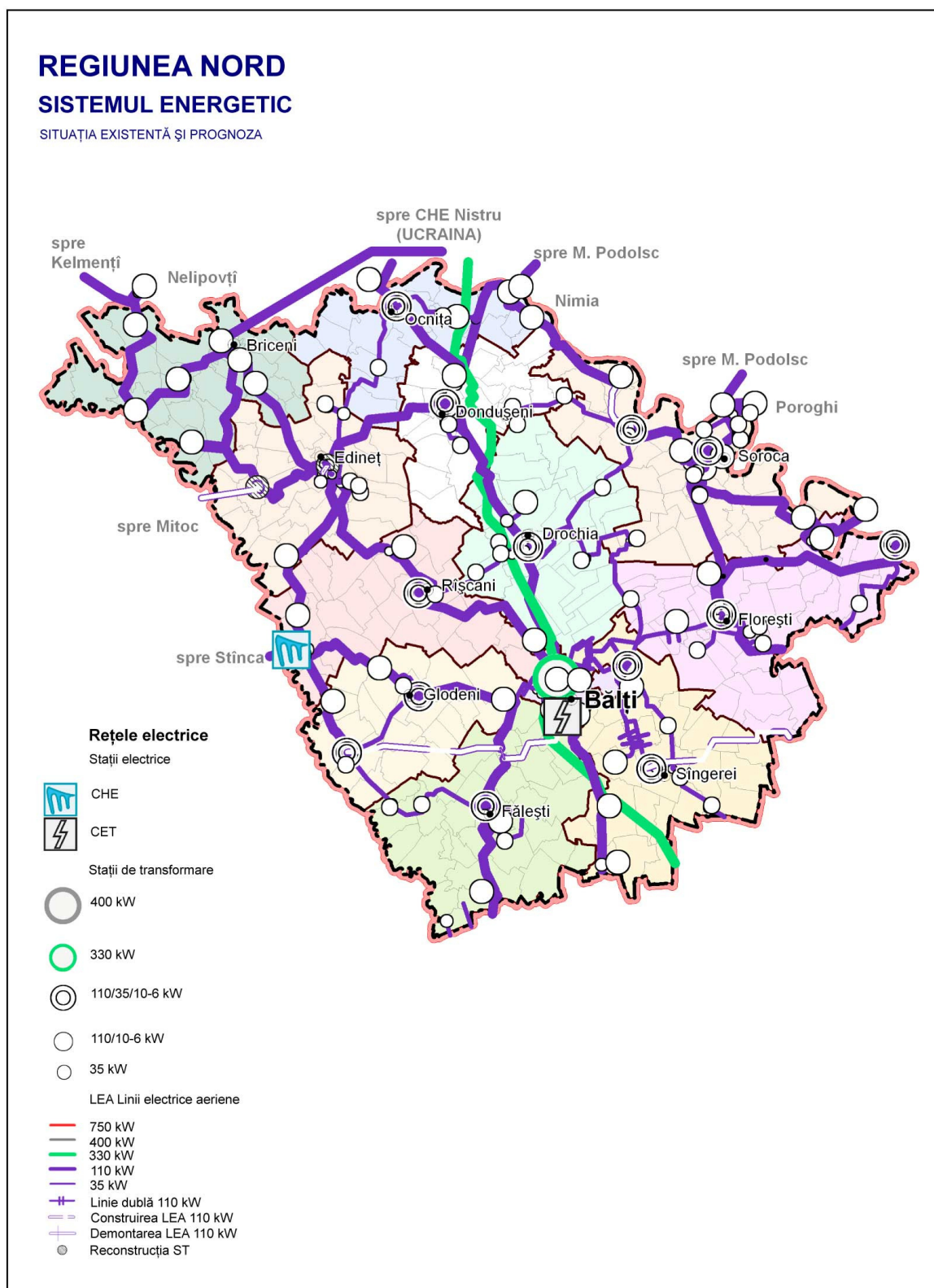
## Annex F. Region Sanitation Scheme



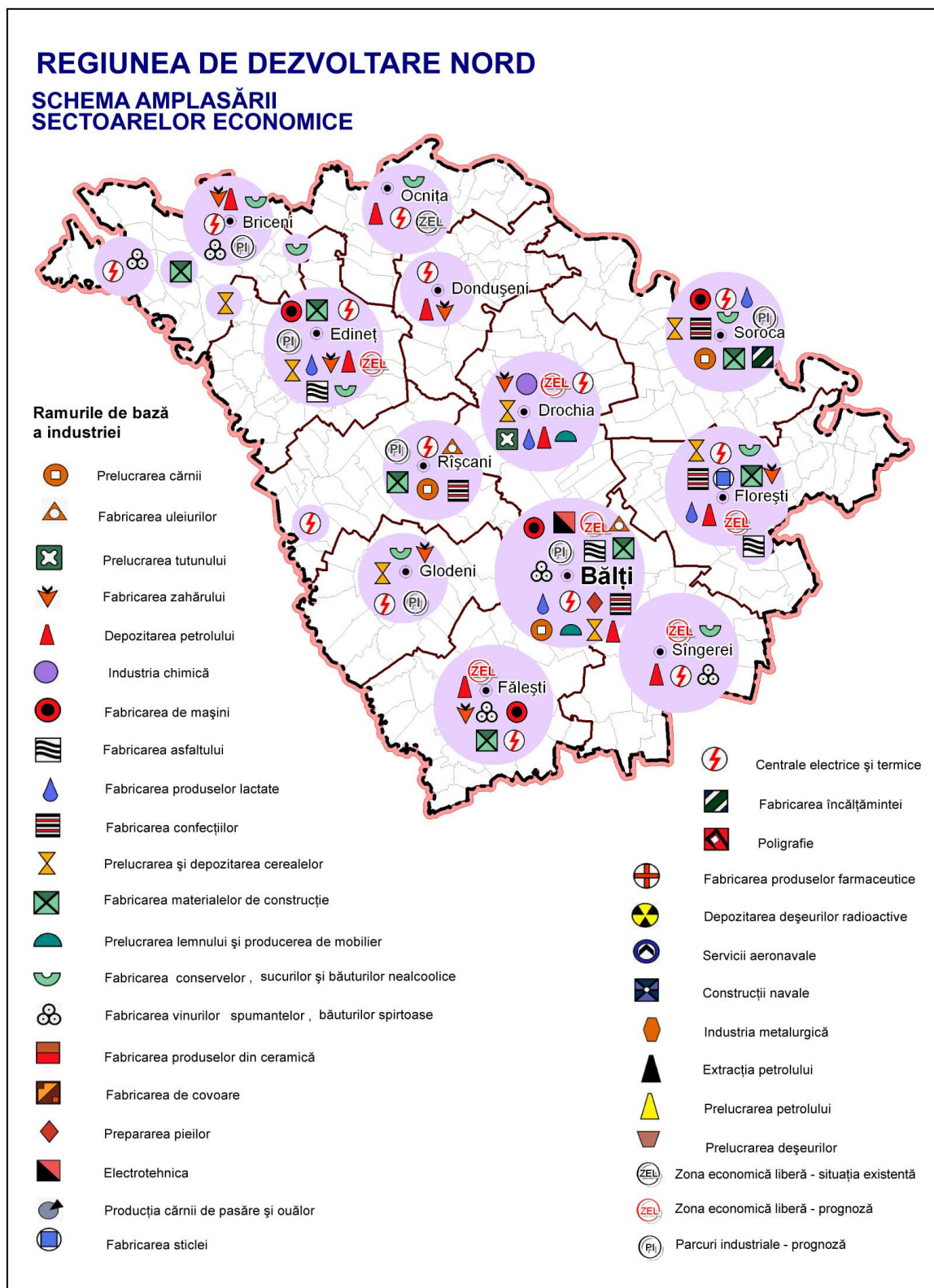
## Annex G. Gas Network Scheme



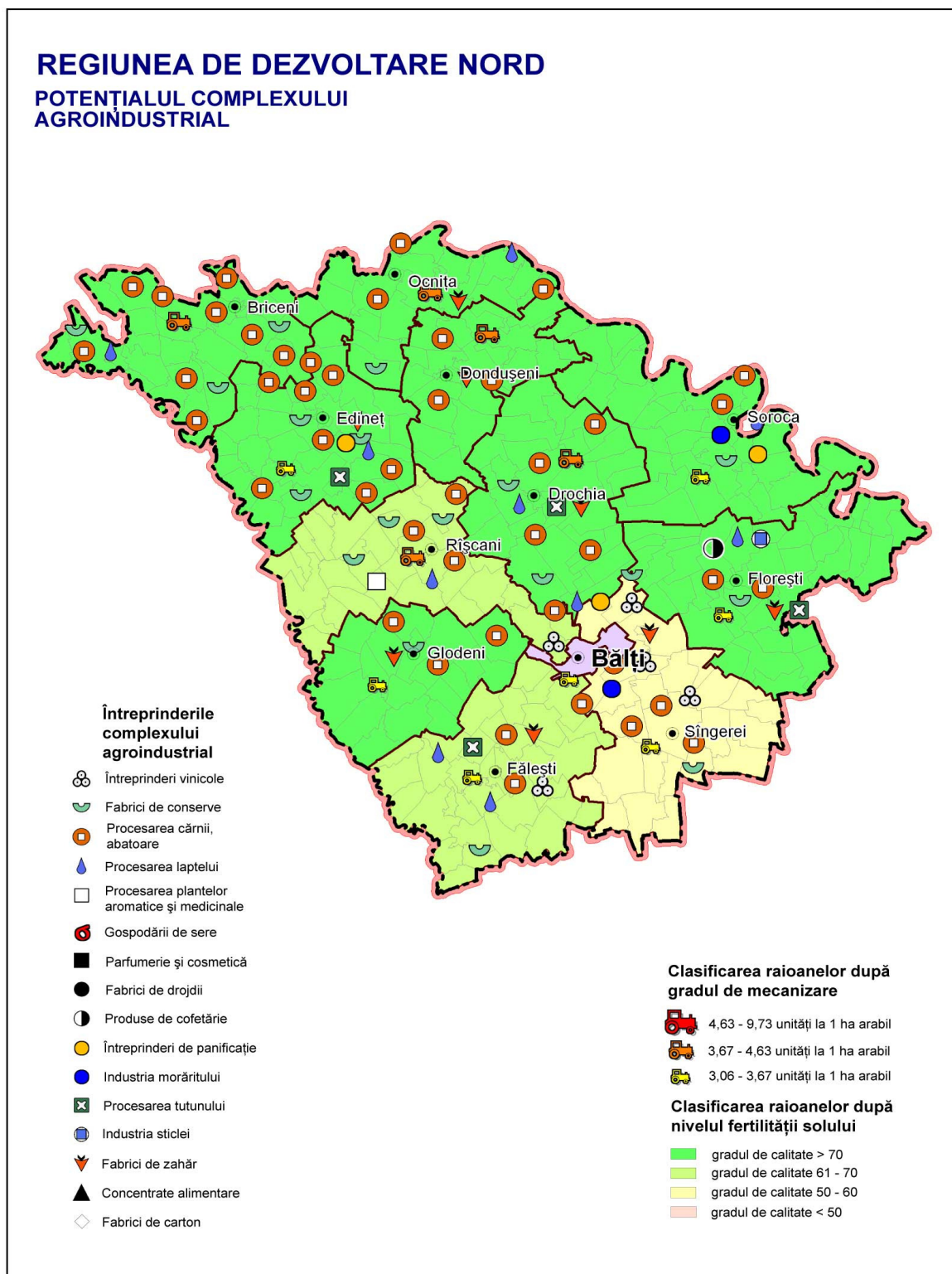
## Annex H. Energy System



## Annex I. Economic Sectors Location Scheme



## Annex J. Potential of the Agricultural and Industrial Complex



**Table 3. Distribution of population by the NDR settlements**

Stable population at the beginning of the year by districts and towns, as of 01 January 2012		Stable population at the beginning of the year by districts and towns, as of 01 January 2012	
Balti Municipality	149.2	..Marculesti town	2
..Balti city	144.3	..Floresti – villages (communes)	70.2
.. Balti mun. – villages (communes)	4.9	Glodeni	61.4
Briceni	74.7	..Glodeni town	11.6
..Briceni town	9.9	..Glodeni – villages (communes)	49.8
..Lipcani town	5.5	Ocnita	55.8
..Briceni – villages (communes)	59.3	..Ocnita town	9.3
Donduseni	44.8	..Otaci town	8.5
..Donduseni town	10.7	..Frunza town	1.7
..Donduseni – villages (communes)	34.1	..Ocnita – villages (communes)	36.3
Drochia	89.5	Riscani	69.5
..Drochia town	20.4	.. Riscani town	13.3
..Drochia – villages (communes)	69.1	.. Costesti town	2.5
Edinet	82.5	..Riscani – villages (communes)	53.7
..Edinet town	18.4	Singerei	93.2
..Cupcini town	7.6	..Singerei town	14.6
..Edinet – villages (communes)	56.5	..Biruinta town	4.1
Falesti	92.4	..Singerei – villages (communes)	74.5
..Falesti town	16.8	Soroca	100.1
..Falesti – villages (communes)	75.6	..Soroca town	37.5
Floresti	89.5	..Soroca – villages (communes)	62.6
..Floresti town	15.4	Unit of measure: <i>th. people</i> Source: NBS, 2012	
..Ghindesti town	1.9		

**Table 4. Public Road Network in the NDR**

	Public roads – total in km	Of which:			
		national roads in km	thereof, with hard surface in km	local roads in km	thereof, with hard surface in km
<b>TOTAL Northern Region</b>	<b>3,382.7</b>	<b>1,060.6</b>	<b>1,060.6</b>	<b>2,322.1</b>	<b>2,199.9</b>
Balti Municipality	24.1	24.1	24.1	-	-
Briceni	320.7	72.5	72.5	248.2	233.2
Donduseni	210.4	58.2	58.2	152.2	138.5
Drochia	270.7	106.9	106.9	163.8	163.8
Edinet	326.7	62.3	62.3	264.4	256.5
Falesti	361.0	114.3	114.3	246.7	242.3
Floresti	363.5	130.4	130.4	233.1	207.1
Glodeni	235.5	72.6	72.6	162.9	144.9
Ocnita	211.3	90.2	90.2	121.1	120.5
Riscani	322.8	134.4	134.4	188.4	188.4
Singerei	346.1	99.2	99.2	246.9	212.3
Soroca	389.9	95.5	95.5	294.4	292.4

Source: NBS, 2010

**Table 5 Abstraction of water from natural water bodies in the NDR (mln. m<sup>3</sup>)**

	2007	2008	2009	2010
<b>NDR</b>	46	37	40	37

Source NBS, 2011

**Table 6 Waste management**

Formation and recycling of production and consumption waste in the NDR (tons)			
NDR	2009	2010	
Formation	677,064.9	822,283.9	
Recycling	186,415.3	121,642.9	
Destroyed	449,148.4	414,071.7	
Municipal waste transported in the NDR (tons)			
	2008	2009	2010
Municipal solid waste	332.4	382.2	381.5
Liquid waste	21.6	23.1	22.5

Source NBS, 2011

**Table 7. Total population by region**

	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>Dynamics</b>	<b>%</b>
<b>Total NDR</b>	1,018.00	1,013.70	1,010.30	1,006.70	1,002.60	-15.40	-1.5

Source: NBS, as of 01 October 2012

**Table 8. Share of the NDR urban/ rural population**

Districts	total (th.)	urban	rural	Share %		Share in the region, %
				urban	rural	
<b>Total by region</b>	<b>1,002.6</b>	<b>356.0</b>	<b>646.6</b>	<b>35.5</b>	<b>64.5</b>	<b>100.0</b>
Balti mun.	149.2	144.3	4.9	96.7	3.3	14.9
Briceni	74.7	15.4	59.3	20.6	79.4	7.5
Donduseni	44.8	10.7	34.1	23.9	76.1	4.5
Drochia	89.5	20.4	69.1	22.8	77.2	8.9
Edinet	82.5	26.0	56.5	31.5	68.5	8.2
Falesti	92.4	16.8	75.6	18.2	81.8	9.2
Floresti	89.5	19.3	70.2	21.6	78.4	8.9
Glodeni	61.4	11.6	49.8	18.9	81.2	6.1
Ocnita	55.8	19.5	36.3	34.9	65.1	5.6
Riscani	69.5	15.8	53.7	22.7	77.3	6.9
Singerei	93.2	18.7	74.5	20.1	79.9	9.3
Soroca	100.1	37.5	62.6	37.5	62.5	10.0

Source: NBS, Ia 01.10.2012

**Table 9. Natural movement of population per 1000 inhabitants**

	2004	2005	2006	2007	2008	2009	2010	2011
Birth rate	9.7	9.6	10.0	9.8	10.0	11.1	10.8	10.4
Mortality	14.8	14.9	14.2	14.1	14.2	14.0	14.0	13.1
Natural growth	-5.1	-5.3	-4.2	-4.3	-4.2	-2.9	-3.2	-2.7

Source: NBS, 2012

**Table 10. Present population, at the beginning of the year, by Towns and Years**

<b>NDR settlements</b>	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>State</b>
.. Balti city	122.2	122.9	123.2	Growth
..Briceni town	8.6	8.7	8.6	Stable
..Lipcani town	5.4	5.7	5.4	Stable
..Donduseni town	9.5	9.5	9.5	Stable
..Drochia town	17.4	17.5	17.5	Growth
..Edinet town	18.2	18.2	18.2	Stable
..Cupcini town	7.3	7.3	7.3	Stable
..Falesti town	14.1	14.3	14.3	Growth
..Floresti town	13.1	13.2	13.2	Growth
..Ghindesti town	1.8	1.8	1.8	Stable
..Marculesti town	2.1	2.0	2.1	Stable
..Glodeni town	10.3	10.0	10.0	Reduction
..Ocnita town	9.2	9.2	9.2	Stable
..Otaci town	8.4	8.4	8.3	Reduction
..Frunza town	1.5	1.5	1.5	Stable

.. Riscani town	11.1	11.1	11.0	Reduction
.. Costesti town	2.2	2.2	2.2	Stable
.. Soroca town	35.0	35.2	35.3	Growth
.. Singerei town	12.6	12.6	12.6	Stable
.. Biruinta town	3.1	3.1	3.1	Stable

Source: NBS, 2012

**Table 11. Occupancy rate, %**

	2008		2009		2010		2011	
Total NDR	Women	Men	Women	Men	Women	Men	Women	Men
	40.0%	42.4%	35.5%	37.9%	34.6%	36.9%	35.7%	38.4%

Source NBS, 2012

**Table 12. Unemployment rate, %**

2008		2009		2010		2011	
Women	Men	Women	Men	Women	Men	Women	Men
2.9	3.4	3.8	6.8	4.5	7.0	5.0	5.5

Source NBS, 2012

Table 13. Main economic indicators of the Northern Development Region

	No. AT U	No. of population (th.)	Enterprise value of manufactured products, in current prices (th. MDL)	Processing industry			Agriculture			Share in the region industry (%)	Specialization	
				Meat and meat products (tons)	Dairy products (tons)	Juices and canned fruits and vegetables (tons)	Global harvest of the main crops (tons)	Grapes, fruit, berries (tons)	Livestock sector (livestock, heads)		Processing industry	Agriculture
<b>Balti mun.</b>	3	149.2	3,106.4	4,266.6	<b>4,4079.3</b>	204.2	1,557	187	7,913	<b>52.93</b>	Diary, meat products	
<b>Briceni</b>	28	74.7	40.5	-	-	<b>1,994.5</b>	42,790	<b>23,801</b>	36,340	0.69	juices and canned fruits and vegetables	Fruits
<b>Donduseni</b>	22	44.8	117.5	-	-	-	<b>124,212</b>	<b>7,770</b>	24,334	2.00		Main agr. crops
<b>Drochia</b>	28	89.5	777.0	-	254.9	-	<b>250,409</b>	6,272	36,087	<b>13.24</b>	Diary products	Main agr. crops
<b>Edinet</b>	32	82.5	113.4	-	<b>2,306.8</b>	168.0	61,264	<b>7,851</b>	38,911	1.93	Diary products	Agr. crops, fruits
<b>Falesti</b>	33	92.4	80.7	-	-	30.6	<b>134,869</b>	3,518	<b>63,031</b>	1.38		Main agr., zootechn. crops
<b>Floresti</b>	40	89.5	443.1	75.1	<b>7,635.5</b>	-	<b>145,899</b>	<b>7,646</b>	<b>45,851</b>	7.55	Diary products	Main agr., zootech. crops
<b>Glodeni</b>	19	61.4	36.1	2,00.1	-	-	94,721	3,996	36,237	0.62	Meat products	Agr. products
<b>Ocnita</b>	21	55.8	81.6	-	-	-	62,105	<b>10,883</b>	19,909	1.39		Fruits

<b>Riscani</b>	28	69.5	115.9	-	<b>6,455.3</b>	-	<b>125,510</b>	6,236	<b>41,074</b>	1.97	Diary products	Main agr. crops
<b>Singerei</b>	26	93.2	82.1	-	-	-	79,048	7,183	<b>48,232</b>	1.40		Zootech., agr. products
<b>Soroca</b>	35	100.1	874.7	920.2	<b>8,321.0</b>	<b>10,999.9</b>	97,173	<b>24,580</b>	33,480	<b>14.90</b>	Dairy products, juices and canned fruits and vegetables, meat products	Fruits

Source: BNS 2011

Table 14. Number of SMEs, employees, turnover

Type of enterprise	Enterprises				Employees				Turnover, th. MDL			
	2008		2010		2008		2010		2008		2010	
	No.	%	No.	%	No.	%	No.	%	Th. MDL	%	Th. MDL	%
<b>Micro</b>	3,668	68%	3,867	64%	11,019	10%	10,570	10%	1143	5%	1,181	5%
<b>Small</b>	1,,252	23%	1,365	24%	21,642	20%	21,966	22%	4481	19%	4,677	21%
<b>Medium</b>	327	6%	306	6%	29,257	27%	26,002	26%	3352	14%	3,509	16%
<b>Total SMEs</b>	<b>5,247</b>	<b>97%</b>	<b>5,538</b>	<b>97%</b>	<b>61,918</b>	<b>57%</b>	<b>58,538</b>	<b>59%</b>	<b>8976</b>	<b>39%</b>	<b>9,367</b>	<b>43%</b>
<b>Large</b>	138	3%	137	4%	46,243	43%	40,994	42%	14,265	61%	12,662	57%
<b>Total</b>	<b>5,385</b>	<b>100%</b>	<b>5,675</b>	<b>100%</b>	<b>108,161</b>	<b>100%</b>	<b>99,532</b>	<b>100%</b>	<b>23,241</b>	<b>100%</b>	<b>22,029</b>	<b>100%</b>

Source: BNS 2011

Table 15. Number of SMEs by districts in the NDR (2009)

	Total		Large,		Medium		Small		Micro	
	Number of enterprises / share	Average number of employees	Number of enterprises / share	Average number of employees	Number of enterprises / share	Average number of employees	Number of enterprises / share	Average number of employees	Number of enterprises / share	Average number of employees
<b>Total per republic</b>	46,704	526,182	1,073	216,748	1,587	108,771	9,132	120,969	34,912	79,694
<b>Northern Region</b>	5,675 100%	99,532	137	40,994	306	26,002	1,365	21,966	3,867	10,570
<b>Balti Mun.</b>	2,069	33,721	47	18,349	70	5,277	436	6,113	1,516	3,982
	36.45%		34.3%		22.87%		31.94%		39.2%	
<b>Briceni</b>	335	4,639	5	1,078	17	1,238	94	1,644	219	679
	5.9%		3.64%		5.55%		6.88%		5.66%	
<b>Donduseni</b>	244	3,575	5	1,398	11	1,085	43	700	185	392
	4.2%		3.64%		3.59%		3.15%		4.78%	
<b>Drochia</b>	418	8,612	14	4,121	24	2,429	103	1,365	277	697
	7.3%		10.21%		7.84%		7.54%		7.16%	
<b>Edinet</b>	301		10		24		117		150	

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	5.3%	6,203	7.29%	2,279	7.84%	1,628	3.57%	1,758	3.87%	538
Falesti	282	5,906	9	1,753	25	2,030	84	1,619	164	504
	4.96%		6.56%		8.16%		6.15%		4.24%	
Floresti	225	7,208	13	3,778	22	1,992	71	1,020	119	418
	3.96%		9.48%		7.18%		5.2%		3.07%	
Glodeni	255	4,741	6	1,120	20	1,818	61	1,339	168	464
	4.49%		4.37%		6.53%		4.46%		4.34%	
Ocnita	262	3,707	5	811	12	1,266	68	1,104	177	526
	4.61%		3.64%		3.92%		4.98%		4.57%	
Riscani	400	5,603	6	1,102	23	2,219	72	1,514	299	768
	7.04%		4.37%		7.51%		5.27%		7.73%	
Singerei	331	6,058	4	1,452	31	2,222	99	1,798	197	586
	5.83%		2.91%		10.13%		7.25%		5.09%	
Soroca	553	9,559	13	3,753	27	2,798	117	1,992	396	1,016
	9.74%		9.48%		8.82%		8.57%		10.24%	

Source: NBS, 2010

Table 16 Investments in fixed capital in territorial profile

INVESTMENTS IN FIXED CAPITAL IN TERRITORIAL PROFILE									
	Million MDL, current prices			of which, financed from:					
				State Budget			budgets of administrative and territorial units		
	2008	2009	2010	2008	2009	2010	2008	2009	2010
<b>Total RM</b>	18,224.8	11,123.6	13,098.7	1,778.6	734.2	667.4	534.3	356.0	491.9
<b>Nord</b>	2835.5	1948.2	2111.5	211.0	107.9	61.6	143.4	98.7	112.9
<b>Balti Municipality</b>	938.9	545.2	564.0	84.4	4.7	6.0	10.1	8.8	10.4
<b>Briceni</b>	172.0	126.2	101.0	10.5	14.6	5.1	10.4	8.6	6.0
<b>Donduseni</b>	101.0	93.4	118.7	6.0	5.7	1.3	5.0	4.7	3.3
<b>Drochia</b>	183.7	176.2	244.9	10.2	11.4	5.1	13.0	11.2	13.7
<b>Edinet</b>	200.0	123.0	103.6	11.2	8.3	2.7	3.0	0.8	2.4
<b>Falesti</b>	118.0	104.6	134.7	5.5	6.8	8.6	7.1	10.8	8.9
<b>Floresti</b>	205.0	173.3	201.9	9.9	4.6	10.8	17.9	14.1	12.8
<b>Glodeni</b>	92.8	81.6	80.4	12.1	10.0	2.6	7.4	2.6	4.4
<b>Ocnita</b>	112.6	100.9	122.3	11.6	13.6	4.1	7.8	3.7	6.2
<b>Riscani</b>	141.3	110.6	106.3	26.7	3.7	3.9	7.4	7.2	10.5
<b>Singerei</b>	164.3	135.9	141.9	5.3	7.6	2.7	18.3	13.8	27.4
<b>Soroca</b>	405.9	177.4	191.9	17.2 6	6.6	8.8	36.6	12.4	7.0

NBS, 2011

**Table 17. Number of the NDR educational institutions**

<b>NDR</b>	<b>2008/2009</b>	<b>2009/2010</b>	<b>2010/2011</b>
Number of pre-school institutions	430	439	444
Number of schools (day schools, gymnasiums, lyceums)	493	491	482
Number of secondary vocational educational institutions	28	28	28
Number of colleges	15	15	15
Number of higher educational institutions	3	3	3
Number of institutions (total)	969	976	972

Source NBS, 2012

**Table 18. Evolution of educated population (higher, post-secondary, lyceum education)**

<b>Academic year</b>	<b>No. of schools</b>	<b>Reduction compared to the previous</b>	<b>No. of pupils</b>	<b>Reduction compared to the previous</b>
<b>2008/09</b>	493		117,571	
<b>2009/10</b>	491	-2	111,946	-5,625

<b>2010/11</b>	482	-9	106,929	-5,017
<b>2011/12</b>	476	-6	102,797	-4,132
<b>Total in 4 years:</b>		<b>-17</b>		<b>-14,474</b>

Source: NBS, 2012

**Table 19. Network of medical and sanitary institutions as of 01 January 2012**

No.	Region/district	Total institutions		Municipal/district hospitals		Institutions AMP (MTA, CFD,CHC)		Private hospitals	Independent polyclinics
		2010	2011	2010	2011	2010	2011	2010	2011
	<b>Total NDR</b>	<b>36</b>	<b>41</b>	<b>12</b>	<b>12</b>	<b>23</b>	<b>28</b>	<b>2</b>	<b>1</b>
1.	Balti mun.	3	3	1	1	1	1	1	1
2.	Briceni	3	4	1	1	2	3	1	-
3.	Donduseni	2	2	1	1	1	1	-	-
4.	Drochia	3	3	1	1	2	2	-	-
5.	Edinet	2	2	1	1	1	1	-	-
6.	Falesti	2	2	1	1	1	1	-	-
7.	Floresti	3	4	1	1	2	3	-	-
8.	Glodeni	6	8	1	1	5	7	-	-
9.	Ocnita	3	3	1	1	2	2	-	-
10.	Riscani	3	3	1	1	2	2	-	-
11.	Singerei	3	3	1	1	2	2	-	-

12.	Soroca	3	4	1	1	2	3	-	-
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Source: Statistical Yearbook of the Ministry of Health, 2011

**Table 20. Number of hospitals, number of beds / inhabitants as of 01 January 2012**

Region/district	Number of beds				Number of berd/10,000 inhabitants			
	2008	2009	2010	2011	2008	2009	2010	2011
<b>Total NDR</b>	<b>4,129</b>	<b>4,109</b>	<b>4,109</b>	<b>4,115</b>	<b>40.7</b>	<b>40.7</b>	<b>40.8</b>	<b>40.9</b>
Balti Mun.	1105	1135	1135	1135	74.6	76.6	76.2	76.2
Briceni	210	210	210	210	27.6	27.7	27.9	27.9
Donduseni	135	135	135	141	29.4	29.6	29.9	30.0
Drochia	350	350	350	350	38.5	38.6	38.8	38.8
Edinet	435	435	435	435	52.0	52.2	52.5	52.5
Falesti	280	280	280	280	30.1	30.1	30.2	30.2
Floresti	354	354	354	354	38.9	39.1	39.3	39.3
Glodeni	190	190	190	190	30.4	30.5	30.7	30.7
Ocnita	205	205	205	205	36.3	36.4	36.5	36.5
Riscani	225	220	220	220	31.7	31.2	31.4	31.4
Singerei	280	235	235	235	29.8	25.1	25.2	25.2
Soroca	360	360	360	360	35.6	35.8	35.9	35.9

Source: NBS, 2012

**Table 21. Amount of the National Regional Development Fund in the years 2008-2012 (in thousands MDL)**

	2008	2009	2010	2011	2012
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<b>Planned</b>	130,000.00	156,000.00	135,400.00	134,257,6	174,700
<b>Executed</b>	0	0	0	122,883,78	-

Source: MoF, 2012

Table 22. Situational analysis of energy sector in the NDR

No	Settlement Subjects	Balti mun.	Briceni	Dond useni	Drochia	Edinet	Falesti	Flore sti	Gloden i	Ocnit a	Risca ni	Singer ei	Soroca
1	Number of settlements in the districts with street light	2 of 3 67%	17 of 28 61%	6 of 22 27%	5 of 28 18%	9 of 32 28%	4 of 33 12%	8 of 40 20%	5 of 20 25%	17 of 21 81%	9 of 28 32%	7 of 26 27%	5 of 36 14%
2	Annual maintenance of street lighting service												
	<u>2010</u> (th. MDL)	5,300.0	220.7	334.4	320.7	108.7	132.4	255.8	130.7	286.0	84.7	306.0	394.9
	<u>2011</u> (th. MDL)	5,300.0	250.0	418.5	366.0	239.3	95.5	343.4	84.0	486.0	37.3	527.4	444.4
	<u>2012</u> (th. MDL)	6,280.0	270.0	630.0	374.0	280.0	152.3	293.4	104.0	756.5	0	728.0	468.0
3	Use of alternative renewable energy sources												
	<u>Wind</u>	-	-	-	-	-	-	-	-	-	-	-	-
	<u>Geothermal</u>	-	-	-	1(boiler house)	-	-	-	-	-	-	-	-
	<u>Biomass</u>	-	-	-	1(boiler house)	1(heat generat or based on straw)	-	-	-	-	-	1	-
	<u>Solar energy</u>	-	-	-	3 institutions 6 (collectors)	-	-	-	-	-	-	-	2 institutio ns

Source: Calculations of the Northern RDA