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Top of the most competitive regions of Moldova. Chisinau and Balti - leaders in terms of economy

Chisinau ranks first in the top of the most competitive regions in the country, conducted by IDIS "Viitorul". Thus, the capital of Moldova is characterized by well-developed infrastructure, skilled labor force and good wages. The biggest problems faced by Chisinau are bureaucracy, corruption and local taxes. Economic competitiveness ranking is followed by Balti, Ialoveni and Drochia regions. And at the opposite pole Cantemir, Leova, Telenesti regions are included, which are characterized by the inappropriate economic environment for the launch and operation of a business.

Top of the most competitive districts was presented on 9 March at the conference **"Chisinau versus regions of Moldova: where politics meets business and citizens"**.

"There is a strong feeling that we left in the hands the local and regional development. We have policies that do not produce sufficient results for the ordinary people. We have regions that do not work exactly like regions. We have localities that should develop local initiative and they do not deliver yet. There are a lot of dissatisfactions, but also best practices", declared Igor Munteanu, director of IDIS "Viitorul".

The ranking is part of the Report on the competitiveness of regions from Moldova, signed by Liubomir Chiriatic Tatiana Lariushin and Ion Butmalai. In this regard, companies and local authorities in 32 districts, Gagauzia, Chisinau and Balti were surveyed, based on data recorded in 2012-2015. The competitiveness of districts was evaluated based on eight indicators (economic activity, infrastructure and technology, law, human resources, etc.). The methodology was taken from a similar project successfully implemented in Slovakia.

„Planning of the social-economic development in order to increase the competitiveness of the municipalities and regions is one of the important tasks for the self-governments and they need to learn how to be successful in this process. The project brings to Moldova a unique Slovak experience based on instruments supporting the transparency and use of the internal development potential on the local level", mentioned H.E Robert Kirnag, Ambassador of Slovakia, who attended the conference.

In turn, Igor Malai from Ministry of Regional Development and Constructions said: *"Competitiveness is an element that could develop regions of Moldova. During the development of the National Strategy for Regional Development, the idea from the start was to mention the competitiveness as the main objective of the strategy, but following discussions with the regional authorities, this objective has it become a specific objective and relates to support business development. Only business and jobs can provide the sustainability of investment in infrastructure"*.

According to the Competitiveness Report, **Chisinau and Balti are the most developed industrial regions of the country**. Companies in these municipalities have the highest turnovers, actively use information technologies and offer an attractive salary. At the same time, the competitive advantages in Ialoveni make reference to the quality of road infrastructure, geographical location of the territory, internal migration and natural conditions favorable for the business environment. Although are not so good in terms of profits and road infrastructure, companies from Drochia are competitive regarding the availability of banks and labor force, use of automotive service and geographical location of the area. **Districts with the worst economic potential are Basarabeasca, Cantemir, Leova and Telenesti**. Competitive disadvantages characteristic of these districts are: high unemployment, poor road infrastructure and inadequate use of technologies. As for the Gagauzia, which ranks 18th position out of 35 regions analyzed, automotive and Internet use by enterprises, the development of companies potential and the high level studies of are the main economic

advantages of the region.

"The economic activity is concentrated in the center of the country and especially in Chisinau, but also in other regions where Free Economic Zones were created. Current conditions in which businesses operate are characterized mostly by systemic corruption, bad quality of infrastructure, high transaction costs and unfair competition. As a result, the gap in private sector development in urban and rural areas is substantial", explained Ion Butmalai, an economist at IDIS "Viitorul".

Attending the conference, Director of the Regional Development Agency (RDA) North, Ion Bodrug talked about infrastructure development projects implemented in the North of Moldova. In this context, Ion Bodrug talked about investments of approx. 30 million Lei for infrastructure development at the Free Economic Zone (FEZ) "Balti", about 27 million Lei for the Industrial Parks "Raut" (Balti) and "Edinet" and about 2.5 million Lei for the creation of Business incubator Larga in Briceni. Investment projects were, according to Director of RDA North, a strong signal to foreign investors, which resulted in the expansion of FEZ "Balti" which opened over 3,000 new jobs.

"Everything is subjective and I think nothing is known objectively about what is happening in Moldova. Excessive politicization and corruption prevent development of regions in the country", believes Mayor of Cimislia, Gheorghe Raileanu.

"As mayor, I intend that in 2017 - 2018 to be unemployed 90-92% of the village population of 2500 inhabitants. Currently, this share is 84, 85%, and the average salary is between five and seven thousand lei. I am glad that people don't leave from the village. Unfortunately, the attention on the development of small business in agriculture is not attracted", told Vladimir Cociorva, Mayor of Braviceni.

During the conference, **the interactive portal <http://competitiveness.viitorul.org> was launched.** The website is available in three languages and presents economic opportunities for Moldova's regions. The portal provides the chance to compare several regions and even to create the own rankings. Online analysis of competitive regions gives the information about the current state of the business environment in the regions and, most important competitive advantages and disadvantages, and the specific needs of economic development in the regions of Moldova.

The event was held within the project "Transparent, financially sound and competitive municipalities in Moldova" which is implemented by the Institute for Economic and Social Reforms (INEKO) in partnership with IDIS "Viitorul", with the support of the SlovakAid and the US Embassy to Moldova. The project aims to increase the financial accountability of local governments in 50 municipalities throughout Moldova.

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