

THE IMPACT OF CROSS-BORDER COOPERATION BETWEEN THE REPUBLIC OF MOLDOVA AND ROMANIA ON SOCIO-ECONOMIC DEVELOPMENT

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Abstract

Given the priorities of the economic and social development of the Republic of Moldova in the context of European integration and transatlantic cooperation, the cooperation of the Republic of Moldova within the cross-border programs has priority. The European Union supports cooperation with border countries. Considering the fact, that between Romania and the Republic of Moldova there is a joint Operational Program Romania - Republic of Moldova, and in the period 2014-2020, it financed the operational program which was, addressed to the areas on the border between Romania and the Republic of Moldova and which has an impact on reaching the general neighborhood objective. In this article, we intend to retrospect this evolution and to show the strong and weak parts of this cooperation with priorities for further development.

Keywords: economic development, cross-border program, European integration, neighborhood objective

Introduction

The economic and social development in the context of European integration is a priority, opportunity and a hope of the Republic of Moldova. The European Union, through good neighborly policies and programs, supports cooperation with border countries. A special support is also on the border with the Republic of Moldova and Ukraine, which for Romania is a special relationship, considering the common historical past, culture, spiritual nation. At the first stage, in the period

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2007-2014 it was developed and implemented through the Romania-Ukraine-Republic of Moldova Operational Program¹. In the second stage, the period 2014-2020 at the eastern border of Romania or promoted separate programs Romania - Republic of Moldova and Operational Program Romania - Ukraine, which currently have a great impact on achieving the general neighborhood objective. In this article, we intend to take a look back at this development and show the strengths and weaknesses of this cooperation and the priorities for further development².

The relations between Romania and the Republic of Moldova in the last thirty years have had an explosive evolution in their development both culturally, spiritually, educationally, and economically and socially. However, the picture of these developments, which could and should have been different today, primarily for the Republic of Moldova, appears differently.

Although there have been some contradictions in bilateral relations between Romania and the Republic of Moldova, economic relations have shown that Romania is the main economic partner of the Republic of Moldova, for many years it is the first trading partner of the Republic of Moldova. In addition to economic relations, many cooperation agreements are signed between Romania and the Republic of Moldova in various fields of activity, education, culture, science, defense, etc.

1. The main macroeconomic indicators

The economy of the Republic of Moldova is a small economy in the region, with some performances on regional and international markets, with a high dependence on remittances. In the last decade the economy of the Republic of Moldova has been influenced by various factors related to sanctions from the Russian Federation, restrictions on imports of wines and some agricultural products, the crisis in Ukraine, some restrictions from the European Union, banking problems, instability which also influenced the decrease in remittances of Moldovan citizens working abroad.

Especially the negative results or reflected on the economy in 2015. The gross domestic product in 2015 amounted to 6974510 thousand. Euro or 121.9 mild. lei, decreased compared to 2014 by 0.5% (in comparable prices). The most significant influence on GDP decline was gross value added (GVA). In 2019, economic growth was 3.6% in real terms. The gross value added created in the “Construction” activity had the greatest influence on economic growth, ensuring 35% of GDP growth, after which “Wholesale and retail trade retail, transport and storage, hotels and restaurants”- 34%; “Information and communications” - 12%, “Industry” - 11% growth.

¹ Operational program Romania-Ukraine-Republic of Moldova, 2007-2014.

² Agreement between the Government of Romania and the Government of the Republic of Moldova on the general framework and conditions for development cooperation in 28.08.2013.

Table 1. Evolution of the Main macroeconomic indicators of the Republic of Moldova

	2010	2011	2012	2013	2014	2015	2016	2017	2018
GDP, current prices, millions Euros	5261	6046	6777	7147	7164	6974	7292	8588	9701
Physical volume index of GDP, previous year = 100,%	-	105.8	99.4	109	105	99.7	104.4	105	104.3
GDP per capita, current prices, Euro	1477	1698	1904	2008	2014	1962	2053	2420	2736
Average annual exchange rate, lei / Euro	16.4	16.33	15.56	16.72	18.6	20.9	22.05	20.8	19.84

Source: National Bureau of Statistics of the Republic of Moldova

From the table above we see the increase of the physical volume index of GDP in 2011 by 5.8 percent compared to 2010, in 2013 by 9 percent, in the last three years a uniform increase of 4.4 in 2016, 5 percent in 2017, and respectively of 4.3 in 2018. GDP per capita in the period 2010 - 2018 increased from 1477 euros to 2736 euros in 2018. The average annual exchange rate evolved from 16.4 lei / euro to 19,844 lei / euro.

Table 2. Activity, employment and unemployment rates in the Republic of Moldova in the period 2000-2018

	2000	2003	2006	2009	2012	2015	2016	2017	2018
Activity rate									
Total	59.9	51.6	46.3	42.8	40.7	42.4	42.6	42.2	43.3
Urban	57.7	54.8	49.7	47.4	47	44.9	45	44.5	42.8
Rural	61.5	49.3	43.7	39.3	36	40.4	40.8	40.4	43.6
Occupancy rate									
Total	54.8	47.5	42.9	40	38.4	40.3	40.8	40.5	42
Urban	48.6	48.1	45.2	43.6	43.6	42	42.3	41.9	40.9
Rural	59.4	47.1	41.2	37.4	34.6	38.9	39.7	39.3	42.8
Unemployment rate									
Total	8.5	7.9	7.4	6.4	5.6	4.9	4.2	4.1	3
Urban	15.7	12.2	9.2	8	7.3	6.4	6	5.7	4.5
Rural	3.4	4.5	5.8	5	3.9	3.5	2.6	2.7	1.8

Source: National Bureau of Statistics of the Republic of Moldova

As we can see from Table 2, the activity rate is decreasing from 59.9% in 2000 to 43.3% in 2018, compared to the urban environment which is 57.7% in 2000, and 61, 5% in rural areas. Gradually, however, in 2018 we reach close values. In total we have an activity rate of 43.3%, in urban areas 42.8%, in rural areas 43.6%. The employment rate is 54.8% in 2000, decreasing in 2018, reaching 42%, in urban areas



- 40.9%, in rural areas 42.8%. Regarding the unemployment rate, we have a decreasing evolution, from 8.5 percent in total, in urban areas 15.7 percent, in rural areas - 3.4 percent. In 2018 we have the situation of decreasing up to 3 percent of the unemployment rate, in urban areas being 4.5 percent and in rural areas of 1.8 percent.

Below, we present the evolution of the Gross Domestic Product per capita in the Republic of Moldova and the number of employees AND we make a comparison between the GDP per capita and the number of employees in the North-East Region of Romania and the counties in the cross-border cooperation program. Romania - Republic of Moldova.

Table 3. Gross domestic product per capita in the Republic of Moldova and in the eligible cross-border area

	GDP per capita				Average number of employees			
	2015	2016	2017	2018	2015	2016	2017	2018
Northeast region	5022	5324	5725	6163	513.6	531.1	547.8	562.1
Botosani	4256	4546	4910	5300	49.7	51.5	53.2	54.7
Iasi	6316	6670	7134	7632	140.6	145.4	150.0	154.1
Suceava	4866	5159	5537	5958	92.6	95.7	98.6	101.1
Vaslui	3716	3912	4216	4550	51.1	52.6	54.1	55.2
Republic of Moldova	1962	2053	2420	2736	1203.6	1219.5	1207.5	1252.2

Source: National Commission for Strategies and Forecasting, Romania / www.bns.md National Statistics Office of the Republic of Moldova³

From this table we observe a large difference between GDP per capita in the North-East region, the eligible counties in the cross-border area of Romania and the Republic of Moldova. The population of the Republic of Moldova with habitual residence has the following evolution according to the official information of the National Bureau of Statistics. The data show a decrease in population according to the 2014 census where the total population is 2,869,226, and further decreases to 2,681,734 people⁴.

According to new data, which led to the revision of several indicators. According to the NBS, the National Bureau of Statistics, we have data on the stable population of the Republic of Moldova, which has the following evolution, in 2000 the population is 3,644,070 thousand people, and in 2019 we have a population of

³ Projection of the main economic and social indicators in TERRITORIAL PROFILE until 2019, National Forecast Commission, Romania, www.cnp.ro/user/repository/prognoze/prognoza_profil_teritorial_decembrie_2016.pdf.

⁴ Population and Housing Census 2014, National Bureau of Statistics of the Republic of Moldova (<https://recensamint.statistica.md/ro>).

3,542,708, of which in urban 1,527,483 people, and in rural 2,015,225. According to the NBS, the preliminary number of the population with habitual residence (resident population) of the Republic of Moldova on 01.01.2019 was 2 681.7 thousand persons, decreasing by 48.7 thousand persons (1.8%) compared to the same period of 2018.

This decrease was caused, in particular, by the negative increase in population migration. We would like to point out that in the last five years, the annual growth rate has been negative, amounting to about -1.8% annually.

Table 4. Evolution of the population with habitual residence

	2014	2015	2016	2017	2018	2019
Total	2869226	2844673	2824387	2779952	2730364	2681734
men	1375745	1367311	2824387	2779952	2730364	1277180
women	1493481	1477362	1465175	1446031	1425060	1404555

Source: National Bureau of Statistics of the Republic of Moldova

Table 5. Evolution of the stable population in the Republic of Moldova in the period 2000-2019

	2000	2003	2006	2009	2012	2015	2017	2018	2019
TOTAL	3644070	3618312	3589936	3567512	3559541	3555159	3550852	3547539	3542708
URBAN	1514155	1484142	1469828	1476099	1485766	1507265	1516813	1521894	1527483
RURAL	2129915	2134170	2120108	2091413	2073775	2047894	2034039	2025645	2015225

Source: National Bureau of Statistics of the Republic of Moldova

Table 6. Population migration from the Republic of Moldova

	2000	2003	2006	2009	2012	2015	2016	2017	2018
Total	138.3	291	310.1	294.9	328.3	325.4	319	318.4	352.7
men	93.1	199.1	197.8	185.8	218.6	210.8	212.3	211.3	238.2
women	45.2	91.8	112.3	109.1	109.7	114.6	106.8	107.2	114.5

Source: The population aged 15 and over, working or looking for work, abroad

According to the 2014 census, we have the following population structure, the population surveyed 2,804,801 people, 950,240 households. The population is characterized by the following structure by sex, men 1,352,099 / 48.2 percent, women 1,452,702 / 51.8 percent. The age structure is as follows: 0-14 years - 17.2 percent / 482,703 /, 15-64 years, 71.9 percent, 2,016,634, and 65 - 305,464 / 10.9

The characteristic of households is highlighted by Households with children / children 0-17 years / 359,463 / 37.5 proc. Of which households with 3 and more children 10.6 proc. 38.192. Households 1 person in total households' 22.6 percent,



ie 217,181. Households from an elderly / 65 plus / from a total household 10.2 percent, ie 97,512 households. Households with access to water supply system - without system 28.1, ie 269401 households. percentages, centralized system - 46.3 percent, with own system 25.6 percent, 245 336.

Households with access to sewerage system, without system 46.6 percent, centralized system - 27.2 percent, with own system 26.2 percent, 251 233. The characteristic of dwellings is by type of dwelling, individual houses constitute 72.5 percent, 897027, apartments 27.5 percent, ie 339 548. Occupied dwellings constitute the figure of 996 965, or 82.6 percent.

2. Evolution of foreign trade of the Republic of Moldova

The economy of the Republic of Moldova with a construction inherited from the former system, and too little modernized in recent decades, has few basic goods for export, and is the poorest country in the region with many social vulnerabilities. At the end of the 1990s, after the financial crisis of 1998, the Moldovan economy was affected by economic and financial-monetary developments in the Russian Federation, after which it gradually recovered, and already in the 2000s it was hit by another wave related to geopolitical tensions between Russia and the European Union. However, the economic agents from the Republic of Moldova managed to reorient and redirect the exports to the European Union countries, the first being the foreign trade with Romania. Moldova is a country that has been building its rule of law since 1990, and its adaptation to the regional and world economy is successful in terms of imports of goods. In contrast, Moldova has failed to deepen its relative trade openness in the last decade. Given that the amount of exports plus imports has expanded substantially. Although after the financial crisis of 1998 there was a decrease from 874,056.5 thousand euros to 565,494.9 thousand euros in 2001. In 2005 it reached 1,090.919 thousand euros, with a gradual increase until 2018 to 2,706,173 thousand euros.

Table 7. Foreign trade of the Republic of Moldova in the period 1997-2018 / million US dollars

	1997	2001	2005	2007	2009	2013	2016	2017	2018
Total Export	874	565	1090	1340	1282	2428	2044	2425	2706
CIS countries	608	344	551	548	490	923	414	463	416
EU countries (EU-28)	185	182	443	678	667	1137	1331	1596	1861
Total Import	1171	892	2292	3689	3278	5492	4020	4831	5760
CIS countries	604	340	905	1334	1142	1672	1027	1206	1449
EU countries (EU-28)	450	431	1038	1681	1421	2472	1973	2 389	2850
Total Trade balance	-297	-326	-1201	-2350	-1996	-3064	-1975	-2406	-3053
CIS countries	3.79	4.17	-354	-785	-651	-749	-613	-743	-1033

Source: National Bureau of Statistics of the Republic of Moldova

The total export of the Republic of Moldova in 1997 amounted to 874,056.5, in 2001 565,494.9 thousand euros, after which it gradually recovers, and in 2005 it reaches 1,090,919 thousand euros. In subsequent years it increased to 2 007 - 1,340,050 thousand, in 2009 - 1,282.981 thousand euros, 2013 - 2.428,303 thousand euros in 2018 reached 2,706,173 thousand euros. The coverage of imports with exports decreased from 74.6 percent in 1997, to 36.3 percent in 2007, in 2008 the lowest share of 32.5 percent was recorded, after which the gradual increase until 2017 began. constituted - 50.19 percent, and in 2018 - fell slightly to 46.98 %.

Total imports in 1997 were 1,171,252 thousand euros, with a deficit of 297 195, 5,000 euros in 2001, 2018 reached 5,760,057 thousand euros. Exports of the Republic of Moldova to EU member states 185,499, 7 euros, in 1997. In 2005 - 443184.4 euros, 2009 667,338.5 euros, 2016 - 1.331,898 euros, 2017 - 1,596,840 euros, 2018 - 1,861 .864. Moldovan exports to CIS countries. The recent expansion of trade in goods in Moldova was mainly due to imports. Imports increased sixfold between 2000 and 2013, increasing the average annual rate by 16%. The large trade deficit was largely financed by remittances received from abroad by citizens who migrated to work abroad, and to a lesser extent through foreign direct investment (FDI). The performance of Moldovan exports is much lower compared to countries in the region. Although he intends to collaborate on the West vector and at the same time with the East vector, the results are modest.

3. Foreign trade of the Republic of Moldova with Romania

3.1. Exports of the Republic of Moldova to Romania

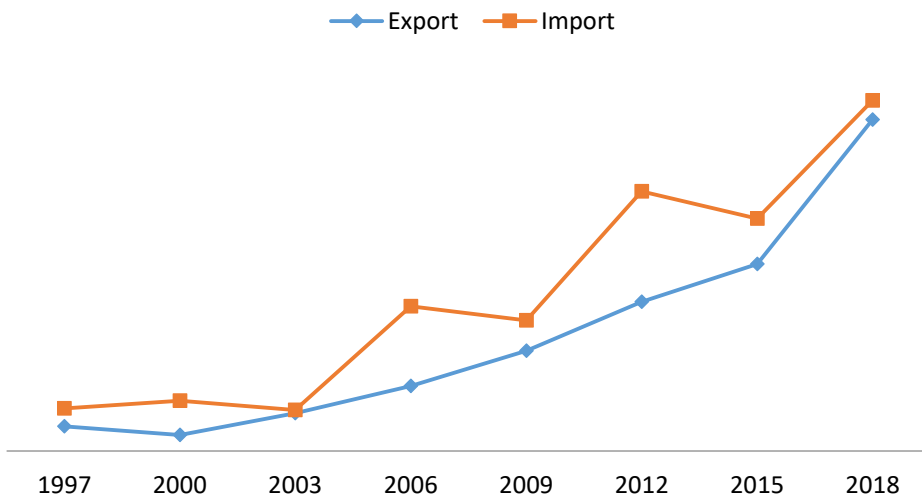
In 2018, on the first place with a weight of 48.61% are placed the exports to the category of group:

- XVI of goods, "machines and appliances, electrical equipment and parts thereof, sound recording or reproducing apparatus and television images".
- On the second place are placed "products of the vegetable kingdom" 17.83%, 6.6 - food, alcoholic beverages, non-alcoholic vinegar, tobacco. 3.94% XX. Miscellaneous goods and products, Furniture; medical and surgical furniture; lighting fixtures and similar articles; prefabricated buildings, toys, games, entertainment or sports articles; parts and accessories thereof.
- XIII. Articles of stone, plaster, cement, asbestos, mica or similar materials; ceramic products; glass and glassware- 4, 22%. With much lower weights are the goods XII. Footwear, headgear; umbrellas; walking sticks; whips; ties and parts thereof; processed feathers and down and articles thereof; artificial flowers; articles of human hair. 2.56% Vehicles, aircraft, vessels and auxiliary transport equipment - 1.5%, XV. Base metals and articles of base metal - 1.17%,
- XVII. plastics and articles thereof, rubber and rubber articles, with a share of 1.22%. In the group of goods "Live animals and products of the animal kingdom, it has a share of 0.21%, for mineral products 0.64%, for products of the chemical or related industry - 0.33%. Exports of Fats and oils of animal or



- vegetable origin and products of their dissociations, processed edible fats, animal or vegetable waxes constitute - 0.43%, and to the group of goods
- IX. Wood, charcoal or other fibrous cellulosic material, paper and paperboard, recycled from recycled waste and waste paper, paperboard (waste and scrap) and articles thereof - 1.18%; to group X. Pulp of wood or of other fibrous cellulosic materials 0.55%; A share of 0.29% belongs to group of goods
 - XVIII. Optical, photographic or cinematographic instruments and apparatus, medical and surgical apparatus; watchmaker's; musical instruments; parts and accessories thereof.

Figure 1. Evolution of Foreign Trade Republic of Moldova and Romania in the period 1997-2018



Source: National Bureau of Statistics of the Republic of Moldova

3. Energy security

A strategic issue in bilateral economic relations is cooperation in the field of energy security⁵, ensuring and developing this strategic and much-needed branch, especially in the interconnection of the national natural gas and electricity transmission system (Nutu and Cenușă, 2016). We would like to mention projects for the interconnection of natural gas transmission pipelines and power lines: (1) the Ungheni - Iasi natural gas transmission system, (2) the interconnections of power lines (Fălciu-Gotești, Bălți-Suceava). An important question is to increase

⁵ Association Agreement between the European Union and the European Atomic Energy Community and their Member States, of the one part, and the Republic of Moldova, of the other part, Official Journal of the European Union.

energy efficiency by reducing losses in interconnection power lines between Moldova and Romania; no less important is the diversification of sources of energy resources with the possibility of electricity delivery from Romania to the Republic of Moldova, the study of the possibilities of involvement of the Republic of Moldova in the projects, AGRE and NABUCCO; connecting to the principles of the EU's internal electricity and gas markets.

4. Intergovernmental economic relations

The intergovernmental partnership between Romania and the Republic of Moldova begins in the early 1990s. In 1992, the joint agreement for the promotion and protection of investments was signed in 1992 (Bucharest), which entered into force in 1997. Romania was the second country with which the Republic of Moldova signed this type of agreement, the first was signed with the US. It was a promising period and with results for that short period in the years 1997-2000 both in the relationship with Romania and in the image and reforms that the democratic and pro-European government of that time managed to start. But in the period 2001-2009 was a frozen period of development of economic relations, although foreign trade with Romania during this period is growing and occupying the leading places. In 2007, the Convention on the Avoidance of Double Taxation between Romania and the Republic of Moldova⁶ entered into force (Ciucu, 2013).

In 2010, the joint statement of the presidents of Romania and the Republic of Moldova on establishing a strategic partnership between the two countries for European integration was made at a high level. The economic exchange provided for "Exchange of experience on the application of European standards and recommendations in the economic, commercial and public finance fields in the process of consolidating the economic sector in the Republic of Moldova;" The draft action plan (document consulted by CRPE) revives the Joint Economic and European Integration Commission, established according to the Agreement between the Government of Romania and the Government of the Republic of Moldova on economic, industrial and technical-scientific cooperation, of November 16, 2005, signed to Bucharest⁷.

The agreement between the Government of Romania and the Government of the Republic of Moldova on the general framework and conditions for development cooperation of 28.08.2013 published in the Official Gazette. of Romania. In force since July 8, 2014. A more intense development of the joint projects started after Romania's promise to grant by 2014 the non-reimbursable financial assistance of

⁶ Convention for the Avoidance of Double Taxation between Romania and the Republic of Moldova, 2007 Convention between the Government of Romania and the Government of the Republic of Moldova for the avoidance of double taxation and the prevention of tax evasion with respect to taxes on income and on capital of 21.02.1995.

⁷ Agreement between the Government of Romania and the Government of the Republic of Moldova on economic, industrial and technical-scientific cooperation, of November 16, 2005.



100 million Euros⁸. That Action Plan contained concrete activities, necessary in the relations between Romania and the Republic of Moldova. The weak part of the problem is that Governments have no longer held joint meetings to approve and implement the action plan.

5. Advantages of the Republic of Moldova for Romanian investors

What can be attractive for Romanian economic agents in the Republic of Moldova? For economic agents in Romania, there are a number of advantages for expanding economic activity in the Republic of Moldova.

5.1. State of the business environment in the Republic of Moldova

The business environment in the Republic of Moldova maintains the tendency to improve its activity. According to the Doing Business (DB) report⁹ in 2019, the Republic of Moldova lost positions ranking 47th out of 190 countries in the Doing Business 2019 ranking, published by the World Bank. In the last two years it has ranked 44th. The Republic of Moldova ranks best in business registration, ranking 14th in the ranking. Opening and starting a business in the Republic of Moldova. Small costs in opening a business. For the establishment of a limited liability company (SRL) the costs are about 350 Euros (5400 MDL). The establishment of a joint stock company (SA) requires approximately 1250 Euros (20,000 MDL). In 2-4 days you can register a company in the Republic of Moldova provided you have a legal address (head office).

The banking and monetary system is stable and has development trends. The banking system in the Republic of Moldova has developed and entered the banking market, including banks with European capital (as an extension of investments made in Romania, the case of ERSTE BCR and Raiffeisen Bank). However, the banking sector is largely owned by Russian and Ukrainian investors who have not always implemented quality procedures and standards specific to European countries. In recent years, raider attacks by stealing billions have destabilized both the banking system and the financial market as a whole.

⁸ Operational Program Romania - Republic of Moldova 2014-2020, Managing Authority Ministry of Regional Development and Public Administration Romania Joint Operational Program Romania - Republic of Moldova 2014-2020 December 2015.

⁹ Doing Business (DB) International Bank for Reconstruction and Development / The World Bank, 2019



6. Cross-border operational programs

6.1. Development and implementation of the joint operational program Romania-Ukraine-Republic of Moldova

Evolution of the Joint Operational Program Romania-Ukraine-Republic of Moldova 2007-2013. The overall objective of the program is to improve the economic, social and environmental situation in the area of action of the program, by intensifying contacts between partners on each side of the border, in the context of secure borders.

Program priorities:

Priority 1: Towards a more competitive economy in the border area, aimed at improving economic performance in the border area by diversifying and sustainably modernizing the economy in the border area.

Priority 2: Environment and emergency preparedness, aims to develop long-term solutions to environmental problems in the border area.

Priority 3: Promoting activities between people, which aims to promote good interaction between people and between communities in the border area. Romania-Ukraine-Republic of Moldova POC Program: is eligible in Romania for the counties: Suceava, Botosani, Iasi, Vaslui, Galati and Tulcea; In Ukraine, the regions (oblast): Odessa and Chernivetska; In the Republic of Moldova, the entire territory of the country. The total budget of the seven-year program was approximately EUR 126,718,067. The total amount of co-financing from the three partner states was EUR 11,404,628. The total budget is EUR 138,122.69. The participation of applicants from the Republic of Moldova in the Joint Operational Program Romania-Ukraine-Republic of Moldova 2007-2013 was considerable. During the first call for project proposals, the institutions of the Republic of Moldova submitted 112 project proposals. Twice as many projects were submitted in the second tender - 272 project proposals. After the evaluation process, 134 projects were selected for implementation in the two calls for project proposals. Of these, 116 projects had partners from the Republic of Moldova. The projects involving partners from the Republic of Moldova amounted to 22 million euros.

6.2. Analysis of the evolution of the Joint Operational Program Romania-Ukraine-Republic of Moldova 2007-2013

During that period, a total of 116 joint projects were carried out with partners from the Republic of Moldova, which were financed under the Joint Operational Program Romania-Ukraine-Republic of Moldova 2007-2013. The table below shows this evolution:



Table 8. Analysis of the evolution of the Joint Operational Program Romania-Ukraine-Republic of Moldova 2007-2013

Priority	North	Center	South	Chisinau	Total
Priority 1. Towards a more competitive economy in the border area	4	4	5	11	24
Priority 2: Environment and emergency preparedness	4	8	2	5	19
Priority 3: Promoting activities between people	20	19	13	21	73
Total	28	31	20	37	116

Source: Bulat *et al.*, 2018, p.31

According to the study For Priority 1. Towards a more competitive economy in the border area, 24 projects / 21% / were allocated, which constitute 49.17% of the allocated funds (Bulat *et al.*, 2018). For Priority 2. Priority 2. Environment and emergency preparedness were 19 projects 16%, which constitute 38.42% of allocated funds, to priority 3. Promotion of activities between people were 73 projects, which constituted 63% from projects, and 12% of allocated funds. A total of 33 million Euros were allocated to these three priorities. The budget absorbed by the Moldovan partners in 2009 was 8 million Euros, and in 2011 about 14 million Euros. By implementing large investment projects, the Republic of Moldova has absorbed about 11 million Euros.

6.3. Romania-Republic of Moldova partnership. Joint Operational Program Romania-Republic of Moldova 2014-2020

Cross-border cooperation at the external borders of the European Union (EU) continues to be a top priority for the European Union in the 2014-2020 programming period. For the period 2014-2020, cross-border cooperation between Romania and the Republic of Moldova strengthened and increased the development potential between Romania and the Republic of Moldova, primarily by applying the instruments and principles of the new European Neighborhood Instrument, with three strategic objectives:

- A. Promoting economic development and social in the regions on both sides of the common borders;
- B. Addressing common challenges in the environment, public health, safety and security;
- C. Promoting better conditions and modalities for ensuring the mobility of people, goods and capital.

The strategic intervention focuses on the thematic objectives:

1. Support for education, research, technological development and innovation (Strategic Objective: A)

2. Promotion of local culture and conservation of historical heritage (Strategic Objective: A)
3. Improving accessibility in regions, developing transport and communications networks and systems (Strategic objective: C)
4. Common challenges in the field of security and safety (Strategic objective: B)
The European Union's contribution to the program is EUR 81 million, while the participating countries must ensure a co-financing of at least EUR 8.1 million.

The main area of the Program covers: Romania - 4 counties - Botoșani, Iași, Vaslui and Galați, Republic of Moldova - the whole country. Due to the rural nature of the basic eligible area, the network of human settlements consists of a limited number of cities, of which only five have over 100,000 inhabitants: Iasi, Galati, Botoșani, Chisinau, Bender, Balti and Tiraspol. The border divided by the two states corresponds to that of the European Union, as Romanian North-East and South-East development regions are the most ultra-eastern regions of the EU. According to the study carried out at the elaboration of the Program for the area are characteristic - Reduced earnings in economic activities in the eligible area that do not require a high level of education, in agriculture in particular, the movement towards a labor market focused on services.

The existing economic activities in the eligible area / agriculture, industry, constructions, cannot capitalize on the size of local markets, with lower incomes than the branch. The population employed in high value-added sectors is a very low ratio. / 0.18% / The limited number of sectors with significant levels of investment and unequal distribution does not create new jobs and new employment opportunities, therefore economic activities do not develop, and in the medium and long term they become underdeveloped.

An important problem is the small proportion of employment in information, communications and financial activities, where income levels are much higher. The field of research-development-innovation is reduced, therefore also production capacities. and exports are low. Development of financing programs in the amount of 24.2 million Euros for cross-border cooperation projects, through the Romania - Republic of Moldova Program, through the Managing Authority within the Ministry of Regional Development and Public Administration, signed on June 28, 2019 through the Joint Operational Program Romania -Republic of Moldova 2014-2020. Improving the exchange of information between the two partner states, by developing the communications infrastructure through: The "Communication Infrastructure" Project (COMINF), with a total budget of 7.9 million euros (of which 5 million from European funds) For: Construction and the operationalization of a police center in the Republic of Moldova; installation of fiber optic equipment on the route Iasi - Chisinau; interconnection of police inspectorates in the Republic of Moldova.

Increasing the security of the eastern borders of the European Union, by rehabilitating the police stations in the border area of the two partner states. The project "Regional Cooperation for Preventing and Combating Cross-Border Crime Romania - Moldova" (THOR) has a total value of 12.5 million euros (of which 6.4



million euros from European funds), developed by the partnership between the General Inspectorate of Romanian Police and that of the Republic of Moldova, the General Inspectorate of the Border Police of Romania and the Republic of Moldova¹⁰. Improving the structure of the SMURD operation (SMURD 2): The project aims to increase the safety of the population by developing the capacity to intervene in emergency situations and has a total value of 10 million euros (of which 6.4 million European funding). The construction of a training ground for emergency services staff in both states will be funded.

The development of the Iași-Ungheni pipeline is an important step to new energy alternatives in the area. The success is conditioned by the further development of the distribution network in the Republic of Moldova in order to connect its consumers to the gas pipeline.

The new bilateral program, Romania-Republic of Moldova 2021-2027. The Joint Document for NEXT (Joint Paper)¹¹ programs issued by the European Commission in January 2020 recommends the thematic concentration of funding on the following objectives: Policy Objective 4 (A smarter Europe and its neighborhood) with a focus on unemployment, education, health and social inclusion; Policy Objective 3 (A more connected Europe and its neighborhood) with a focus on sustainable, smart and intermodal infrastructure and digital connectivity; The specific objective INTERREG 1 (A better cooperation governance for Europe and its neighborhood) with a focus on institutional capacity, civil society, minorities, the specific objective INTERREG 2 (A safer and more secure Europe and its neighborhood) with a focus on border management.

7. The strategic development objectives of the Republic of Moldova in the context of the development and implementation of the “Moldova 2030” Strategy

The Moldova 2030 Strategy has the following objectives and priorities¹²:

- Major objectives in the long-term development of the Republic of Moldova, especially in terms of family and children, population migration, depopulation and aging, population health, education, economy, technologies, climate change and governance.
- The long-term development of the Republic of Moldova must be approached in the light of the experience gained from the implementation of previous national development strategies, therefore, the approach to using these experiences has served to develop and implement the Strategy “Moldova 2030” - focus on people

¹⁰ The project “Regional Cooperation for Preventing and Combating Cross-Border Crime Romania - Moldova” THOR.

¹¹ Bilateral program, Romania-Republic of Moldova 2021-2027. Through the Joint Document for NEXT (Joint Paper) programs issued by the European Commission.

¹² Moldova National Development Strategy 2030.

- and increase their quality of life - as well as presents the long-term development scenarios of the Republic of Moldova.
- Implementation of the ten strategic objectives for sustainable development of the Republic of Moldova, in the long term: Sustainable and inclusive economy: 1) increasing revenues from sustainable sources and mitigating economic inequalities; 2) increasing people's access to physical infrastructure, public utilities and living conditions; 3) improving working conditions and reducing informal employment; Robust human and social capital: 4) guaranteeing quality education for all and promoting lifelong learning opportunities; 5) ensuring the fundamental right to the best physical and mental health; 6) solid and inclusive social protection system; 7) ensuring a work-life balance; Honest and efficient institutions: 8) ensuring efficient and inclusive governance and the rule of law; 9) promoting a peaceful, secure and inclusive society; Healthy environment: 10) ensuring the fundamental right to a healthy and safe environment. Achieving these objectives will direct the Republic of Moldova towards sustainable development, without leaving anyone behind.
 - Promoting the principles underlying the implementation of the "Moldova 2030" Strategy and, respectively, the sectoral policy documents for its implementation, the mechanism and the institutional and normative framework necessary for the implementation of the "Moldova 2030" Strategy; as well as its monitoring and evaluation framework.

Conclusions

We would like to appreciate that there are certain results in the development of bilateral economic relations between Romania and the Republic of Moldova, experience is gained on both sides. In the next strategic cycle in which Romania is located, which must pay much more attention to the development of the regions / counties on the eastern border both from the point of view of internal economic and social development, and from the strategic point of view that it is the border of east of the European Union and NATO.

The respective development, which certainly requires to be intensified from all points of view, will contribute both to the development of cross-border projects between Romania and the Republic of Moldova, but will also be a social, economic, investment and financial support for the citizens. and Romanian citizens domiciled in the Republic of Moldova.

Therefore, for the development and implementation of the new strategic cycle of development of cooperation programs in the years 2021-2027 and beyond we must draw conclusions from past lessons, in order to avoid mistakes for the future. It is necessary a more viable and real communication at all levels, the creation of communication networks, information, digital, economic, commercial cooperation, the organization of meetings, economic forums, the creation of business partnerships with the participation of economic agents from both states, public institutions local and central, non-governmental organizations in partnership with the State,



Employers and trade unions, “competent institutions” as professional organizations, Chambers of Commerce, etc.

Identification and realization of projects financially supported by Romania, with European and international funds to which the Republic of Moldova has access.

Development of projects for the interconnection of road and railway transport infrastructures; development of integration projects within the transport and telecommunications networks in the European space. In the field of railway transport, it is important to build the European gauge line between Romania and the Republic of Moldova. In the field of shipping, preparing to ensure airworthiness conditions - stimulating shipping on the Prut River, with access to the Danube, in the field of air transport - intensifying cooperation in the field of air traffic management, supporting the implementation in the Republic of Moldova of EU legislation on access to the European Single Space. In the field of transport and infrastructure, we would like to mention that the most important strengths are well-organized and developed car transport. For these reasons, it is necessary to develop new bus network projects to directly connect the localities of the Republic of Moldova with both the North-East and South-East Region, as well as the connection with other regions.

Development of projects in the field of energy and alternative energy sources necessary primarily for the Republic of Moldova which is dependent on energy imports. The information technology industry and good internet infrastructure both in the Republic of Moldova and in Romania has a good evolution in its development, but requires the development of a more functional applicability on all axes of e-commerce development, development platforms, information and innovation, new development industries, digital support of traditional industries and developed agriculture, precision, digitization of local services in the eligible area of Romania and the Republic of Moldova.

Priority areas such as agriculture, viticulture, sanitary-veterinary, food security, ecology can easily be identified intergovernmental projects for cross-border development, European, or other eligible axis through which the Republic of Moldova can be supported to meet the necessary European standards / taking into account the fact that Romania already has experience and expertise in these fields.

An important problem of the eligible area in Romania and the Republic of Moldova is the low level of urbanization with the disadvantages that are in rural areas related to infrastructure and which through the chain create other problems of social, informational, economic, digital, financial, which mobilizes certain social groups to leave those localities, and the remaining ones remain in difficulty.

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