

Paierele, Oxana

Article

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GLOBALIZATION IMPACT ON THE LOCAL AND REGIONAL DEVELOPMENT POLICIES: REPUBLIC OF MOLDOVA CASE

Oxana Paierele

Academy of Public administration, affiliated to
the President's Office of the Republic of Moldova
paierele_oxana@yahoo.com

Abstract: *This article focuses upon the idea of globalization and its influence on building more progressive local and regional development strategies, taking into consideration the local and regional circumstances of Republic of Moldova. An interesting task is to determine where the top-down and central control stops, as well as where local autonomy begins and the way a strong regional development of country may be built. All this due to the fact that currently a strong state, a developed and competitive one is decentralized, and should have strong local communities which grow dynamically and solve local problems quickly.*

Key-words: regional development, globalization, good governance, local public administration authorities, decentralization.

JEL classification: R58, H7

Globalization, and the increased exposure to international competition that it has supposedly induced, has led to expectations of institutional convergence in, among other things, local and regional development policy and the politics surrounding it. Improving the quality of governance is essential for economic development. Policies on regional development and decentralized institutions, active local public authorities have the most positive and measurable effects on improving governance. The importance of good governance has now become an important issue, with multilateral organizations and donors increasingly basing their aid and loans on the condition that policies that ensure good governance are adopted.

In the world of governments, when organizations become overly centralized and controlling, there is a lack of initiative and energy by the collective workforce, productivity suffers, and sooner or later anarchy seems to arise to overthrow those in control who have not responded to the needs and preferences of the governed. Ironically, control breeds chaos. (Robert E. Hall, 2004). An important example for this is that the centralized governance structure led to the collapse of the

Soviet Union. Actually, for post-Soviet states this type of governance represents the legacy which determined the lack of autonomy, weak communities and inefficient local public authorities (unable to solve local problems quickly). When analyzing how the economic crisis affected especially post-Soviet countries (and Republic of Moldova in particular), we understand that these countries are impacted so severely by the crisis because the necessary reforms were not conducted in time.

It should be mentioned that globalization opens up opportunities for development and the national strategies are those important documents which should be designed to take advantage of the potential and meet the requirements associated with greater integration into the world economy. Usually, the Government's regional policy objectives are to maintain the main features of the settlement pattern and to release the growth potential in all parts of the country. The policy initiatives to achieve regional policy goals should also strengthen the country's international competitiveness.

External factors, especially globalization, keep influencing countries and local communities in a variety of ways. Changing investment patterns, modernization of production methods, fluctuation of market requirements and prices significantly threaten geographic areas that are difficult to reach. If joint efforts on the part of national, regional and local administration, national and international support organizations, local industrial associations, and local entrepreneurs are established in order to focus on developing revitalization and restructuring strategies then a community has a chance to make these threats into opportunities for development. In the same time, principles and values of local and regional development reflect the relations and balances of power between state, market, civil society and are socially and politically determined within localities and regions.

Republic of Moldova alongside with other CIS countries currently faces the challenge to improve its competitiveness in light of the major structural transformations taking place in the world economy. The administrative-territorial reform in favor of decentralization is believed to unlock the country's regional potential which would contribute to economic growth.

The country has passed through several administrative-territorial reforms which didn't lead to a progress mainly due to the fact that decentralization of functions was not followed by their adequate funding (Analytical study on optimal administrative-territorial structure for Republic of Moldova, 2010).

- In 1994 there were legally approved changes in the soviet system of administrative organization, but with no essential changes of territorial structures. The Soviet model had been maintained largely unaltered. Thus, by 1998 the country's territory was divided in 38 raioane (districts), including five in the breakaway Transnistrian region.

- 1998: The 30 districts placed on the right bank of the Nistru river were amalgamated in 9 județe (counties), to which later the tenth was added. The territorial reorganization in 1999 was accompanied by a significant administrative reform, resulting in a new division of competences and resources, following closely the Romanian model.
- 2001/2003: In December 2001, newly elected power, adopted the new administrative-territorial reform, which took effect after the local elections in 2003. As result of the latter reform, the country actually restored a quasi-Soviet model of territorial division, while local autonomy was significantly reduced.

The objects of local and regional development are the material things to which ‘development’ action is directed. The subjects are the themes upon which ‘development’ is based. Each provides a means of discerning the implications of specific forms of local and regional development and policies (Pike A., Rodriguez-Pose A., Tomaney J., 2007). Territories evolve as defined areas in which particular definitions of local and regional development are constructed and pursued, and local governments are the promoters of the development as they better understand local problems and are more motivated to serve people’s needs as they reside locally and want to be re-elected.

Based on the National Development Strategy, National Strategy of Regional Development, the Moldovan Government plans to consolidate Moldova’s balanced regional development so that all regions would make a contribution to the development of the country as a whole, making competent use of their specific abilities. An important remark is that regional policy is not a sector policy, and regional policy objectives can only be achieved by a broad approach and through inter-play between different policy areas and co-operation between institutions.

The co-operation between public actors may be followed in the context of public consultations regarding initial draft of the National Decentralization Strategy in the framework of priority committed by the Government of the Republic of Moldova regarding decentralization of power and ensuring of local autonomy. The strategic coordination group composed of representatives of the Government, local public authorities and civil society was entrusted with the task of drafting the National Decentralization Strategy and the plan of action for implementing it. In terms of decentralization policies approach in the light of Human Rights and Gender Equality, within the process of Strategy development it was agreed to comply with the principles of equality, accountability, non-discrimination and social inclusion according to advanced methodology and practices of international experience.

As the current policy framework does not respond to the need of local public authorities and does not provide sufficient clarity on their role, authority and responsibilities, decentralization

represents an essential political option for the internal reform agenda of the Republic of Moldova, aiming at improvement of resources management and bringing quality services closer to citizens. It encompasses modernization of the public sector, enhancement of local autonomy, following the principles of transparency, legality, efficiency, responsibility and administrative solidarity.

The Strategy will be the main policy document in the field of local public administration that will determine the national mechanisms on decentralization and ensuring of a genuine local self-government to the local public administration authorities.

The capacity of local public authorities to address development challenges and to fulfill their responsibilities in front of citizens is weak and underdeveloped. Management of services and utilities, which is one of the key responsibilities of local public authorities is also weak. Moreover, the most vulnerable communities and groups of population (elderly, disabled, women at risk, persons with disabilities, ethnic and other minorities in particular Roma, and others) do not have access to basic public services, such as access to water, clean environment, and social services. The quality of services provided locally is low. Most deprived persons and communities in Moldova do not have enough capacities to access resources and participate in local development programmes, and mechanisms to ensure accountability, transparency, non-discrimination and participation are in many places missing or not functioning effectively. In view of the array of factors affecting poverty, it is evident that a serious attack on regional poverty requires policy and institutional interventions on several fronts.

Especially due to the policy and institutional interventions on several fronts, an inter-ministerial cooperation is needed at the central level for a better strategic planning and coordination between the existing sectoral strategies and future ones. The cooperation between local public authorities is also crucial. Participation in the implementation of common actions leads to prevalence of regional impact projects which are high-impact, high-visibility economic infrastructure projects and the final beneficiaries of such common actions will be the residents of the communes and regions. Projects built around strong local partnerships are more effective and can deliver greater benefits to more beneficiaries than if tackled alone. A participatory approach fosters a consensus around development priorities that maximizes the benefits that regional development projects produce.

For promoting the regional development policy and taking into consideration that at a minimum, good governance requires fair legal frameworks that are enforced impartially and all the procedures are transparent and carried out in a manner that follows established rules and regulations, it were adopted the legislation and strategic documents on regional development. In this way, regional development became a governmental priority for Republic of Moldova.

Regional development model introduced by the Law on Regional Development foresees the creation of bigger regions having strategic planning authority that would complement the existing territorial and administrative structure. The Law stipulates the creation of 6 development regions: North, Central and South (established initially); and Chisinau, Gagauzia and Transnistria (to be established after 2011). Regarding institutions, the legislation outlines the following framework:

1. The National Coordination Council for Regional Development (NCCRD), with responsibility for coordination and oversight at the national level, chaired by one of the country's Deputy Prime Ministers and supported by the Ministry of Regional Development and Construction;
2. The National Fund for Regional Development (NFRD), a national funding source for regional development priorities constituted of 1% of the state budget;
3. Regional Councils for Development (RCDs) in each region made up of Rayon presidents, the private sector and civil society, with responsibility for approving regional strategies; and,
4. Regional Development Agencies (RDAs) in each region to execute and monitor the implementation of regional strategies.

The National Strategy for Regional Development was developed to implement the Law on Regional Development. The Strategy is the main document of regional development planning that reflects the national policy in the field, and introduces national development mechanisms. Central and local public authorities as well as representatives of civil society and international organizations took part in Strategy development, at different phases.

National strategic documents on regional development are: National Strategy of Development 2008-2011 (Priority no. 5: regional development); National Strategy on regional Development; The Govern's Program of activity for the period 2011-2014.

While strategic programmes are being decided at national level, concrete actions are implemented at regional and local level. It is thus important for regional and local actors to be involved in all stages of the process (from the writing of the programmes to the monitoring and execution of actions on the ground). Talking about strategic documents, beside the National Strategy for Regional Development, Regional Strategies were adopted and now all the regional institutions, local public authorities work on implementing it. Without the territorial dimension a Regional Development Strategy can remain abstract and appear to be irrelevant to key stakeholders. Within the existing regional strategies, the territorial context was considered for reinforcing the sectoral approach.

Currently all the actions are oriented to build competitive regions at local level and created Regional Development Agencies focuses on: promoting the emergence of regional strategies; encouraging the emergence of local leadership; collaboration among local identified actors for

implementing more ambitious initiatives (i.e. clusters); investing in the identification of regional resources that could feed green growth initiatives; strengthening of institutional and technical capabilities.

This model of regional development aims at increasing the efficiency of the local public authorities without any administrative-territorial reorganization at this stage, but it certainly may be adjusted depending on new priorities. According to the identified needs and the fact that only in 2010 all the necessary institutions were created and became functional, an appropriate theoretical concept using worldwide best practices should be adopted.

CONCLUSIONS:

This complex powerful and ongoing phenomenon, called globalisation certainly involves the local and regional development of a state. The globalized economic structure, with its many superstructural changes, including supraterritorial power structures, has led to profound implications for public administration. While many countries consider their local authorities as being service delivery institutions, important reforms were made to strengthen the local public administrations and to make them closer to the citizens, as well as making the regions competitive. A good understanding of the territorial dimension, context and spatial structures can lead to the identification of specific potentials and development perspectives whereby different areas can fulfill their potential.

According to the study, decentralization would help to implement regional development strategies in a more effective way. Local governments are better aware of the local problems and can react to the challenges faster. Furthermore, decentralization will help to match authority and responsibility as the consequences of any decision will be faced by decision makers themselves. It will surely stimulate competition for investments among the regions leading to business climate improvement.

The aim of reforms in the process of decentralization is to create public administrations able to fulfill their functions and responsibilities so that to ensure the economic, social and institutional development in the community. Each region is unique and therefore each Regional Development Strategy should be unique. A clear understanding of the spatial structures in a region will help to identify specific territorial capital (environment, infrastructure) of a region and place it in its wider geographical context.

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