

REGULATION
on the development and usage of the National Fund for Regional Development
resources

I. GENERAL PROVISIONS

1. The National Fund for Regional Development (hereinafter - the Fund) is created for the financing and implementation of the regional development projects and programmes included in the Single Programming Document.
2. The Fund is managed by the Ministry for Local Public Administration, which is liable for the allocation of its resources, being approved earlier by the National Council in compliance with the current Regulation and other normative acts.
3. The Fund is formed of the annual allocations from the state budget, as a distinct item for the regional development policy, as well as from other resources that comply with the legislation.
4. The Fund resources are managed through a treasury account, opened by the Ministry for Local Public Administration, within the State Treasury.
5. The main objectives of the Fund are as follows:
 - a) to allocate resources for the development of the disadvantaged areas within the development regions.
 - b) to provide financial support for the economic regeneration and re-launching of the development regions;
 - c) to strengthen the functional capacities of the institutions that ensure the implementation of the National Strategy for Regional Development and of the regional development strategies.
6. The development and usage of the Fund resources are carried out with the observance of the procedures established by the legislation.

II. THE FUND RESOURCES DEVELOPMENT

7. The Fund resources are formed of the following sources:
 - a) at least 1 % from the state budget revenues, approved through the State Budget Law for the respective year;

- b) financial resources wooed from the private and public sector on the local, regional, national and international level, including resources acquired through the assistance programs of the donors.
- c) the interest from the amounts deposited in bank accounts;
- d) voluntary contributions from the private organizations, physical and legal entities that reside or have their headquarters on the territory of Moldova and/or abroad;
- e) financial contributions allocated through multilateral and bilateral international programs;
- f) voluntary contributions from local and international NGOs inside the country and abroad;
- g) sponsorships and other revenues that comply with the legislation.

8. The Ministry for Local Public Administration suggests the annual allocation of the Government resources to the Fund, introducing it to the National Council for approval. The Ministry of Finance is notified of the approved allocations amounts by the National Council in order to be included in the State Budget Law for the respective year.

9. Allocations from the state budget to the Fund for the respective budgetary/financial year are proposed by the Government and are adopted by the Parliament simultaneously with the approval of State Budget Law for the corresponding year.

III. THE FUND MANAGEMENT

10. The management procedures, the operational manual and/or the user's instructions regarding the usage of the Fund resources are approved by the National Council.

11. The Ministry for Local Public Administration manages the Fund in conformity with the legislation and the Fund Operational Manual.

12. The Ministry for Local Public Administration makes proposals regarding the investment priorities for regional development, with their inclusion in the national development plans and multi-annual prognosis.

13. The Ministry of Finance manages and processes the financial contributions from the donors and investors according to the current accounting procedures.

14. The specific tasks and responsibilities regarding the Fund Management are subject to the Law on regional development in Moldova, to the regulations of the

involved institutions in the regional development process, to other normative acts and the Fund Operational Manual.

15. The expenditures regarding the financing of the capital investments on the Fund's account are performed according to the established procedures on the investments funding.

IV. THE USAGE OF THE FUND RESOURCES

16. The Fund resources are used for the financing and co-financing of the programmes and projects that target the implementation of the Single Programming Document and the Annual Implementation Plan, approved in the way set by the law.

17. The instruments for the Funds allocation are grant schemes, services, technical assistance and works.

18. The Ministry for Local Public Administration elaborates separate user's guidelines for each allocation instrument of Fund resources, approved by the National Council.

19. The assessment and selection of programmes and projects financed from the Fund are executed through an Evaluation Committee, formed of:

- a) a representative of the National Council, acting as president;
- b) a representative of the Ministry for Local Public Administration;
- c) a representative of the Ministry of Finance;
- d) two technical experts, specialists in the field of the projects proposed for evaluation.

20. The Evaluation Committee exercises its competences according to the provisions of the Fund Operational Manual.

21. The individual evaluations of the Evaluation Committee members are stored in the Ministry for Local Public Administration archive.

22. The Fund resources are intended for:

- a) the strengthening of the institutional and human capacities at a regional level for the elaboration and implementation of the regional development measures and policies;
- b) the economic development of the development regions (the upholding of the small and medium-size enterprises, the wooing of investments, the export promotion);
- c) the development of the regional infrastructure (roads, water supply and sewerage, gas supply, public services, communications etc);

- d) the assurance of the environmental security (the protection and preservation of the natural resources, the prevention of the environmental pollution, the usage of relevant environmental friendly technologies etc.);
- e) the local labour market developing;
- f) the enhancing of the social services in the regions (healthcare, education, social assistance, social services for handicapped and disabled people, free of charge legal consultations etc.);
- g) the development of the civil society in the regions;
- h) the offering of assistance in the cross-border cooperation development;
- i) other related fields orientated to the achievement of the objectives of the regional development policies.

23. The detailed and restrictive procedures regarding the auctions or the competitions, the evaluation, the signing of contracts and the allocation of financial resources are regulated in the Fund Operational Manual, approved by the National Council.

24. The auctions or the competition, the evaluation, the signing of contracts and the allocation of financial resources, as well as other procedures related to the Fund are public, are organized and carried out in compliance with the Public Procurement Law and other normative acts.

25. The Fund resources that are not used in the current budgetary year are available for the next year.

26. The Fund disbursements performed during the financial year that were not included in the current financial plan are proposed by the Ministry for Local Public Administration and are approved according to the legislation. The approval may be executed for one or more auctions and/or competitions.

V. THE BOOKKEEPING AND THE CONTROL OVER THE USAGE OF THE FUND RESOURCES

27. The auditing and the financial control over the usage of the Fund resources is performed by the authorised institutions in the way set forth in the legislation.

28. The bookkeeping of the usage of the Fund resources is ensured by the Ministry for Local Public Administration.

29. The monitoring and the control over the usage of the Fund resources are performed by the National Council.

30. Other ways of keeping track and controlling and other responsibilities regarding the usage of the Fund resources:

- a. The National Council and the Ministry for Local Public Administration are responsible for the efficient use of the Fund resources.
- b. The Ministry for Local Public Administration will inform, half-yearly, the National Council about the financial resources accumulated in the Fund and about the performed allocations.
- c. The Ministry for Local Public Administration submits a yearly report to the Government on Fund resources management. The report is submitted at the end of the first quarter of the following reporting year.
- d. The bookkeeping and the statistics record of the Fund resources is performed according to the current legislation, also taking into account the requirements of international donors, as to the case.

31. The control over the compliance with the legal framework of operations, procedures and the usage of the Fund resources is performed by the competent authorities, according to the current legislation.

32. The Fund is subject to the annual financial audit. The audit reports are forwarded to the Ministry for Local Public Administration, to the National Council and the Ministry of Finance. The Fund will also be subject to audit by the Court of Auditors, to audit by international donors, including the EU specialized institutions and other organizations which contribute to the development of the Fund resources.

33. All the financial resources left in the Fund after its dissolution are transferred, during the year in which disbursements were made, to the sources of the Fund development, in the same proportions in which these resources were capitalized in the year of the Fund's is dissolving.