

**The Spatial Development Concept of
Interregional Co-operation in the Danube Space
SEE EoI/A/246/4.2/X**

**WP7
COMPREHENSIVE STRATEGY
background report for Republic of Moldova
part A - Analysis and comparison**

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A) ANALYSIS AND COMPARISONS

1. SWOT analysis

Moldovan ARGE DONAU subregion		
GS	STRENGTHS	WEAKNESSES
NC	<ul style="list-style-type: none"> - strong potential in landscape morphology - national legislation prescribing the development of the State Protected Areas - high variety of declared protected areas - high share of the best quality farm land - the best natural conditions for agricultural production development, over 60% of the land is agricultural land fund - medium number of water sources with sufficient yield - protected water management area "Prutul de Jos" and RAMSAR Convention Site "Lacurile Prutului de Jos" 	<ul style="list-style-type: none"> - air pollution from transportation, economy and construction activity - high production rate of communal waste - fewer forests, which leads to the fact that agriculture in the steppe Bugeac requires well-developed irrigation systems, but they were destroyed during the last 20 years - no forestry sector is not part of the Natura 2000
SSHR	<ul style="list-style-type: none"> - population in the project area over the past five years has not changed dramatically, mostly NUTS4 is observed positive dynamics of demographic issue - about 70% of the population of this region is economically active population segment - region is not overpopulated - large share of population with secondary and special education 	<ul style="list-style-type: none"> - high share of small municipalities up to 1500 inhabitant, predominant rural population - 1 km² population density in this region is well below the national average - low level of insurance settlements with potable water and sewage disposal systems
T	<ul style="list-style-type: none"> - further adjustment of legislative and regulatory frameworks with European and international standards, in particular for safety and security (for all types of transport) - airport of international and national importance - the average density of primary and secondary roads - possibility of creation of combined transport terminals or logistic centers in Danube port 	<ul style="list-style-type: none"> - most roads, especially local ones, are in unsatisfactory condition - in Moldova in general and in particular in the project area are not electrified railways - dated technological level of transport facilities - difficult crossborder connection through Danube to Romania - insufficient of logistic centers or combined transport terminal - slack developed regional transportation
TI	<ul style="list-style-type: none"> - adequate level of drinking water supply - very high level of assurance of the 	<ul style="list-style-type: none"> - low level of sewage treatment systems development and accessibility - moderate level of broadband

	<p>population with electricity</p> <ul style="list-style-type: none"> - the presence of oil refineries and storage - region has its own oil and natural gas 	<p>connection</p> <ul style="list-style-type: none"> - small volume of their deposits of oil and natural gas
E	<ul style="list-style-type: none"> - Moldova's gross domestic product in the reference years is the ever increasing - agricultural resources are certainly among the most important natural resources available to the country in general and South region - in particular - advantage of good climatic conditions for agricultural production development - socio-economic phenomena of recent years have led to restructuring of employees by sector - decreased number of employees in agriculture and non-commercial sector increased - multi-sectional structure of industry and market services, which have influence on the stabilization of the region - creation of academic and R&D center 	<ul style="list-style-type: none"> - the average length of life in Moldova is below the EU average - most of the working population working in agriculture <ul style="list-style-type: none"> - R&D potential is not sufficiently used for more demanding economic activities development. It is caused by insufficient support of R&D institutions in the future - absence of qualified labor force - lower share of production with high added value - limited sources focused on modernization and creation new technologies

GS	OPPORTUNITIES	THREATS
NC	<ul style="list-style-type: none"> - National Ecological Network concept is included later (2008) in National Spatial Plan - new Program water supply and sewerage of the localities from Moldova in 2015 - Transnational Monitoring Network existence between Moldova and Romania - implementation in the south region of project "Management and destruction of stockpiles of persistent organic pollutants" - are not very large stocks of industrial waste - the best conditions for agricultural production development 	<ul style="list-style-type: none"> - increasing erosion of agricultural land - presence of the company's Valiexchimp LLC oil wells located in Lake Beleu, NUTS4 Cahul <ul style="list-style-type: none"> - high level exceeded the maximum permissible quantity of emissions to air - Insufficient treatment plant operating in rural area - recycling and industrial waste treatment is carried out only superficially and for a very narrow range of waste - high production rate of communal waste, their location disorganized and legally inadmissible places of ecological and sanitary-hygienic safety
SSHR	<ul style="list-style-type: none"> - in project area are located 3 of 12 major urban agglomerations in Moldova - developed settlement agglomerations 	<ul style="list-style-type: none"> - low level of regional management - low level of work force mobility - small proportion of the population with higher education - undergraduate few specialized

	<ul style="list-style-type: none"> - utilization of human capital - utilization of universities and research institutions science-research potential in the region - development of lifelong education 	<p>educational institutions</p> <ul style="list-style-type: none"> - it is high rate of settlements with population less than 2000 inhabitants
T	<ul style="list-style-type: none"> - is developed and implemented Strategy in transport infrastructure for the years 2008-2017 - this strategy action plan provides for clear activities to improve road infrastructure to strict deadlines - in this region is located only Giurgiulesti International Free Port through which Moldova has direct the maritime sector of the Danube, which allows for future development of international maritime transport - are located railways national and regional importance - in town Cahul is located Cahul International Airport to its economic efficiency provided by 2012 - possibility of creation of combined transport terminals or logistic centers in Danube port - possibility of better utilization of air and water transport through connection into international cooperation - connection of transport infrastructure to international transport corridors 	<ul style="list-style-type: none"> - lack of Pan-European corridors and TEN-T roads passing through the part of national territory included in the Project (length and main nodes in the Project area) - lack of road infrastructure in this region Motorways and Expressways - sharp reduction in investment for road maintenance - increasing of concentration of individual transport in major cities - slow development of transport infrastructure
TI	<ul style="list-style-type: none"> - the process of adjusting the legal framework of European directives on electricity, natural gas and petroleum products - process of adjustment to European directives improve relations regulation between suppliers and consumers, ensuring that service delivery efficiencies sources - Southern region of Moldova has enormous wind potential areas favorable for exploration for energy - possibilities to utilization of renewable energy sources – biomass, wind power plant - possibilities to utilization of new, more efficient technologies 	<ul style="list-style-type: none"> - the energy sector is a sector with great dependency on external factors. It is one of the most vulnerable economic sectors of the country given Moldova's dependence on foreign electricity and gas
	<ul style="list-style-type: none"> - presence of pre-Danube region of 3 universities (Cahul, Taraclia Comrat) 	<ul style="list-style-type: none"> - Reflect the increasing job performance is due to an improved system of registration and not actual job growth

E	<ul style="list-style-type: none"> - creation of R&D centers at universities in the region - possibilities to utilization of cultural-historical potential for tourism development - development of sectors based on location potential - development of sectors with higher added value - development of services sector - support of development of crossborder cooperation with Ukraina and Romania - presence of free zones within the project area and the Free Port International Giurgiulesti receiving special conditions specific free zones and industrial parks 	<ul style="list-style-type: none"> - the low unemployment rate announced is a consequence of non-performing system of voluntary registration of the unemployed - all NUTS4 predominant small and the number of large firms is very small - qualified labor force drain - rising international competitive on the tourism market
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2. Definition of indicators characterizing the social-economic situation of the D+ region area

Indicator	Year			
	1998	2001	2005	2008
Water pollution Index				
Atmosphere pollution SO ₂ - emission for 1000 inhabitants (t)		0,69	0,67	0,00
Atmosphere pollution NO _x - emission for 1000 inhabitants (t)		0,83	0,81	0,00
Atmosphere pollution ash - emission for 1000 inhabitants (t)		0,91	1,44	0
Atmosphere pollution CO - emission for 1000 inhabitants (t)		1,07	1,69	0,00
Capacity of landfills per 1000 inhabitants (t)	-	-	-	-
Number of dwellings per 1 000 inhabitants	-	-	272,48	-
Number of university students per 1 000 inhabitants				9,84
Regional vitality index	67,77	68,20	67,85	69,36
Density of Highways - length of highways per km square	-	-	-	-
Density of Railways - length of total railway network per km square				5,24
Water Transport - freight transfered through ports in the region per 1 000 inhabitants		31,17	37,44	29,39
Accessibility of water ports (share of region area accesible from ports within radius of 60 km) (%)	-	-	-	70
Airports accesibility (share of inhabitants living in area which is located within 80 km radius around (TEN-T airport)) (%)				
Electric energy supply (Share of dwellings connected) (%)	100	100	100	100
Natural gas (Share of dwellings connected) (%)	46,7	62,3	69,8	73,85
Broadband (internet connection, >256 kbit/s) (Share of dwellings connected) (%)	-	-	-	19

Drinking water supply (Share of dwellings connected) (%)			28,57	44,6
Wastewater treatment (Share of dwellings connected) (%)			22,57	33,4
Renewable energy sources (Capacity of regional renewable energy sources in MW per 1000 inhabitants)			N/A	N/A
Regional GDP per capita in PPS as a share of EU 27(25) average (%)	-	-	-	-
Labour force participation rate (%)		57,9	49	44,3
Unemployment rate in region (%)		7,3	7,3	3,50
Number of employed in tertiary branch (%)	50,97	48,79	43,60	45,85
Share of college and secondary school educated inhabitants (%)		40,37	39,85	41,99
Tourism - average guest nights, thousands			51,65	55,25
Tourism - foreign visitors per 1000 inhabitants			1,93	2,99

3. The analysis and the evaluation of the national regional policies and spatial plans of the country

Republic of Moldova has established a well-defined vision - a well-developed state and convenient for their citizens living. In recent years many documents have been developed which directly indicates the national development of the state vector. Document are based on other key national documents is a National development strategy for 2008-2011.

Enhancing economic competitiveness is closely related to human resources development, increasing employment and promoting social inclusion. One of the main priorities set in the Strategy is to enhance the competitiveness of national economy by:

- improving the business environment to enhance investment activity in the economy
- promoting SMEs, to provide new opportunities and ensure a higher capacity to adapt the system the rigors of today's economic market economy
- increasing efficiency of enterprises, to enhance competitiveness of endogenous factors in the nucleus of the national economy
- increasing the research and innovation
- develop physical infrastructure to reduce production costs.

Another important principle for the development of the state is creating regions within it and ensure:

- the balanced participation of all socio-economic regions of the country, focusing primarily on the North, Central and South region's
- accelerate the development of small towns as „poles growth” areas
- development of rural economy and increase productivity in agriculture
- development and modernization of regional infrastructure and promote public-private partnership
- prevention of environmental pollution and the efficient use of natural resources to enhance quality of life.

3.1. Settlement system

In the early '90s, the Moldovan settlement system included 21 cities, 45 urban villages and more than 1,600 villages.

After 1991 until 2005, the scientific and regional planning and urban policy in the Republic of Moldova was slightly modernized. During the development of national spatial plan (2007) and the principles of Sustainable Development Concept Housing, research products have been used „predecessorilor” (Niipianirovania, Kiev niigiprograd, Moldgiproselstroi Moldgiprostoi and approved by the Government in the 80s) and new projects (Urbanproiect, 1999-2004).

Thus, it was observed that Moldova is a group of 10 to 12 cities, the viability of which has been shown for various historical periods, including the transition period of 90 years. It is these cities viable, maintained the economic could be considered as „growth centers” to stimulate economic and social development of regions surrounding cities.

In pre-Danube Region (project area) of Moldavia such cities are:

Cahul (year 1452) - population 42. 5000 inhabitants, is historically the most famous city in the south. Placement of its transport advantages: Airport 'A', railway, highway assets in five directions, r. Prut. Customs Office Cahul-Oancea (Romania) is an economic advantage, in addition to the food and light industry enterprises work. Also in this region activate sanatorium complex based on local mineral water springs. Regional importance will grow considerably after the city urban reconstruction¹.

City Taraclia (1813) - with a population of 15. 5000 people, is the center of the Bulgarian community in Moldova. Enable effective free economic zone Taraclia (another economic area Tvardita). The locality enables enterprises producing high quality wines. Economic relations and cultural ties with Bulgaria, Ukraine and neighboring region, or. Bolgrad. Drawbacks: the need for irrigation (due to climate and periodic droughts), lack of natural construction materials.

Comrat (1443) - with a population of 25. 7000 inhabitants (2004 census), the city occupies a central position within Bugiac Steppe, south-west part. Comrat is the capital of Gagauzia ATU. Gagauzia currently includes the following excerpts from former districts: Comrat, Ciadâr-Lunga and Vulcanesti. It has the advantage of placing the highway Chisinau-Giurgiulesti (r. Danube) and rail station Bugiac. Increased activity of entrepreneurs and government to diversify the ATU and attract foreign investments (Turkey, Russian Federation, Italy), particularly in wine and light industry. The problems facing the region: lack of drinking water resources, agricultural soil erosion, shortage of qualified.

Republic of Moldova is facing a strong phenomenon disappearance cities. According census data, urban population share has declined from 47.4% in 1989 to 39% in 2004.

With few exceptions (Cahul, slightly less Comrat), no medium and small city in south part of Moldova does not possess the minimum conditions (urban, human, logistic, services, infrastructure, etc..) to provide economic opportunities for investors and youth.

The background process dezurbanization and „administrative regression” of cities has widened the gap between Chisinau and the rest of the administrative-territorial units. Capital (18% of the population) already provides more than 50% of GDP, 60% of industrial production, 90% of exports, 60% imports, contributing more than 60% of Moldova's public. The tendency to over-concentration of resources in Chisinau city itself creates serious problems: depreciation of human capital, limited access to housing, quality of urban transport, environmental degradation, etc..

Developing National Spatial Plan was delayed nejusticat and the process continues to be based on the methodologies typical Soviet centrally planned economy. Handling of urban planning is obsolete. Concept of Sustainable Urban Development Project of the Republic of Moldova elaborated with UNDP financial assistance remained in a state of project was not considered by the government institutions responsible.

3.2. Factors influencing the cohesion development in the Donauregionen area

¹ Concepția Dezvoltării durabile Urbane a Republicii Moldova// proiect „Moldova fermecătoare”, sprijin financiar PNUD Moldova. – p.24-26

3.2.1. Tourism as a development factor

National territory in recent years have been marked six developing regions, which are placed a disproportionate number of tourist establishments. Most are concentrated in Chisinau and its radius of influence as the capital of the biggest tourist crowds and the main generator of tourists and people in the rest of the country other tourist areas. Tourist flows at the level of accommodation is unbalanced between the capital and the rest of the country. In Sud dispersed nature of tourism resources and determine their current state of the small number of possible areas of interest. In our perimeter present interest the tourist area Cahul and tourist area Taraclia.

In **Gagauzia region** due to small area is designated one prospective tourist area.

Cahul tourist area is part of the Euroregion "Lower Danube" is located near historic sites, natural reserves and resources recognized spa.

Taraclia tourist area is determined by specific localities Bulgarian settlers, where they practice traditional vegetable growing and viticulture

Gagauzia tourist area is determined by the sole Orthodox compact colonies of large family Turkic people.

3.2.2. Transport system and tehcnical infrastructure

According to Transport Infrastructure Strategy for the years 2008-2017 the main objective of the transport sector is to give the country an efficient system that meets the mobility needs of citizens and facilitate international trade and domestic markets, given the role that Moldova may have as a bridge between the EU and Commonwealth of Independent States (CIS).

This can be achieved through a series of specific policy objectives in the short and medium term:

Short term objectives:

- a) rehabilitation of existing road and rail traffic to create acceptable conditions for the transport of passengers and goods,
- b) institutional arrangements that provide a stable framework for the rehabilitation and maintenance of the infrastructure.

Medium-term objectives:

- a) improving transport infrastructure maintenance procedures to achieve a system of maintenance and administration more efficient and sustainable,
- b) infrastructure development to further improve the quality of infrastructure and integration into European transport networks.

Road rehabilitation plan include the following:

- a) Rehabilitation of the entire national and local road network,
- b) urgent repairs and maintenance works carried out on the roads to be in bad condition, before the start of rehabilitation works;
- c) ordinary maintenance (routine and periodic) of all roads rehabilitated. Regular maintenance is covered with a new layer of asphalt concrete or surface treatment at least once every eight years.

After rehabilitating the existing road network, will consider new investments in roads in the medium / long terms. Given the area and population, we note that the size of the Moldovan road network is satisfactory, requiring only a small extension of its. Are covered, also the main lines of transport and investment needs for roads can be classified in the following areas:

- a) improving the quality of existing roads,
- b) improving access to strategically important areas (Port of Giurgiulesti)
- c) providing all municipalities with public road network accesses
- d) the construction of bypass roads to settlements.

Implementation of new investments will be preceded by the following:

- a) define the level of quality and service of the Moldovan road network, depending on the category and level of road traffic,
- b) elaboration of detailed economic and technical feasibility of all proposed investments;
- c) development financing scheme proposed investments;
- d) environmental impact assessment for proposed investments.

It proposes to develop a 5-year investment plan (2013-2017) to finance new investments which should be taken into consideration and public-private partnership possibilities.

Restructuring plan of Railway Moldova (CFM).

In Moldova, which has a small network, located in a pretty bad situation, and international cargo traffic, quite profitable, large-scale and complete separation of the CFM in different companies for infrastructure and passenger transport services goods shall be deemed to be unwarranted at this time.

In Strategy the proposed future the CFM internal separation of facilities, goods and passenger transport in the autonomous business units with separate records of costs and revenues, and the obligatory inclusion of assets.

The ultimate objective is to achieve reform of railways by CFM financial autonomy, enjoying the income from trade in goods traffic and ticket sales, supplemented by government subsidies for passenger services, according to an agreement on the PSO.

CFM has not electrified railways and operate a diesel engine, which requires considerable quantities of diesel fuel purchases. Proposed legal framework for road maintenance funding will enable CFM to recover at least part of the duty paid fuel, thus contributing to the financing of railway infrastructure maintenance.

In the water transport was developed **Concept shipping development in Moldova**², which provides that the primary goals of development of market outlets in the area of shipping services are:

- a) Development of inland waterway transport, including increasing the volume of transportation of construction materials nemineraliere
- b) Ensure integration of inland waterways of the Republic of Moldova in the international transport system
- c) Increase the flow of import / export,
- d) Market development to provide transportation services to passengers.

In this concept it is proposed to be carried inland waterway transport problems in stages:

The first phase (2008 - 2009), reform of shipping:

- 1) coordination and interaction between government bodies and agencies to address economic development issues and reform domestic shipping;
- 2) the following fields to solve the development problems: a) preservation and development of internal waterways and building hydro
- b) supervise and monitor the safety of navigation and environmental safety,
- c) creation and modernization of business rules unique inland waterway and control thereof;
- d) the economic interests of Moldova the owners of global e) staffing of the water transport,

² Concepția dezvoltării transportului naval în Republica Moldova.

The second phase (2009-2011) will aim to entry into the European and the global transport International organization of transportation goods transport corridors.

- Another document that stipulates the development of aviation in the Republic of Moldova's development strategy civil aviation during the years 2007-2012 . According to this Strategy Action Plan for Civil Aviation Administration aims until terms:
- • 31 December 2007 - to obtain full membership of the JAA, to examine the benefits of Moldova joined the Montreal Convention (1999) for the Unification of Certain Rules relating to International Carriage by Air;
- • 1 July 2008 - to complete standardization visits (operations, airworthiness, licensing) of the JAA and get right to issue international certificates Moldova in all three areas;
- • December 31, 2008 - to conclude the certification of airports and Marculesti Cahul;
- • 2008-2009 - to develop programs to develop airports Cahul and Balti, in order to revitalize the air transport of passengers and cargo;
- • 31 December 2009 - to examine the benefits of Moldova joined the Capetown Convention (2001) on international interests on mobile equipment, harmonize the national legislation on the certification of airports with European regulations;
- • 1 March 2010 - to start negotiations between the Government of Moldova and the European Commission to join the EASA (European Aviation Safety Agency) as the successor to the JAA
- • July 1, 2010 - to initiate the accession of Moldova to the Agreement on the European Common Aviation Area (ECAA)
- • December 31, 2010 - to adopt and implement the Acquis Communautaire in the field of civil aviation of the Republic of Moldova. Full harmonization of Moldovan legislation with European law aviation.

In view of ratification of the ECAA average out (December 31, 2011) and by the end of 2012 are expected to be achieved:

- Implementation of the Agreement has to Moldova JAA;
- Develop Aircraft Code;
- Moldova's participation at the initiative of Heaven European Single (Single European Sky), assessing its impact on civil aviation from Moldova after the definition phase;
- Satisfy SES program;
- Continue to modernize the national air traffic management, ensuring a high level of safety, reliability and interoperability with the European system, the transition to ADS system, without disrupting the operational function;
- Moldova's participation in implementing the concept of Functional Airspace Blocks - FAB to reduce fragmentation, improve efficiency and safety system for air operators to reduce costs by approximately 30%
- Cooperation with neighboring countries to reorganize airspace and flow traffic, introducing stringent emissions standards for aircraft engines, introducing restrictions and penalties for polluting aircraft, while encouraging the purchase of low emission aircraft for environmental protection. Develop and implement appropriate rules;
- Continuous improvement of the legal framework of the Moldovan civil aviation, ensuring the implementation of regulations and control system operation, to achieve and maintain a high level of safety of operation.

Tehnickal infrastructure

Markets in electricity and natural gas to Moldova, in general, were formed in the years 1997-2001, when they restructured electricity and gas sector and have established the basic operators of these markets: enterprise Electric power transmission and central dispatch, distribution companies and

electricity supply and distribution companies and natural gas supply, the National Energy Regulatory Agency, etc.. It was in this period were granted licenses for most of the work required by law.

In the period 2001 - 2008, markets electricity and natural gas have been essential structural changes.

Activity NERA for regulations in recent years aimed at adjusting the legal framework of European directives on electricity, natural gas and petroleum products and further regulate the relationship between suppliers and consumers, ensuring that service delivery efficiencies of electricity natural gas at minimum cost and the principle of continuity and reliability of electricity supply and gas, insurance and consumer rights protection.

For this purpose was approved a new version of the Regulations for the supply and use of electricity. In drafting this legislation was attended institutions of central government authorities, consumer associations, the National Association of Manufacturers, National federations of trade unions and employers. One of the important regulations developed and approved in 2008 was the new version of the Regulation on Quality of electricity distribution and supply. This leads to efficient document Agency activities related to monitoring service quality of electricity distribution and supply. There are established minimum requirements for quality and consequences of their failure to supply units and suppliers.

To enhance the energy security of the state and reduce the negative impact of environmental energy sector by increasing the rate of annual electric energy consumption by adjusting national normative base in the European Union and international standards was developed Regulation on guarantees of origin for electricity produced from renewable energy. This will be ensured that electricity market participants of the Law on renewable guarantee of origin of electricity produced from renewable energy a source, ensuring that electricity was produced from renewable sources, and the guarantee of origin shall be issued to any producer of renewable energy without discrimination.

In the gas market was developed and approved Regulation for the provision and use of natural gas, was determined and included new wording providing for settlement of problems facing consumers and suppliers of natural gas, a separate chapter on rights and obligations of the parties, have made changes to the section which specifies the connection procedures using facilities of applicants from the natural gas network, and other changes that helped to improve this bill.

To create a favorable legal framework for business and investment climate for socio-economic development through the requirements of the law on basic principles governing business activity, during 2008 the Agency participated in the amendment of legislation, such as the Law on electricity and Law in gas. The proposed amendments were aimed at improvement of legislation governing the relationships between suppliers and consumers in that market services.

In order to adjust to the conditions of the European Directives have been initiated changes and additions to the Electricity Market Rules.

It needs to be stressed that in 2008, for the first time, in addition to import diesel occurred in Moldova in the amount of 2077 tons, representing 0.6% of the total diesel fuel purchased for the needs of the republic.

3.2.3. Economical factors and humanity potentials

The situation in the industrial sector of the economy is mainly determined by the activity of manufacturing enterprises, which in 2008 it returned 98.8% of total production. Enterprises in food

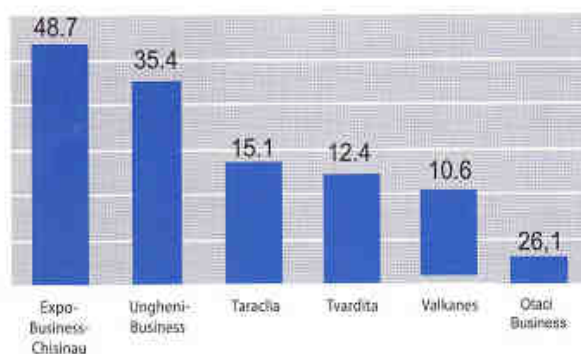
and beverage industry to return 50.6% of total production and 51.2 percent of manufacturing production volume.

Number of enterprises in the region has increased quantitatively and qualitatively diversified in the last 10 years. Such enterprises 70-250 per share from the district in 1998 came to double or triple in 2008. Traditionally, small and medium rate is high and exceeds 80% of the total number.

Country development strategies clearly establish the priority of industrialization by promoting the creation of free economic zones and industrial parks.

In the Republic of Moldova operate six Free Economic Zones at present: Expo-Business-Chisinau (located in the capital Chisinau), Ungheni-Business (107 km northwest of Chisinau), Otaci-Business (220 km north of Chisinau) and 3 free zones are located and operate in the project area – in NUTS4 Taraclia 2 FEZs: Tvardita (115 km south of Chisinau) and Taraclia (153 km south of Chisinau) and 1 FEZ in NUTS4 UTAG Valkanes (in Vulcanesti, 200 km southwest of Chisinau). As well as the Giurgiulesti International Free Port – NUTS4 (210 km south of Chisinau) giving a series of free zones facilities.

Total Investment in FEZs up to 2009 (USD million)



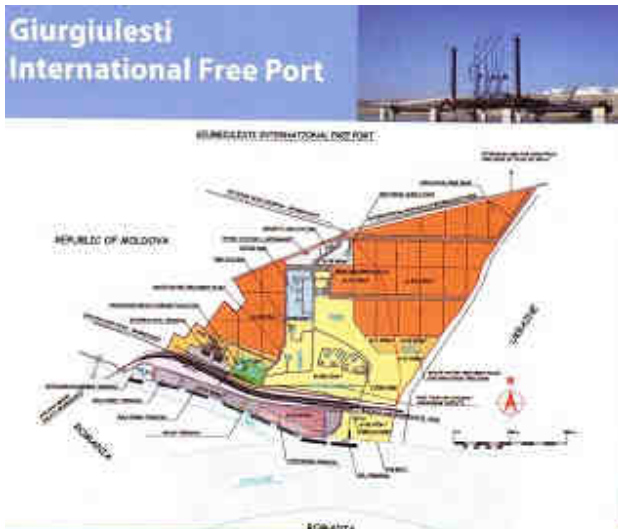
Source: Ministry of Economy.

Source: Foreign Investment Guide. Free Economic Zones.//Moldovan Investment and Export Promotion Organisation – June 2010

Total employment in the zones in January 1, 2010 amounted to 3018, of which 1136 were employed at Ungheni-Business FEZ, 1095 – at Expo-Business-Chisinau FEZ and 125 – at Otaci-Business, in south region: 47 – at Taraclia FEZ, 316 – at Valkanes and 299 – at Tvardita.

In 2009 the shares of south FEZs in total zone sales were: Valkanes-12,1%, Tvardita-15,5% and Taraclia-0,1%.

Giurgiulesti International Free Port's entire 120 ha territory. The Industrial Free Zone within GIFFP provides national and international investors an excellent location for their investments and businesses on the border with the European Union, in a low cost environment, with tri-modal transport infrastructure and a unique tax and customs framework.

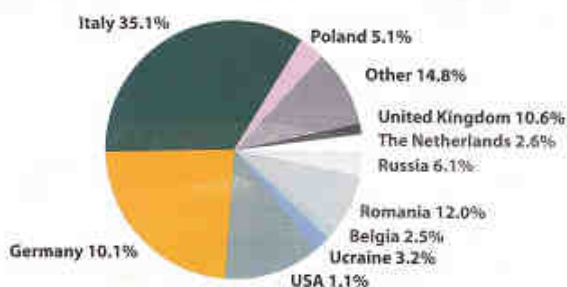


Source: *Foreign Investment Guide. Transportation.*//Moldovan Investment and Export Promotion Organisation – June 2010

Giurgiulesti International Free Port (GIFP), Moldova’s only port accessible to seagoing vessels, is situated at km 133,8 (nautical mile 72,2) of the River Danube in the South of Moldova, sandwiched between Romania (and therefore the European Union) and Ukraine. Danube Logistics, a Moldovan limited liability company, is the general investor, owner and operator of Giurgiulesti International Free Port. Shareholders are the Dutch EASEUR Holding BV and the European Bank for Reconstruction and Development.

GIFP benefits from its location on international trade and transportation routes such as the Rhine/Main/Danube waterway corridor which connects the Black Sea, 14 European countries and the North Sea; the European standard and Russian railway systems as well as the international road network. Against this background, GIFP serves its clients as a regional logistics hub in the midst of the rapidly growing economies of South Eastern Europe.

Textiles and apparel export structure in 2009, by country



Source: *Foreign Investment Guide. Clothing and Textiles.*//Moldovan Investment and Export Promotion Organisation – June 2010

The largest industrial enterprise in the project area is „Tricon” situated in Cahul. Based in 1966, this enterprise is the biggest producer of knitted and woven articles from south of the country. The selection of the produced goods includes the knitted wear for women, men and children; wolen articles for women – dresses, pants, skirts, blouses, suites, half-lenght overcoats and coats for winter. For long time „Tricon” Company works with foreign companies from Austria, Germany, Italy

and Romania. In 1996-1997 at the XIX and XXII „International Competitions „International Gold Star” the high duality of goods was commended with „Gold Star”. The prize „Platinum Star”, the „Tricon” Company has been obtained at the XIV International competition in 1998 in Madrid, Spain. The JSC „Tricon” has modern equipment and introduces new technologies. The qualified artists create new collection of fashionable wear.

Humanity potentials

In view of the worrying phenomenon of migration to development in the working age population in Moldova was adopted and is in the process of achieving National strategy on employment policies work for 2007-2015³. The main measures are planned and are under implementation are:

- Increase active and preventive measures for unemployed and inactive
- Job creation and entrepreneurship development
- Promoting adaptability and mobility in the labor market
- Promoting human capital development and training Lifelong
- Increasing the supply of labor and encourage active aging
- Promoting equal opportunities and combating discrimination in the labor market
- Rendering the work and creating appropriate incentives
- Transforming undeclared work into formal employment
- Reducing regional disparities in employment and remuneration
- Development of social dialogue
- Managing the impact of migration on labor market.

In order to improve the training of young generation and enhance the competitiveness of graduates on national and international labor market modernization program was developed educational system in Moldova (2005-2008), which primarily provided legal education through:

- Development draft Code of laws on education laws and regulations
- Adjust the code in the field of education law.

Action has been taken to modernize university education by:

- Improving the quality of preschool education, expanding access to such education, and promoting a new educational culture
- Ensure access to quality secondary education-general for all school age children
- Ensure institutions competitive pre-university education teachers
- Creating conditions for promoting the school's partnership with local authorities and local community
- academic and social integration of children with special educational needs
- Reforming national evaluation of school results.

In recent years has been practically abandoned the training in vocational secondary schools, parents preferred the times and what price to ensure that children educated, often with no particular desire of the child. Somehow through this many parents trying to achieve our own goals made. A situation has developed in the country when there are many specialist higher education diploma, with training not too good, and can not provide specialty job as they have to go abroad or work in Moldova on construction sites or in other areas where required qualification can be obtained without university. Therefore, emphasis was placed on upgrading the training process nonuniversity.

At the same time and area of higher education and post require significant changes in the trend of Moldova to become EU member. Therefore the accession process was initiated in the Bologna

³ STRATEGIA NAȚIONALĂ privind politicile de ocupare a forței de muncă pe anii 2007-2015.// Hotărârea Guvernului nr.605 din 31.05. 2007

Process in a way that allows near the standards of higher education in European and Moldova to facilitate the process of adapting evident Moldovan students to the study in European universities. A legal framework was provided by the European integration of higher education, is made to ensure the quality of access to higher education, improve teacher performance and a mechanism to promote and motivate their socio-economic support for youth, insurance infrastructure development and function of higher education and teaching base.

3.2.4. Environmental conditions

National Programme for the recovery of industrial and domestic (PNVDPM).

On the program were the basis for waste minimization principles, their full inclusion in the economic circuit (processing, use) and their ecological location secured environment. According PNVDPM, ministries, departments, local authorities and businesses are required to develop and implement sectoral programs and local waste management program based on principles that.

PNVDPM require these structures to identify the necessary financial means for implementation of the central environmental authority and information about results and challenges in achieving specified positions in the Program. Essential objectives of the program are:

- Improving the legal framework in waste management and their connection to European directives.
- Recovery and disposal of existing waste.
- Minimize waste.
- Exclusion from the use of toxic raw materials.
- Reduce waste volume and toxicity to the processes of elimination. introduction of separate collection of household waste.

National strategy on how to reduce and eliminate persistent organic pollutants.

National strategy on how to reduce and eliminate persistent organic pollutants (POPs) was adopted in 2004 to coordinate actions to prevent impact on human health and the environment with dangerous chemicals, persistent organic pollutants considered in the realization of state policy for sustainable development and ecological security of the country. The priority of the strategy are:

- Improving the legal framework in the management of toxic chemicals harmless.
- Evaluation of POPs sources.
- Evaluation of these sources of harmful effects on human health and pop the environment and developing action plans to prevent these effects.
- Develop and implement research programs, development and monitoring of POPs in the sectors of national economy.

Concept sanitation localities in Moldova.

The main objective of this Concept is targeting and delivery sanitation and hygiene policy in the cities, country towns hygienic improvement, diversification and capacity building of public sanitation services, increasing accountability of local authorities in this area.

4. Donauregion and the European Development Policies

Moldova-EU relations are governed by the Partnership and Cooperation Agreement - PCA, signed on 28 November 1994 and entered into force on 1 July 1998 and was initially valid for 10 years. PCA remain valid until the entry into force of the new legal framework.

Included in the European Neighbourhood Policy in March 2003, Moldova has launched the Action Plan EU - Moldova - PA (EU Moldova Action Plan - AP) in February 2005.

Since September 2009 the Republic of Moldova shows that will be actively involved in projects launched in the Eastern Partnership (PAE).

The process of negotiation on the new legal framework (Association Agreement) was launched in Chisinau, 12 January 2010. Were created four working groups:

- Political dialogue and reforms, cooperation in the field of Foreign and Security Policy;
- Economic cooperation, sectoral and Financial;
- Justice, Freedom and Security;
- Interpersonal contacts.

On 10 October 2007, the EU and Moldova signed the Brussels Agreement on visa facilitation and readmission agreement, which came into force on January 1, 2008. On the sidelines of EU Cooperation Council - Republic of Moldova (Luxembourg, 15 June 2010) was launched dialogue on visa liberalization.

EU and Moldova intends to establish a free trade zone depth and comprehensive (DCFTA) when the relevant conditions are met, expressing their commitment to progress in accordance with agreed steps to achieve this objective.

Another aspect of cooperation between Moldova and the EU is regional cooperation in the Danube basin, covering areas such as:

- Navigation - via the Danube Commission,
- environmental protection through the International Commission for the Protection of the Danube,
- cooperation between regions - by ARGE Donauländer,
- tourism - the Tourism Commission of the Danube Region.

By the end of 2010 will be completed EU **Strategy for the Danube Region**, a regional development model at European level. The idea of this project was promoted by Romania and Austria, the EU and third countries in the Danube Basin and has been supported by the European Commission, European Council and European Parliament in 2008.

Danube Strategy will be an internal strategy of the European Union are invited to attend and third countries river and will abide by the three principles apply also to the EU Strategy for Baltic Sea Region. The four areas (pillars) proposed by the European Commission that will focus on the strategy are:

- connectivity (sustainable transport and energy networks)
- Environmental protection of water resources and risk management
- socio-economic development (culture, education research, tourism, rural development, internal market)
- improving governance (institutional capacity and internal security).

The strategy will be implemented starting the first half of 2011 and could underpin a new funding instrument dedicated to the Danube basin, during the post-2013 programming.

European Union Strategy for the Danube Region is part of the **European Union Strategy in 2020**, to be adopted at the 2011 Spring European Council. In addition, it is in line with the Lisbon Treaty which was adopted which states that the EU will promote economic, social and territorial cohesion and solidarity among Member States, to reduce existing disparities between different regions.

Danube Strategy for Moldova will be, assuming the role of supporter of a new form of cooperation that will help to ensure visibility in the area south-east European economic recovery and will allow the South and particularly in the Danube area districts. The strategy will propose new solutions to problems in the area and will provide growth opportunities in areas such as transport, innovation and research for sustainable development and environmental protection.

Value added of the strategy will be to strengthen inter-regional, trans-border and in the Danube region and capitalization of existing initiatives and projects in this region.

Strategy development opportunities offered by the Danube:

- Transport: Trans-European Transport Corridor VII - TEN - T. Danube transport is a priority focus within the European Union.
- Restoration of the navigable channel and port infrastructure.
- Use of new technologies and „green system”.
- Innovation and research for the benefit of sustainable development.
- green systems and technologies for tomorrow's information society.
- Investment in environmental protection.
- Cleaner water.
- Protecting biodiversity.
- Rural development and protection against the threat of extreme events.

5. Analysis of several transnational initiatives

Euro-regions represent a modern form of cross-border cooperation between territorial-administrative units, considered one of the most effective practices in relaunching economies, attracting investments, establishment and improvement of international relations and regional conflict reduction. Euroregion concept in Moldova, as well as international cooperation. It was based on having the strength and cooperation of civil society and political and economic interests common with Romania and Ukraine. Euroregion Lower Danube was created on 14 August 1998 and occupies an area of 52. 839km², she recorded a population of 2. 492. 676 inhabitants. Membership Euroregion Lower Danube is as follows:

- From **Romania**: Galati, Braila and Tulcea counties
- From the **Republic of Moldova**: Cahul and Cantemir district
- From **Ukraine**: Odessa region.

Figura. Aria Euroregion “Lower Danube” in the three member countries - Romania, Moldova, Ukraine.

Source: Cahul District Council official website



Euroregion Council is represented in all three countries-members; from Moldova are two persons in Cahul and Cantemir one person, yet all three people working from Moldova in Euroregion Coordination Center.

Among the actions undertaken so far under the aegis of the Euroregion “Lower Danube” can be highlighted:

- The conclusion of the Protocol between Reni District Council, District Administration of State Reni Port of Reni, Galati County Council, Maritime Danube Ports Administration Galati, Galati Regional Railways on the conditions in which a line of river transport of goods and passengers of vehicles between ports of Reni (Ukraine) and Galati (May 5, 1999) .
- The courses start at “Cahul State University, established by expanding University Danube Jos” in Cahul (October 1, 1999) .

- The signing of a cooperation protocol between Tulcea County Council and Cahul County Council (12 May 2000).
- Signing a cooperation protocol between Tulcea County Council and Regional Council of Odessa, Odessa Regional State Administration (10 October 2000), with an emphasis on undertaking the necessary steps to conduct border checkpoints of state for international cargo and passenger traffic
- The establishment of Tulcea, the School of Chess “Lower Danube” to prepare juniors.
- The signing of an Agreement establishing the Association of Universities in the territory of Euroregion “Lower Danube” (December 1, 2000) .
- Obtaining, in 2000 , financial assistance from the EU TACIS program worth 2. 126. 000 for environmental protection of lakes and water meadows of the “Lower Danube”.
- The first meeting on cross-border cooperation for nature conservation in the Danube Delta and Lower Prut (December 16, 2000, Tulcea), during which it established a Joint Commission for coordinating cross-border nature protection area.
- Opening on 14 December 2001, the transmission lines Tulcea and Galati-Reni Reni.

Priority Projects:

- Completion status and the establishment of free economic zone Galati-Reni Giurgiulesti,
- The creation of a Romanian cultural center in Izmail,
- Study of navigation on the Danube (Chilia, arms and existing channels to the north of Chilia) ,
- A study on development of fisheries resources, taking into account the possibilities offered by processing cannery in Tulcea,
- The completion of the upgrading of the crossing by ferry Ismail Tulcea,
- The establishment of new border crossing points: Tulcea - Ismail and Isaccea - Cartal (Orlovca).

Projects border perspective Euroregion “Lower Danube”:

- Creating a free economic zone Giurgiulesti Galati-Reni.
- Giurgiulesti terminal regionalization, opening passenger port.
- Creating “Industrial park Cahul”.
- Creating a single register of businesses in the Euroregion.
- Drawing a map of growing zones, etc.