

UNDP – Moldova  
Center for Strategic Studies  
and Reforms

Administration of the  
territorial autonomous unit  
Gagauzia (Gagauz-Yeri)

# Regional development programme «Gagauz - Yeri»

\* *Analysis of socio-economic situation*

\* *Recommendations for regional policy*

Chisinau - Comrat, 2001

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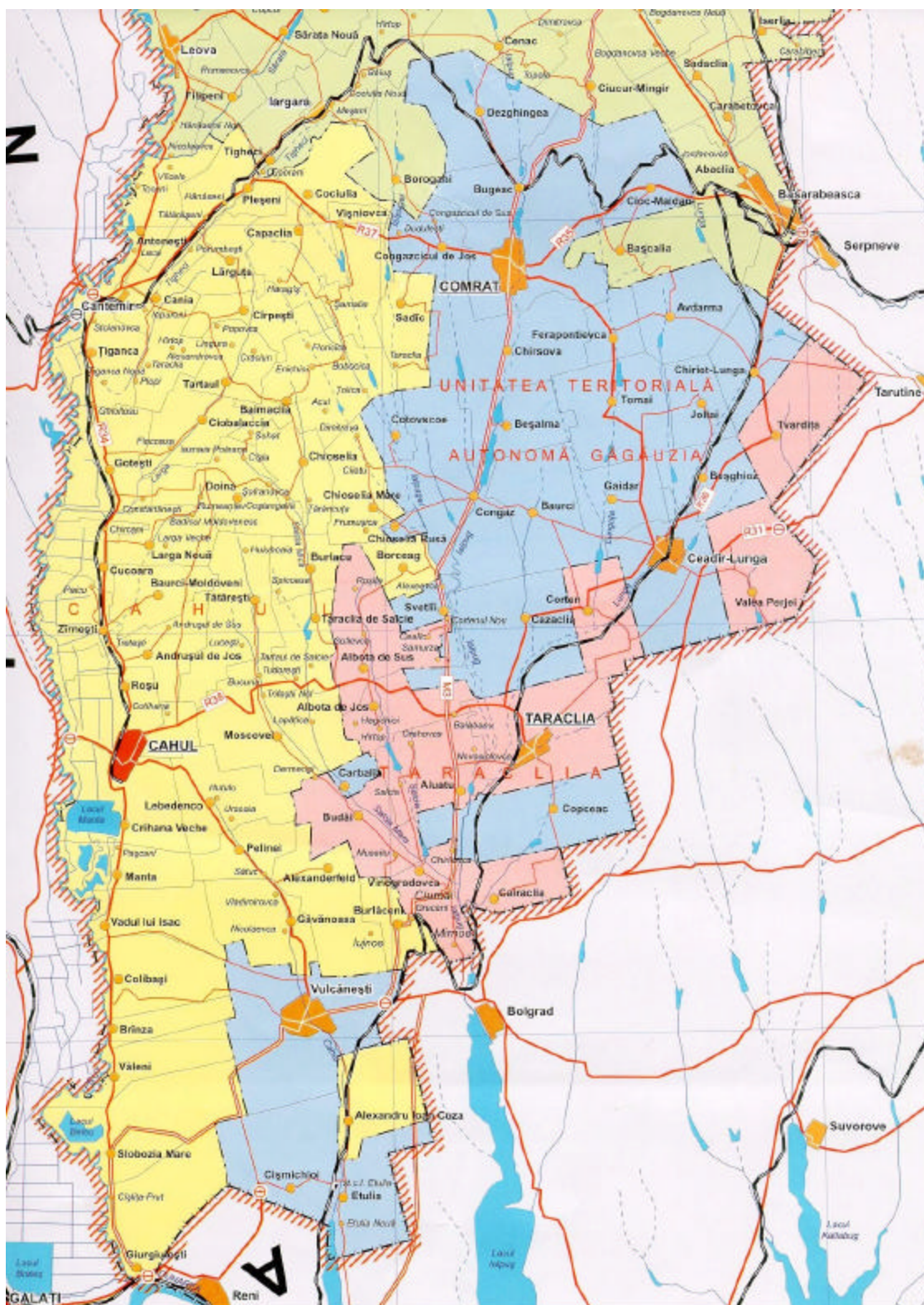
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Republic of Moldova,  
Territorial autonomous unit  
Gagauzia (Gagauz-Yeri)

## Introduction

*Regionalism, effective utilization of initiatives and potential of regions are one of the most important directions to be taken to reach welfare and competitiveness of the majority of the European countries. Concrete approach of the state to problems of every region, foothold upon the local initiative, utilization of all capacities of the state and attraction of external resources allow to reach the best results both in interests of the region and the state as a whole.*

*Experience accumulated within the realization of the European Chart of Local Self-Government (1985) showed that one of effective forms of the management of local development are regional programs usually prepared for mid-term period that allow within the frames of a joint scheme to unite actions of central and local administration, enterprises, foreign business partners and international organizations for the good of the region.*

*Decision on the preparation of the Regional development programme “Gagauz-Yeri” was made by the Executive Committee of Gagauz-Yeri (Dmitry Croitor) with the support of United Nations Development Programme Representation (UNDP) in the Republic of Moldova (Søren Tejnø). Initiative meeting (January 2001) with participation of representatives of the Administration and standing committees of the National Assembly of Gagauz-Yeri, business interests and non-governmental organizations within general discussion has considered the ideology of the Regional programme, its logics and terms of preparation.*

*There were determined the following main stages of the programme elaboration: 1) methodology; 2) assessment of the initial basis – current state and problems of the region; 3) formation of Concept of the region’s sustainable development; 4) preparation of the Regional development programme “Gagauz-Yeri” including sectoral subprogrammes and investment projects.*

*It is recognized that a condition sine qua non of the Regional programme preparation at all stages of this process (analysis – concept – programme) should be its transparency for the state bodies and population including the activity of task groups, discussions and enlightening of the region’s problems and approaches to their solution in mass media.*

*Regional programme is meant to determine priorities and mechanisms of provision of the sustainable human development of Gagauzia as a region of the Republic of Moldova taking into consideration local conditions and resources as well as abilities of the state as a whole. Frame documents for the programme are “National strategy of sustainable development – Moldova 21” (UNDP, 2000) and “Strategy of socio-economic development of the Republic of Moldova for the period till 2005” (Government of Republic of Moldova, 2000). The nearest expected timespan end of the programme is 2003; the next ones are 2005 and 2020.*

*Leader of the programme preparation process group is the Bashkan of Gagauz-Yeri, Dmitry Croitor, coordinators of the working group are Petr Lazarev (Department of Economy and Finances of the Executive Committee of Gagauz-Yeri) and Anatol Gudym, experts – George Balan, Anatol Bucatca, Andrey Tsurcan (Center for Strategic Studies and Reforms, UNDP).*

# **1. Regional policy as a tool of sustainable human development.**

A territorial autonomy – Gagauz Yeri is one of the regions of the Republic of Moldova, which, beginning from the middle of the 90s, within the framework of the reforms runs through the way of administrative decentralization, promotion of rights and responsibilities of regions, adaptation of social and economic policies to local conditions.

Problems and difficulties of realization of these processes are conditioned by the fact that branch, departmental principle of administration was priority during previous decades in the conditions of the planned economy (distribution of resources, personnel training, external economic ties, statistics and so on), while regional approach remained pure declarative. Sectoral system of administration in Moldova as well as in other post-Soviet countries was dismantled in the 90s. But this process was not, though, balanced through an adequate consolidation of legal, resource and institutional bases of regional administration in new conditions.

Meanwhile, in conditions of weakening of government's coordinating role in transitional period, its real vital activity was shifted "down" to the territories - regions, towns, villages - where population, economical agents, infrastructure and raw materials are placed. To eliminate these contradictions, in the Republic of Moldova, beginning with 1999, administrative-territorial reform is realized. Its main goal is efficient utilization of territories' resources, drawing together of Moldavian legal basis and administrative procedures of regional development management to the European standards.

## **1.1. Region, regional policy - key concepts of European Charter of Local Self-Government**

European Union and its separate states function now in conditions of new legal, political and socio-economical reality – regionalism that shows throw intensification of rights and responsibilities of the region inside separate states. Its final aim is to ensure sustainable human development within corresponding regional units (regions, municipalities, communes) on the basis of a more effective utilization of local potential (human resources, advantages of natural environment and geographical placement, initiative of entrepreneurship) and rational collaboration with central Government.

***The main problems consist of the following: a) in what way rights and responsibilities between central and local levels must be divided with the maximum benefit for both sides - state and region; b) how to realize decentralization of administration and in the same time to not undermine state as a whole.***

A significant fact is that European Union regional policy represents a very important mean of integration of different ethnical and social groups in the composition of a country, while preserving their cultural peculiarity and achieving political consensus in society.

Republic of Moldova is unique, among 27 countries of the transitional economy, which officially recognizes existence inside of the country of two "problem" regions (Gagauz-Yeri and Transnistria), which need particular approach both regarding

legislation and socio-economic development. That is why consecutive consolidation of regionalism in the Republic of Moldova, as it is seen in Europe, is necessary not only for society democratization, encouragement of local initiative, but for state consolidation, and overcoming tendencies of separatism in a civilized manner as well.

Having joined the Council of Europe in July 1995 Republic of Moldova took some new responsibilities including those that are defined by European Charter of self-government. After the European Charter ratification in July 1997, the Parliament of the Republic of Moldova amended national legislation with the set of new normative acts “Law on administrative-territorial system”, “Law on local public administration”, “Law on elections in local public governing institutions”, “Law on local finances”, “Law on local taxes”. A peculiar position in legislative area occupies the “Law on special legal status of the territorial-administrative unit Gagauzia (Gagauz-Yeri)” (December 1994).

Taking in consideration realities of Republic of Moldova such as presence of regions with “special status” in its structure, it is necessary to look after the following **stipulations of European Chart of Local Self-Government**<sup>1</sup> in the process of public administration system organization:

- \* *“Principle of local self-government must be recognized by national legislation and as more as Constitution allow” (art. 2);*
- \* *“Local self-government is right and ability of local public administration bodies to regulate and administrate great part of public affairs on its account, within the bounds of law, and according to the local population interests ” (art.3 part1);*
- \* *“Public bodies of local government must be fully free in realization of its initiatives concerning any issue, which is in its competence, within the bounds of the law” (art.4 part 2);*
- \* *According to local legislation, local administration bodies must be entitled to create own internal administrative structures with a view to adapt to the local needs and ensure efficient administration” (art.6 part 1);*
- \* *“Local administration bodies must possess own financial resources and use them within competence limits, according to the national economic policy” (art.9 part 1);*
- \* *“Financial resources of local administration bodies must correspond their competence stipulated by the Constitution and other normative acts” (art.9 part 2);*
- \* *“Local administration bodies have right of judicial resort in order to ensure realization of power and observe principles of local self-government, stipulated by current legislation ” (art.11);*

Thus, European standards of self-government orient all countries that have joined the Chart at harmonization of the relations between center and regions, creation in each of them conditions for local administration initiative stimulation. Finally this meets regional interests and interests of the country as whole.

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<sup>1</sup> European Chart of Local Self-Government. Council of Europe, Strasbourg, 1985

## **1.2. Administrative-territorial reform in the Republic of Moldova and processes of decentralization**

Administrative – territorial reform “officially” started in Moldova in 1999 (enlargement of administrative-territorial units, election of local public bodies, appointment of prefects) is being implemented on the background of general transformations of Republic of Moldova state system, formation of market economy and democratization of social life. One of the goals of administrative – territorial reform initiation was to provide for consolidation of all components of stability (political, economical, and interethnic), strengthen integration processes and create conditions for sustainable human development – the most important reference point of the UNO for each country.

Index of human development yearly determined by the United Nations for majority countries includes 3 important components of life quality: living standard (gross domestic product per capita), educational level and life interval.

Index of human development, according to evaluations, in Republic of Moldova in 1999 constituted 0,698 compared to 0,718 in 1994. The most important components of this index for Moldova today are: average life interval – 67,4 years, educational level of adults – 96,4%, compulsory education coverage rate – 71,2%, gross domestic product per capita (at purchasing power parity) – 2033 USD. Republic of Moldova still remains within the group of countries with “middle level of human development”, in spite of decreasing of human development index last years. Today Moldova is on the 102<sup>nd</sup> place of the UNO rating list (Human Development Global Report-2000) out of 174 countries, in 1994 it was on 75<sup>th</sup> place.

Unfortunately, regionalism and self-government have no traditions in the Republic of Moldova. Meanwhile, this small country (33,7 thousand of square kilometers of territory and 4,3 millions of population) has considerable natural, demographical, and economical peculiarities in its different parts. Historically there were distinguished four integral subregions on Basarabia’s territory between two rivers Prut and Dnister: Northern, Central, South-Eastern and Southern. Their main characteristics are defined by difference of natural conditions, specialization of the main branch – agriculture, existence of urban areas – centers of economical attraction, peculiarity of population distribution, community of the perspective development problems.



Table 1.2.1

**Economical regions of the Republic of Moldova**  
**(1989, Republic of Moldova =100%)**

	<b>Northern</b>	<b>Central</b>	<b>South-Eastern</b>	<b>Southern</b>
<i>Territory</i>	37,1	28,3	10,4	24,2
<i>Population</i>	31,7	41,1	11,8	15,4
<i>Density of population</i> (persons/sq km)	85,5	145,4	112,8	63,7
<i>Number (units):</i>				
Towns	8	5	3	5
Urban-type communities	16	12	6	8
Villages	678	515	167	283
<i>Industrial production</i>	25,5	35,8	27,2	11,5
<i>Agricultural production:</i>				
Grain -crops	41,8	19,6	12,0	26,6
Sunflower	34,7	19,1	14,7	31,5
Sugar-beet	91,8	8,2	-	-
Vegetables	18,0	21,2	39,9	20,9
Fruits	40,0	28,3	21,1	10,2
Grapes	6,4	44,9	8,2	40,5
Highways	38,2	38,7	8,0	15,1
<i>Urbanization (% of</i> <i>urban population)</i>	31,0	50,9	48,8	28,7

In the 70-80s, the most industrialized areas were Central and South-Eastern regions, and regarding agriculture - Northern region due to its favorable natural conditions (soils, precipitations). Southern region was always distinguished by existence of risk factors, such as: frequent droughts, limited water resources, shortage of building materials, and low density of population. Compared to three other regions, where evident centers of economical inclination existed (Northern – Balti, Central – Chisinau, South-Eastern –Tiraspol and Tighina), Southern region was the least urbanized, because

of the absence of a town that would cover the whole territory of the region within zone of its socio-economical functions.

Administrative division of Republic of Moldova was flexible in post-war period and was affected by short-term subjective conditions. The number of regions varied between 16 and 63 in this period, they were formed according to two principles: “making administration closer to the masses” (fragmenting regions) or “reduction of state administration machinery” (enlarging regions). Historical, demographic, natural, economic and other factors were accessories. Till the middle of the 90s, Republic of Moldova still had a very subdivided administrative system, which consisted of 40 regions 0.8 sq km of area and 76 thou people of population each that according to its potential wasn’t ready to turn to the self-government.

Following the ratification of the European Chart of local self-government by the Parliament of the Republic of Moldova and after short time spadework implementation of territorial-administrative reform in our republic was started. Initially, in 1998, 10 territorial units were created including Gagauz-Yeri and Transnistria. Later, in October of 1999 the first amendment was introduced (separation of the Taraclia judets), in February 2001 Government of Republic introduced the second amendment – creation of the Drochia judets. Resulting from aforesaid, one can see that an instability factor was present in construction of the new administration system (territorial division of the Republic of Moldova); this factor made difficult the planning and realization of long-term actions of local public bodies and central government.

The territorial-autonomous region Gagauz-Yeri represents a particular situation and has many advantages because of its territory stability, which is based on the referendum results of 1995 realized on the territory with the maximum concentration of the Gagauz population (it is important that concentration of the Gagauz population is stable and now it coincides with the data of 1897 and 1907).

“Capable” legislation is very important for sustainable development of the new regions of the Republic of Moldova. Unfortunately, both the “first wave” of Moldova’s legislation (laws of 1990-1992 - Law on foundations of self-government, Law on property and other) and laws issued after 1999 did not provide for clear legal norms of an effective “vertical” collaboration of state bodies and local budgetary mechanisms

regarding sufficient income basis of local budgets, formation of municipal property, step-by-step federalization of the state budget.

In the 90s, though, instead of decentralization of state budget almost all judetses and municipalities (except of Chisinau and Balti) were inured to live on subsidies and subventions granted by the state. Such practice of “center” solving the majority of budget and property problems, on the one hand paralyzes local bodies initiative and deprives them of interest for concrete work with local economic entities, and induces them to collaborate with shadow economy, practice barter, income concealment and tax evasion on the other, all that having a negative impact both on the state and local budgets.

In the meantime, the necessity of decentralization of administrative functions is very actual not only because of the positive European example, but also due to the following internal causes: constant economical depression, large internal debt (salaries and pensions), resource shortage for education and health protection, intensification of life level differences between urban areas and the countryside. Radical changes in property, composition of economical entities, structure of production and services, external relations and in social processes take place directly on the territories – in communes, municipalities, towns and judetses and this fact intensifies the necessity of decentralization of the state administrative functions.

Thus, one can state that only the first phase of administrative-territorial reform is passed: legal basis and organizational conditions (administration, statistics and other) were created; preliminary evaluation of social situation and economic problems was realized. Next phase includes supporting of local authorities in solution of pressing problems using local possibilities, state and external donors’ subventions.

Parliament must elaborate state regional policy, financial and economical mechanisms of its realization in the shortest possible time within the bounds of which local government bodies will operate.

### **1.3. Regional policy: contents and methods of implementation**

Regional policy of the state is usually understood as its impact on social and economic development in different parts of the country with a view to achieve certain positive changes. In many countries, much is determined by historical traditions, by difference in regional educational levels and by existence of political volition to realization structural changes.

Regional policy is a new reform component in Republic of Moldova, first showings of which were discovered in legislation and Government actions in the second part of the 90s. During initial phase the main attention was paid to the following: macroeconomic stabilization, property reform, mass privatization, price liberalization, enterprise activity and external economic ties. Later, main attention will be paid to the quality of state administration and structural reforms, while keeping control on macroeconomic operation factors: inflation, national currency rate, state budget deficit.

Now, realization of regional policy is associated for many workers of local and state administrations with the distribution of resources that are offered by the center. Minimum attention is paid to the development of institutional conditions and methods of regulation in regional policy realization. That is why many problems were accumulated, such as: regional statistics quality and composition, procedure of local budgets and municipal property formulation, methods of business stimulation, agrarian reform regional aspects, social service system, environmental protection and utilization.

Unfortunately, issues regarding regional policy are absent in government long-term documents that are elaborated in 2000 year (Socio-economical strategy of Republic of Moldova development for the period till 2005; National strategy of sustainable development - Moldova 21). It is necessary to note that this problem was mentioned in all government action programs that were changing frequently in the 90s.

Meanwhile regional policy, following from European standards, must be considered as an integral part of State socio-economical policy.

*The main goal of the regional policy is the creation of the following: premises for ensuring with sufficiently incomes, employment and life conditions in all parts of the country, supporting of local initiative in small and medium business, improvement of infrastructure and environment. In the process of regional policy realization it is necessary the combine state and local authorities' possibilities and forces with next goals: a) to ensure balanced and harmonic development throughout the whole territory of the country, b) to improve each region's socio-economical structures.*

Predestination of the regional policy does not consist of equalization of all regions development levels. The goal is to offer them equal possibilities for more efficient utilization of their economical, human and natural potential. Such policy must be based on principles of local government decentralization and structural reorganization stipulated by the European Charter.

With a view to approach European legislation it will be expedient to elaborate and to put in action "Law on Regional Development Support". Such a law must determine goals, roles, and conditions of regional development support and functions of local and state government bodies. There is "Law on regional development" (2000) in Lithuania, and similar law exists in Romania from 1999. Institutional basis, jurisdiction and special instruments of the state policy in the regional development area were determined through these laws.

Basing on the other countries' experience (Poland, Hungary, Rumania, Turkey, Lithuania) it is appropriate to create Regional Coordination Committee under Government, which is created from regional and central administration representatives. Besides this it is necessary to create Regional Development Agency (that already was created in Poland, Rumania, Lithuania and in other countries with economy in transition), based on the now realized projects of TACIS, UNDP, USAID, TICA.

For regional policy realization state must posses all necessary information to correct its macroeconomic actions, tax policy, investment projects and others. That is why it is essential to provide for the *quality of state statistics*, and create an advanced informational system of data collection and transition.



Basing on the European countries experience, the system of indices necessary for situation estimation and for regional administration must include the next areas:

- \* Population - its quantity, children's death rate; educational rate; employment by areas; age structure of the labor force; level of unemployment (by age groups and duration);
- \* Gross Domestic Product – industrial production (by branches); agricultural production (cattle breeding and plant growing);
- \* Number of Economic Agents (by their dimensions and types of activity); amount of investments (by branches) including external investments;
- \* Level of domestic energy consumption; number of telephone subscribers; road network; amount of private motor transport; water supply of settlements;
- \* Amount of wastes and other indexes that shows rate of soil, water and air pollution.

Finally, perfection of the regional-oriented statistics should: supply the Government and its institutions with all necessary information for development and realization of concrete measures in regional development area; and put territorial statistics in correspondence with standards and international organizations' references.

Besides, it is important to provide access for society, non-profit organizations, business and research structures to all information necessary for operating in a given area.

The main idea in work with regions consists in elaboration of a conception, principles and methods that in totality will create a system of practical realization of state regional policy that will be acceptable for both State and region.

Basing on European experience, National strategies of regional development, regional development programs, investment programs, including those within the free enterprise zones and industrial parks, cross-border cooperation programs, euro-regions development projects and so on are used as forms of regional planning. Such programs, in combination with sectoral analysis, practical work of economical agents, social structures and administrative institutes, create sufficient base for region development administration.

***Regional development program*** allows mobilization of resources, energy and creative initiative of all interested parties, resting itself on complex analysis of present situation and determination of the perspective priorities. The main areas for such

mobilization on the regional level, reasoning from contemporary conditions in the Republic of Moldova, are the following:

- \* Supporting of the private initiative, development of small and medium enterprises sector.
- \* Creation of free enterprise zones and technological depots.
- \* Development of infrastructure – water and gas supply, roads, informatization and communications.
- \* Development of agriculture and processing industry, including production of ecologically clean products;
- \* Creation of conditions for the rural tourism;
- \* Human resource development – education and health care;
- \* Rational nature management and preservation of the environment;

Each of these branches must be guided by the corresponding legislative base (legislation of the Republic of Moldova, standard acts of the regional level) and by financial and economical mechanisms. It is very difficult to make changes in all directions, that is why it is necessary to find regional “points of growth”, on which all local administration forces and central Government and foreign partners support would concentrate.

The first step in this area represents socio-economical development program of Gagauz Yeri for 1996-2000 period, which was approved by National Assembly of Gagauzia in April 1997. This program determined all priorities and indicators of future development, unfortunately not entirely supported financially.

***Financial instruments of regional development*** can be represented by National Fund of Regional Development (formed by the means of the state budget and external financing – credits, grants), and own budget incomes of local self-government bodies.

With a view to increase effectiveness of administrative -territorial reform, it is useful to improve methods of formation of local budgets, including subventions from the state budget. Region subventions can consist of 3 parts: the first one depends on the number of the population; the subvention sum represents per cent of the State budget income; the second part – subventions for education, the third one – “equalized” subventions that are given to city administrations with lower income level per capita. The necessity of perfection of present financial relationships between the regions and the center is noted in International Monetary Fund recommendations “Fiscal Federalism and Government Size in Transition Economies: The Case of Moldova” (December 1991). The final goal is to give more competence to the regions in expenditures and

incomes management. In such a way the main practical steps towards the decentralization as the main form of social policy adaptation to the local necessities will be done.

As the Republic of Moldova and European Union are getting closer, importance of the regional policy and regional programs will become stronger and will get with time possibility to obtain for some projects financial support from “European Fund for Regional Development”. Up to 2000 its volume achieved 35% from the EU budget, compared to 1975 – 4.8% (starting with the creation of this fund). The great part of these funds is allowed for the regional infrastructure development (roads, water supply, and ecology) increasing of human development level by education and health care support.

The Southern part of the Republic of Moldova as we know is a problematic region and may become a recipient of European Fund for Regional Development. That is why it is necessary to come through the preliminary period both on the country scale (basing on the cooperation agreement with EU dated 1997) and the territory level, including the territorial autonomy Gagauz-Yeri.

Results of this regional policy depend on staff professionalism that realizes it; this staff represents local administration that must correspond to the high professional requirements, it must be trained and motivated, and be able to present new initiatives, use local agent interests and public organizations, and can mobilize the public energy that finally represents the main resource of the regional development.

## 2. Initial point: potential and problems of socio – economic development

### 2.1. Southern region of Moldova – geo-strategic position, advantages and risks

*Crossing from the past to the future*, Bujak, due to the appeared at the beginning of the new XXI century favorable for it economic and ethno-cultural premises, is gradually *transforming from the risky area into the area of new opportunities*.

Its geographical position, historically traditional ties with states, situated in the Danube – Balkans region and in the Black Sea's basin, undoubtedly will increase the Bujak's significance with time, as well as of the whole southern region of the Republic of Moldova as the area of the international transit.

The southern region of the Republic of Moldova covers nearly 20 % of its territory, if the Upper Trajan wall, raised by Romans at the beginning of the 2<sup>nd</sup> century AD from Prut to Dnister through Leovo to the south of Tighina, to be considered as the separating boundary.

History of given territory is exceptionally rich. According to Strabo and Ovid, the first who inhabited it at the beginning of the 1<sup>st</sup> century AD, were Getho-Dacians, then followed the Roman colonization, this territory was crossed by such tribes as Huns, Alans, Goths, Bastards, Magyars, Gagauzs, Bulgars, etc who were moving from Central Asia to Europe during "The Great Migration of Peoples". During five centuries this region was a part of the Moldavian principality, which stretched "from the mountains to the sea". Dmitry Cantemir in his work "The Description of Moldavia" (1715) underlines the exceptionally bright ethnographical coloring of the country: "I do not hope to find as many different peoples in any other land the same size as Moldavia."<sup>2</sup> The presence of Turkey (since XV century) and then the presence of Russia, which stretched till Danube, brought new circumstances in the Moldova's history.

The followed after that colonization of the south of Bassarabia, has created here "an exceptional diversity of peoples... We can find here Moldavians, Jews, Bulgarians, Russians, Germans, Gipsy, Greeks, Armenians, etc."<sup>3</sup>

Historians consider that the Gagauzian ancestors were the tribes of Torks, Uzos and Ogusos, who dwelled in the IX century to the east of the Yaik River (now Ural). In the XI century, during "The Great Migration of Peoples", they moved to the west and in 1064, according to the eastern sources, already were on Danube where they became Christians. Gagauzians inhabited Bujak in the 1<sup>st</sup> quarter of the XIX century, forming compact national habitats. Notable is the fact that during the whole modern history, according to the population census of Bassarabia made in XIX – XX centuries, this compactness of the Gagauzian inhabitance remains unchanged, while its quantity has tripled (!).

Except Bujak, where the majority of population of Gagauzians is concentrated, they also dwell on the western coast of Black Sea, to the north of town Varna.

During the evolution a lot of tribes and peoples disappeared from the face of the Earth, but Gagauzians carried their uniqueness, language and culture through many centuries and huge distances, keeping their dignity and spirituality: "Gagauzians are characterized as people able, energetic and diligent. They are quite religious."<sup>4</sup>

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<sup>2</sup> Dmitry Cantemir, *The Description of Moldavia*, Stiinta, Chisinau, 1973, p.147.

<sup>3</sup> Acadmician L. Berg, *Bassarabia, Country – People – Economy*, S – Petersburg, 1918, p.9.

<sup>4</sup> ibidem, p 126.

Dignity and spirituality of this ancient people were also manifested and in the modern era, creating the precedent of the peaceful and constructive solution of the “Gagauzian problem” and forming a territorial autonomy of Gagauzia (Gagauz – Yeri) within the Republic of Moldova, the fact that was highly appreciated by the United Nations and European Community.

Entering the XX century, basing on the wisdom of ancestors and on the two – thousand – years experience of dwelling in this country, where have never appeared conflicts on the inter - ethnical and religious ground, the territorial autonomous unit of Gagauz – Yeri should use to the maximum extent the advantages of the geo – economical position of the southern region of Moldova, its human and natural potential, as well as take into consideration all limitations and risks, while determining the way and forms of its future socio – economic development.

### ***Strategic Advantages of the Southern Region***

- \* *Transport and geographical proximity to the countries of the Danube – Balkan region and of the Black -Sea’s basin; traditionally strong economical and cultural ties with them.*
- \* *Direct exit to the Danube – the main river of the Central Europe, which connects 11 countries by water – way.*
- \* *Conterminous character of the southern region of Moldova with the euro-region “The Lower Danube”, which is based on the utilization of the advantages of cross - border cooperation of three states: Moldova, Romania and the Ukraine.*
- \* *Passage through the region of transcontinental gas-pipes and power lines of interstate importance.*
- \* *The unique combination of environmental factors – the abundance of sun and warmth – the sum of active temperatures exceeds 3200<sup>0</sup> degrees, the average annual temperature is about 10<sup>0</sup>C, black earth soils are highly fertile, which is very important for the cultivation of southern thermophilic crops – grapes, fruit crops, grain crops, sunflower and ether containing plants;*
- \* *It is the best area in the Dnister – Prut interfluve for the production of vintage wines (dry and Cagor type), as well as for the cultivation of cereals with the high level of gluten;*
- \* *There are centuries – old attainments of the sheep – breeding, of the leather and wool goods’ production as well as of the carpet weaving;*
- \* *The territory, which lies to the South of the Leovo – Basarabca line, is considered as oil – and - gas – bearing province (Valeni, Victorovka). The resources of brown coal (lignite) (Etulia, Vulcanesti), the deposits of claydite raw materials, gravel, sand and loam, including those, that are suitable for the production of high quality ceramics, were discovered;*
- \* *Cultural diversity, based on profound traditions of living together, mutual understanding and cooperation of different national groups and ethnos in the region;*
- \* *New circumstances in economic and cultural cooperation that appeared with the creation the territorial autonomous unit of Gagauzia (Gagauz – Yeri).*

### ***Limitations and Risks***

Mostly these are environmental limitations:

- \* *Region’s inadequate provision with water resources, the fact that causes the necessity in substantial investments to build systems of main water – supply, as*



*well as to ease the usage of underground springs to supply the population with drinking water;*

- \* There are risks for agriculture, caused by the peculiarities of local climate – less than 400 mm of precipitations per year, often draughts;*
- \* Small area of forests and increased erosion of soils appeared as the result of active agricultural activity;*
- \* The highest earthquake risk in the Dniester – Prut interfluvium (up to 8 grades) the fact that makes the construction of housing and production objects considerably expensive.*
- \* The region is fully dependent on external energy supplies.*

**Furthermore the following should be taken into consideration:**

- \* The unstable financial and economic ground of the region, determined, basically, by the incomes gained in agro-industrial sphere, the profitability of which strongly depends on annual climatic and weather conditions;*
- \* Lack of development of the regional system of settling, low level of communal accomplishment of the build-up areas.*

Orienting on perspective the following not to be missed:

- \* Risks, concerned with the general condition of the political stability and security in the South-Eastern Europe region. Furthermore, one should not exclude the risk of ecological security.*

It is fundamentally important for the future of the Southern region, including the territorial autonomous unit Gagauz – Yeri, the fact that at present time starts the new level of the relationships between countries – partners that cooperate in the Danube – Balkan region and in the Black Sea's basin, with their common strategic orientation towards all-European values.

Thereupon, both Government of the Republic of Moldova and Administration of the Gagauz – Yeri can count on more and more substantial support of their initiatives, directed toward the development of cooperation that exceeds national boundaries. As far as European Community is concerned, on the base of its “regional approach” has an opportunity to stir up the process of constructive changes in the Gagauz – Yeri region, which can become a model and example of multilateral cooperation that brings up quite positive results.

## **2.2. Regional potential and factors of development (demography, natural resources, real sector of economy and infrastructure)**

The goal of the regional program “Gagauz – Yeri” is to provide a complex and harmonious development of the territorial autonomy, using more rationally its natural, economic, labor and spiritual potential and increasing on this base population's living standard. Solving urgent current matters and building the base of the future, Gagauzia uses as well the external support in the form of loans, investments or technical assistance. However, it is obvious that the main work is to be done by themselves, leaning on the region's potential, activity of its economic agents and population, on its Administration initiative.

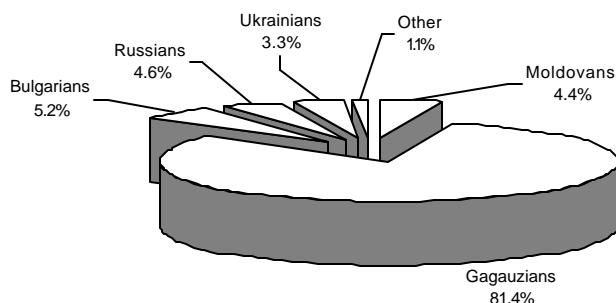
According to its basic parameters (territory – 1.85 thousand square km, and population – more than 160 thousand people) Gagauz - Yeri is quite commensurable

with meso – regions of other states of Central and Eastern Europe. Gagauzia's share of population within the Republic of Moldova is 3.8 % its share of territory is 5.5 % and the share of agricultural holdings is 6.6 %. At the same time, as density of population in Gagauzia is less than as a whole in Moldova (about 90 people per km, comparing with 128 people per km in Moldova), there are in 1.5 times more agricultural holdings and arable lands per one resident than on average in republic.

### ***Population and Human Resources***

Population, together with fertile soils, represents the major resource of the region. Dynamics of the total number of the population is the following: 1989 – 163.1 thousand persons, 1995 – 171.5 thousand persons, 2000 – 161.1 thousand persons. In spite of some reduction of population, there were higher indices of natural movement of population in Gagauzia in the year 2000 than in other judetses. In such a way, the birth rate (per one thousand people) is 12.5, while in other districts it is 9.6 – 12.3, and on average in republic – 10.6. On the other hand, the death rate (per one thousand persons) is 10.1 that is less than in other judetses, except Cahul judets (9.9), while the average in republic is 11.3. As the result, the natural increase of population in Gagauzia is 2.7, while the depopulation as a whole in the Republic of Moldova is - 0.7 and the depopulation in judets is following: Belts (-1.4), Orhei (1.3), Taraclia (-0.3), Soroca (-4.3) and Edinets (-6.7).

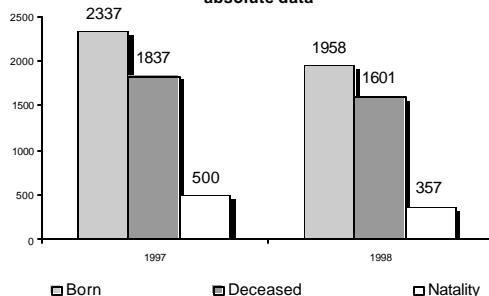
**Fig. 2.2.1. Composition of the population of Gagauzia by nationalities (data of mayoralties, 2000)**



Number of pensioners in the autonomy is 35.8 thousand people (as of 01.01.2000), or 22.2% of the whole population.

The urban – rural population ratio is 40: 60 %. It is indicative that the share of rural population in Gagauzia is less than in other judetses, where it is from 66.6 % (Taraclia judets) to 85.9 % (Chisinau judets).

**Fig. 2.2.2. Natural change of the population of Gagauzia, absolute data**



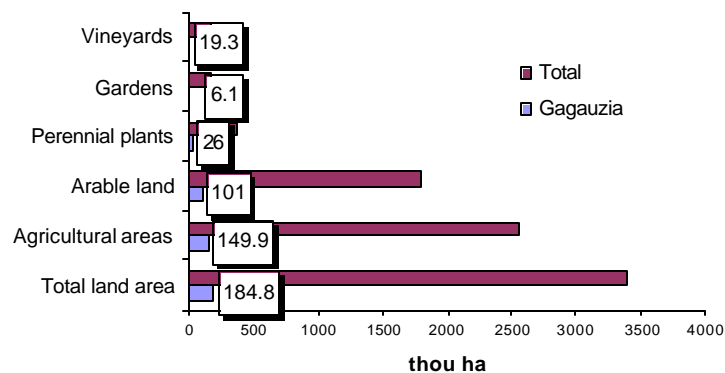
The major part of the population lives in villages (there are 27 of them), the majority of them are thickly populated – more than three thousand people. About 40 % of population of the autonomy is concentrated in three cities: Comrat, Ciadar – Lunga and Vulcanesti. Gagauzians represent 81.4 % of the whole population of the autonomy (01.01.2000); Moldovans are 4.4 %, Bulgarians – 5.2 %, Russians – 4.6 % and Ukrainians – 3.3 %.

The share of able population is 84.1 thousand persons, or about 46 % of the whole quantity of population, that is slightly less, comparing to the average index in Moldova (52 % of able work persons). The reason is that the share of children in the autonomy's population is higher. The major part of the able work population (78.7 %) is occupied in agriculture, 7.7% - in industry, 3.5 % - in construction and the rest of the population is occupied in social sphere and public administration bodies.

### ***Environment***

The territory of Gagauzia is a part of the Bujak's steppe plain. The relief of the region has typically steppe with slight hilliness and partitioned surface by valleys of small rivers and gullies.

**Fig. 2.2.3. Total area of land and agricultural areas by all types of utilization, 1999**



The total available land of the autonomy is 183.1 thousand hectares, including agricultural holdings – 150.1 thousand hectares. The area of irrigated lands (year 1995) is about 4000 hectares or only 4 % of the whole agricultural area; the area of irrigated land has been shortened because of crisis and increase of prices on electricity.

Soils are represented by carbonate (65.4 thousand hectares) and black earth soils (63.4 thousand hectares). These types of soils are less supplied with moisture and contain in one meter nearly 280 – 350 tons of humus per hectare. They are not so fertile (are estimated in 71 – 82 points) and mainly need melioration.

The climate is warm, the temperature of 10 degrees Celsius retains during 179 – 187 days that is longer than in other parts of the republic. The sum of active temperatures exceeds 3300 degrees. The average volume of precipitations is 350 – 370 mm. Annually, the geothermal coefficient is 0.7 – 0.8, this is reason, because of which the region often suffers from draughts. Agricultural development of the territory is high, but the share of cultivated lands is lower than in other parts of republic, because of high erosion of surface. The peculiarity of climate determines the specialization and structure of agriculture of the region.

Mineral deposits and raw material resources are represented by loam, sand and gravel mixture deposits, with total reserves of 23 mil cubic meters and 18 mil cubic meters respectively.

Water resources of the territory, are mainly formed of underground water with total volume of 8 – 10 mil cubic meters. Their appropriateness to be used as drinking water and for agricultural needs is on the tolerance limit standard. Surface run-off (small rivers, ponds) is limited. Because of high mineralization, surface waters can hardly be used for irrigation.

Because of limited water resources, the water consumption by one inhabitant for everyday needs in Gagauzia is 4 times less than on average in Moldova.

Lack of local energy resources and forests completely directs the region towards external supply of energy resources. In perspective, according to the experience of other states, as alternative sources of energy could be considered solar and wind energy.

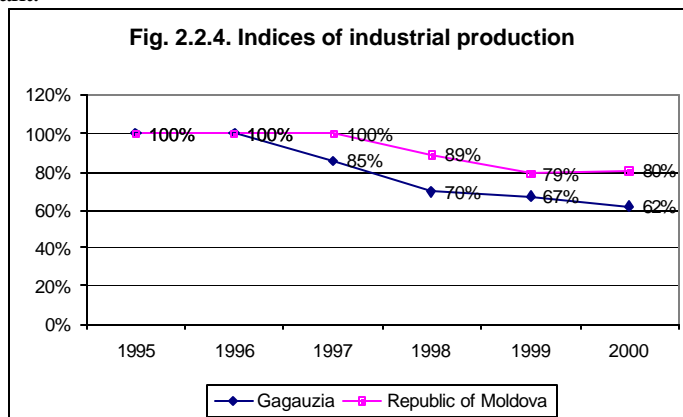
### ***Productive Potential***

Productive potential of Gagauzia is determined, first of all, by its agro – industrial complex, which is based on local natural conditions and centuries – old attainments of population in agriculture and production of foodstuff. Density of sources of raw materials of food industry in the region is higher than on average in Moldova, especially in wine – growing, production of grain, sunflower and livestock breeding products. Leading branches of industry are winemaking and production of fruit and vegetables tinned products; additionally there are mechanical engineering and metal – working, light industry, (clothing manufacture, carpets' production).

Construction industry, transport and road economy as well as systems of energy supply (electrical energy, gas) need reconstruction and further development.

**Industry**, producing in the year 2000 about 30 % of total volume of output, manufactured in Gagauzia, is represented by 34 enterprises, including 17 of food industry. The share of wine – making branch is 28.9 % of industry production, the share of production of fruit and vegetables tinned products is 17.6 %: then follows flour – grinding industry, light industry and mechanical engineering. Total number of labor force occupied in industry (year 2000) is 5 thousand people.

Main industrial enterprises are: 8 large wine – making plants, concern “Bassarabia – Agroexport”(tins of fruits and vegetables and juices), 3 baking complexes, a tobacco fermenting plant, a meat – packing plant, 3 milk processing enterprises, 2 carpet factories, 6 clothing factories, engineering plants: Join – Stock Companies: “Electro-Thermic Equipment Plant” and “Research Plant”, and a ferroconcrete plant.



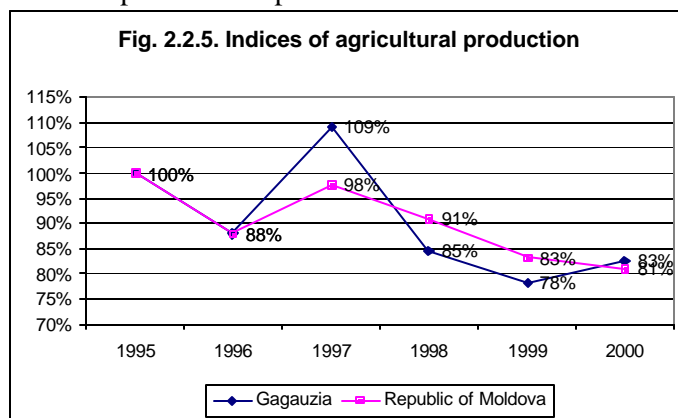
Gagauz - Yeri industry's production capacities permit to process 150,000 tons of grapes, to ferment 100 thou tons of tobacco, to produce 148 thou tons of flour, 200 thou tons of mixed fodder, 21 thou tons of meat, 21 thou tons of dairy products. Industrial enterprises of the region are able to produce 470 thou square meters of carpets, 350 thou pieces of ready – made garments, 60 thou cubic meters of combined reinforced concrete.

The majority of industrial enterprises tend to look for foreign partners (Russia, Turkey, Italy and other) and to open joint ventures in order to produce goods mainly for export. It is even more important the fact, that material and technical sources of industrial enterprises, including food industry, need renovation – more than 60 % of equipment, during the crisis morally and physically became out of date.

From the middle of 90s there is the increase of share of industrial production, produced by private enterprises. The important premise of large industrial establishments' allocation within sphere of small and medium business in rural area is a high density of population of villages (4 – 11 thousand persons) and the deliverance of human resources from agriculture, in condition of concentration of land tenure.

**Agriculture** is not only the main branch of Gagauzia's economy, but also plays an important role in production of agricultural sector's commodity output of the Republic of Moldova: annual production of grapes – 20 – 23 %, wool – 20 %, grain and sunflower – 7 – 8 %, meat – 5 – 6%.

Gagauzia has the second place after the Central part of Moldova in the area of wine yards, and has the 1<sup>st</sup> place in wine production.



The diversified character of agriculture of the autonomous unit represents a kind of “safety net” in case of unfavorable weather conditions in every specific year. The most steady is viniculture combined with gardening, cultivation of tobacco, cereals, vegetables, forage crops, as well as live – stock breeding. The share of sown areas in structure of agriculture holdings is 60 – 65 %, and the share of long – lived plants is till 20 %, including 2/3 of them are vineyards. In structure of sown area the main part (56 – 60 %) is the share of grain – crops (wheat, maize) and leguminous plants.

The production capacity of the agriculture, both concerning quantum of output and yield, has a decreasing tendency. In condition of economic crisis and lack of financing, nutritious balance of soils was disturbed. Fertilizer application has sharply decreased. In 1990s the agriculture of Gagauzia suffers from negative influence on the one hand, from the suppliers of means of production, which are sold on monopoly high prices (equipment, agro-chemicals, combusive – lubricating materials), and on the other hand, from regional monopolies –enterprises of light industry, which tend to buy raw materials at possibly lower prices.



The accomplishment of the agrarian reform, portion of land to the peasants, reorganization of large collective farms, creation of cooperatives of landowners, association of farmers and small business enterprises, which work in agricultural service, create a new socio – economic background in rural area. The main form land tenure concentration is land leasing.

### ***Infrastructure***

Industrial infrastructure of the region joins enterprises and organizations of construction (17 contracting organizations), transport (3 fleet, private enterprises) and road economy (2 DRU), the system of energy, gas and water supply. Its reorganization is based on new legal, economic and organizational principles with a combination of both public and private forms of propriety.

Unlike construction, which production capacity in condition of crisis is used extremely insufficiently, last years there an increase in networks - telephone communications - was observed. Construction of gas – pipe – bends and gas networks takes place with the purpose of gasification of all apartment houses and boiler houses of industrial and social objects.

One of the weakest places in Gagauzia's infrastructure is a very low level of water supply of the population, industry and agriculture. As well as other branches of infrastructure, water supply is extremely capital – intensive, however the solution of this matter is of the top – priority, as to a great extent determines opportunities of further economic growth and social development of the autonomy.

There is a sustainable tendency of the increase of the share of economic agents and population assets, and of the decrease of on – budget expenditures in the overall investments for the development of infrastructure. New component of the investments is foreign loans for the infrastructure construction (water supply of the build – up areas). The spread of the roads of general use on the territory of Gagauzia is 451.5 km, from which roads of national importance are 219.8 km, and local roads – 192 km. About 86 % of the overall spread of the roads has a hard surface.

The provision of urban population of telephone communication (18.0 telephones per 100 inhabitants) and rural population (8.5 telephones per 100 inhabitants) in Gagauzia is higher than on average in the Republic of Moldova. The whole area is covered with television and broadcasting, including local mass media.

### ***Social Environment***

Social environment, providing living conditions for the population, goes through tough period of transformation and achievement of more balanced contribution in its development both from state (budgetary funds) and from the population.

Key branches, which make up the base of human development, are public health and education, and are mainly financed by the state budget, while the share of payable services, especially medical ones, grows.

There are 55 schools, which cover 32.9 thousand of pupils in Gagauz – Yeri. There are also 65 pre – school institutions, 44 of which function all year round. Pre – school institutions in Gagauz – Yeri cover 5.2 thousand children, that is 43.8 % of total number of children 3 – 7 years old. 61 of children's pre – school institutions are public, 4 institutions are departmental. Moreover, there are 9 non-school institutions (2.9 thousand children).

Public health possesses comparatively developed material resources: 3 central regional hospitals, a system of ambulance station, medical assistant and obstetrical

stations and rural divisional hospitals. In public health are occupied 360 doctors of all specialties and 1231 people of medium medical personnel.

Service sphere, especially trade, more and more shifts in the private entrepreneurship area.

Under the law “On public propriety of administrative and territorial entities” N-523-XIV from 16.07.99 of 01.07.2000 there were transferred to mayors assets of 95 mil MDL: including in Comrat – 47.7 mil MDL, Ciadar- Lunga – 41.7 mil MDL, Vulcanesti – 5.4 mil MDL.

The transfer of kolkhoz and sovhoz’ assets to mayoralities, which work within the national Programme “Pamânt”, continues.

The privatization of housing resources in towns stipulates the formation of new system of its service on the base of payment, creating new area of employment.

### ***Entrepreneurship and Small Business***

Entrepreneurial initiative of Gagauzia ’s population manifests itself both through increase of economic agents’ number in all spheres of activity and through activization of labor migration, including the interstate one.

Small business is a very active sphere of the region’s economy. It mobilizes considerable production resources, replenishes revenues, and increases budget earnings.

There are 4219 economic agents registered on the territory of Gagauzia (10% increase during 2000), including small business enterprises – 3522 or 83, 5% of the total number of the economic agents of Gagauz-Yeri.

Private property enterprises dominate already in the region – there are 3, 6 thousand of them; public property enterprises – 195; mixed property enterprises – 152, joint ventures with foreign participation - 15.

Small business on the Gagauz-Yeri territory is represented mainly in the following branches of the economy: trade and services; construction; industry and agricultural produce procession; transport.

***Legal status of small business enterprises*** is diversified:

- \* *limited liability society* – 581;
- \* *cooperatives* – 113;
- \* *general partnership* – 73;
- \* *special partnership* – 18;
- \* *individual enterprises* – 2328.

The dominant legal statuses of small business operation in Gagauzia are “individual enterprise” and “entrepreneurial license”, i.e. enterprises belonging to one owner. About 80% of all small enterprises fall into this category.

Beginning from 2000, the most dynamically developing is entrepreneurship on the basis of the “entrepreneurial license”. As of 1<sup>st</sup> January 2001, there were handed out more than 2 thou licenses and their disposal brought the budget 779.3 thou MDL.

Noteworthy is that total employment in the sphere of small and medium business has already exceeded the number of those employed in post-state industry, construction and transport.

A positive indicator is that the amount of products and services as per one person working in small and medium enterprises sphere of Gagauzia is larger than in the majority of other judetses of the Republic of Moldova. Total number of small business

enterprises in Gagauzia is larger than in the adjacent judetses of the Southern region of Moldova – judetses Cahul, Taraclia and Tighina.

The causes are not only the traditional entrepreneurial nature of the local population, but also certain support of entrepreneurship by the local public administration bodies. Thus, in order to simplify taxation system and increase tax revenues from economic agents engaged in peddling and catering, a local Law “On fixed tax” was passed. Under this act a whole bunch of local taxes and fees (profit tax, real-estate tax, land tax, water tax, advertisement tax, local development tax, fee on trade objects placement, fee on right to use local symbols) was reduced into one fixed tax, the fact that was taken positively by economic agents and increased local budget incomes.

An important source of financial resources for entrepreneurship (construction, services) are pecuniary inpayments from those working abroad; their number, according to some estimates, is not less than 20% of the total region’s able work population. Many of those that have returned from abroad possess adequate bankroll to begin their own businesses.

Given all these circumstances, an active support of entrepreneurship by the local bodies (Gagauzia Administration and mayoralties) should be considered as one of the most important directions of further consolidation of the region’s financial basis. This refers both to the creation of comfortable environments for the small and medium business (accelerated registration, preferential crediting, clampdown of corruption with an “enhanced” monitoring, etc.) and to the development of the “business for business” – information and consulting centers, training of young entrepreneurs, assistance with crediting and export venting.

### **2.3. Trends and problems of socio-economic development of Gagauz-Yeri in the transition period**

***Socio-economic development of Gagauz-Yeri during the 90s was conditioned both by general processes peculiar to the Republic of Moldova in the transition period and by the local circumstances.***

Republic of Moldova as a young European country, member of the UN since 1992 and Council of Europe since 1995, faced triune challenge during the transition period: consolidation of the statehood; *shift from the planned-distributive economy to the market one, based on private property; democratization of the society.* These tasks are solved to a variable extent. The most positive results were achieved in the field of liberalization of the social life – pluralism and liberty of political activity, religion, mass media. Irreversible changes occurred in the economy – property reform and mass privatization, liberalization of prices, entrepreneurial activity and foreign trade, land reform, consolidation of markets of labor, land and capitals.

But *social consequences* of the transition period for the population of the Republic of Moldova turned to be very dramatic. Due to the economic crisis and drop of the production (Moldova’s GDP in 2000 constituted only 34% of its volume in 1989), decrease of employment, bankruptcy of the majority of large state enterprises and lack of state support for agricultural enterprises (sovkhozes and kolkhozes), rise in the costs of energy resources and means of production in the country poverty zone has enlarged sharply. According to some evaluations, no less than 40% of the country’s population earns no more than 1 USD per day that, under international standards, constitutes poverty line; differentiation of incomes raised abruptly. 20% of the «new rich» accumulate 52% of all pecuniary incomes of the population, and 20% of the «new poor» – just 4%. A new phenomenon is the mass migration of able population abroad in search of extra pay.

After a stage of macroeconomic stabilization that ended by the middle 90s successfully on the whole (consolidation of the national currency, decrease of inflation and state budget deficit), *structural reforms* are launching extremely slowly. This is due primarily to insufficiently favorable environment for the entrepreneurship (although orientation at the market economy, private initiative and competition have been stipulated by the new Constitution of the Republic of Moldova in 1994), very controversial processes of the agricultural reform, privatization of enterprises and infrastructure, reformation of the social sphere (educational and health-care systems first of all), pensionary system and welfare system through funds of the State Social Fund.

At the local level, especially destructive proved to be the delay of the administrative-territorial reform that was proclaimed officially only in 1999 and has been being implemented without a sufficient preparation (legal basis, informational service, reformation of the statistics, preparation of personnel for local public administration). Constant expectation of the administrative-territorial reform since the middle 90s, and consolidation of 40 old administrative units, elections of the new administration, etc. first of all, has created a state of “authority vacuum” on the local level that did not benefit solution of social and economic problems at all.

In addition to these, common for the whole Republic of Moldova problems and tendencies, supplementary circumstances emerged in *Gagauzia in the 90s*: firstly, the well known political tension of the 1990-1992; later, events that directly preceded the creation of the territorial autonomy Gagauz-Yeri, its legal and institutional development; and finally search for own ways and means to overcome the economic crisis and social distresses. This search was determined in many respects by traditions of the people, experience of undertaking of economic activity in local conditions, distribution of the population, external economic ties. ***A general basis for realization of this search since the middle 90s is the Law of the Republic of Moldova “On special legal status of Gagauzia (Gagauz-Yeri)” (Dec. 23d, 1994) and results of the local referendum (March 1995)*** that defined its territory and composition of settlements.

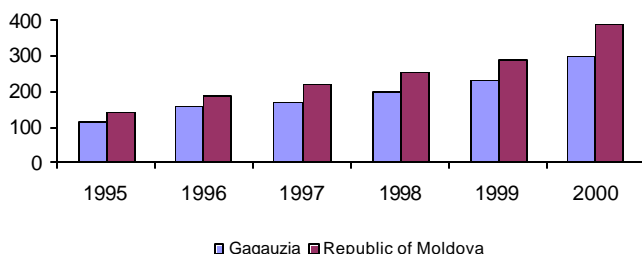
The Government of the Republic of Moldova in 1996 prepared Suggestions on coordination of strategy and tactics regarding solution of socio-economic problems of Gagauzia and draft of the Programme for socio-economic development of the territorial-administrative unit of the Republic of Moldova, Gagauzia (Gagauz-Yeri) till 2000. There were positive changes in regulation of the consolidated budget of the Republic of Moldova and the autonomy’s budget; the Government issued Decision on transfer of property of the state into the public property of Gagauzia (July 2000).

Administration of the autonomy has been initiative during all these years regarding search both for more complete utilization of the local potential and attraction of financial and material resources, consultations from abroad.

*Problem of interrelation of state and local budgets*, though, still remains a subject of discussions. The Government of Moldova regulates budget relations with the territories so that there would be “a relative equity” throughout the country from the social point of view. Taking this into account, budget expenditures per capita in Gagauzia constituted 413 MDL in 2000 (data of the Ministry of Finance), which is 12% more than the country’s average and 21% more than in judetses. It is contemplated for 2001 that expenditures of Gagauzia’s budget for social goals per one inhabitant will be about 9% more than the country’s judetses’ average. Appreciating this exceeding, though, one should take into account lower incomes of the region's population and higher share of the disabled (children, first of all) in the population’s composition. Balancing of incomes and expenditures of Gagauzia is now stipulated both through

subventions and norms of the distribution of regulated incomes. TAU Gagauzia has planned for 2001 6, 9 mil MDL of subventions, 100% of assignments of the income tax, profit tax and TAV into the local budget. The search for an optimal solution of this issue is still being continued.

Fig. 2.3.1. Average monthly wage, MDL



Given rather difficult socio-economic factors and unfavorable climactic conditions (droughts) of the second half of the 90s, unfortunately, a negative tendency dominated the dynamics of indicators of the economic development

and living standards (see Annexes). At the same time, there were certain positive changes recorded in 1999 and, especially, in 2000 that turned up to be the consequence both of tendencies of economic improvement of the Republic of Moldova as a whole and enterprising actions of the administration of Gagauz-Yeri and adaptation of economic units to work in the market conditions.

Thus, there was an increase of industrial production recorded in 2000 (at current prices) - 15,5%, agriculture - 15,0%, services rendered to the population - by 69,2%, retail turnover - 16,7%, communications services - 38%.

On this basis, inpayments into the consolidated budget of the Republic of Moldova increased by 38.1% and into the social fund by 10.3%. Average monthly wage by the autonomy increased by 29.2%. Pensions, allowances and wage state arrears were reduced considerably. It is clear that these indicators should be adjusted taking into consideration annual inflation of 18.4%.

Main tendencies of development of the **industry** are determined by: expansion of the private sector both on the basis of privatized state enterprises and newly created small and medium enterprises; rise of competitiveness of the production due to promotion of its quality and change of structure; restoration of traditional production and trade relations and access to new outlets. In the wine making this is emphasis on high-quality dry wines, in the canning industry – on juices and fruit preserves, in the clothing industry and carpet weaving – taking into consideration needs of business partners, in the production of heating boilers – taking into consideration increasing demand for autonomous heating of dwelling houses, etc.

Production capacity of enterprises, though, still is not used in full measure. With a view to integrate food industry with its resource basis more effectively, in the agriculture several programmes are being developed, such as “Grapes”, “Meat”, “Milk”, “Tobacco”, “Cereals”. Thus, under the “Grapes” programme foundation of new vineyards is planned that will allow to pay off investments of 25 mil USD in 10 years, double production of grapes and improve production capacity load of the wine making industry.

Creation of holding companies and concerns was initiated. The pioneer in this field is Concern “Basarabia – Agroexport” (fruit and vegetables preserves and juices) in 2000 produced 17.6% of industrial product of the region, having increased the production output during the year by 76.9%. Working on the basis of contracts with foreign companies, light industry enterprises increased their output 2.9 times more.

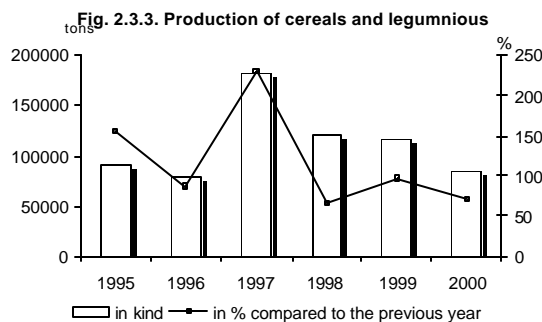
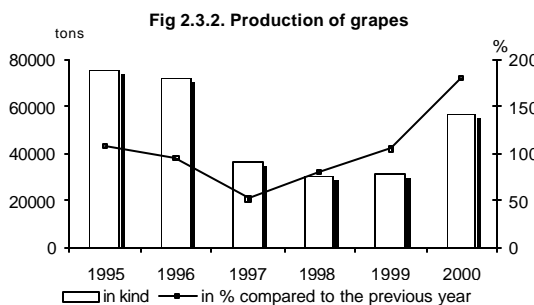
Cooperation with Turkish and Italian firms may contribute to revival of the production of carpets and ready-made garments by joint-stock companies “Kilim”, “Dar”, “Scop”, “Stil”.

A programme on promotion of the number of workplaces during 2001-2003 at “Kilim” (Comrat), Ciadar-Lunga Experimental-Industrial Enterprise, enterprises of Ciadar-Lunga that produce carpets and ready-made garments, Vulcanesti Ready-Made Garments enterprise.

A common problem of the majority of enterprises is account payable to the budget as a result of what National Assembly of Gagauzia passed Law “On write-off of fine and penalties of economic units” that is supposed to stimulate them to repay historical debts and current payments.

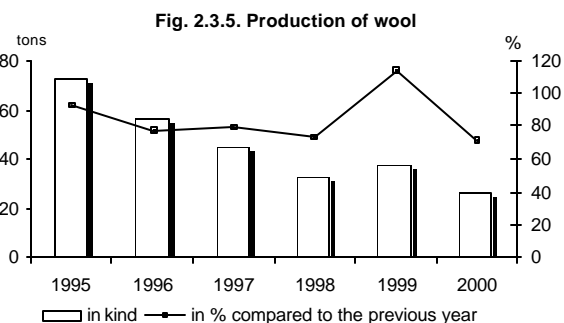
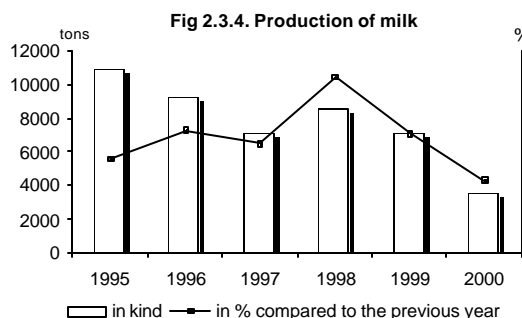
A new phenomenon in economic life of the autonomy is *free enterprise zone* “Valkanes”. Presence of a strategic partner-investor (“Dionis-Club”) and enterprising activity of the zone’s administration create preconditions for its effective development. Based upon local conditions, priorities of the policy regarding the industry should be consolidation of economic and organizational integration of the processing industry with its source of raw materials; a special emphasis on profitable and competitive types of production; creation of joint enterprises with attraction of foreign investments and attainment of access to new outlets; development of a network of small enterprises in the countryside on the basis of utilization of traditions and local raw materials source (leather, wool, mineral and vegetable raw materials), expansion of home-workers labor utilization.

The **agriculture** is developing in dramatic conditions of the agricultural reform. In 2000, 50,7 thou inhabitants of the countryside received land quota titles. At the same time, only 1705 persons received land quotas in kind. 976 of them registered 368 farming enterprises with the total area of 6,5 thou ha of agricultural land. The majority, though, - 32,4 thou persons – leased their land (65,8 thou ha) to other physical and juridical persons. On the basis of former 30 kolkhozes and sovkhoses there were 62 enterprises formed based on private property on land and belongings. Such a decision, apparently, was taken not only due to the lack of necessary conditions for effective farming activity (credits, equipment, infrastructure, information), but also proved by many decades traditions of communal, joint agricultural activity in the zone of risky – by precipitations and temperature – agriculture.



Nevertheless, disposing of 6,6% of all agricultural areas of the Republic of Moldova, agricultural enterprises of the autonomy produced in 2000 12.4% of cereals (without maize), 9.8% of sunflower, 10.7% of tobacco, 21.3% of grapes, 8.5% of meat, 8.9% of milk and 25% of wool. But by all other cultures (except for grapes) the region’s yield was lower than the country’s average. Average yield of milk does not exceed 1,600 kg per 1 cow a year.

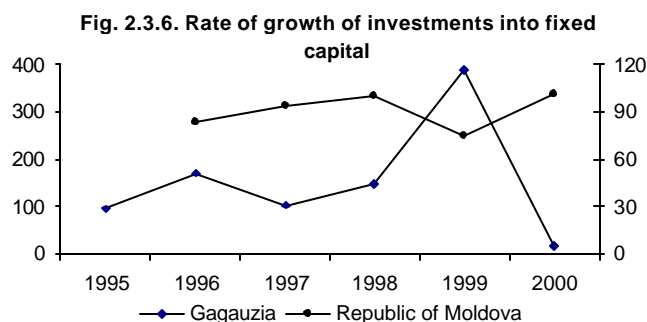
Economic performance of the agriculture is not satisfactory yet. Out of 48 economic units that produce agricultural production, 21 enterprises entered 2001 with profit and other with losses.



Problems that still need to be solved are: optimization of diversified structure of the agriculture; top-priority reconstruction of paying branches (viniculture, seed-growing – sunflower, maize, sugar-beet); restoration of industrial technologies in horticulture and tobacco-growing; support of state enterprises and private sector in stock-raising at solving the problem of forage reserve (mixed fodder, grain forage).

A special attention deserve methods of further realization of the agricultural reform regarding both land tenure, legal statuses of enterprises and development of necessary infrastructure (crediting, insurance, technical and agrochemical service, melioration).

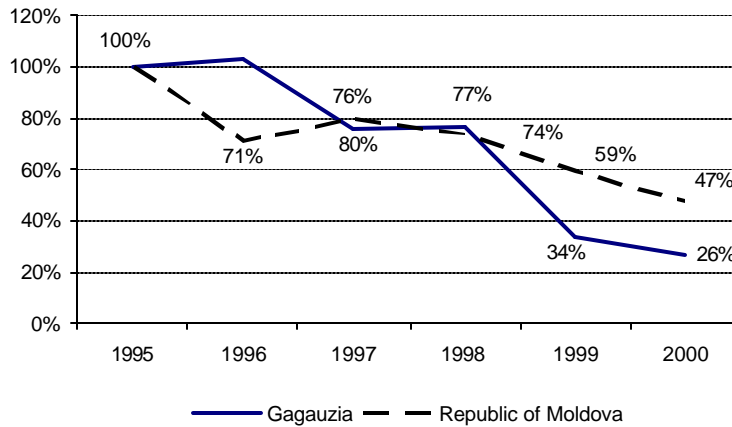
Scale of **constructions** in the autonomy is still limited (in 2000 – about 2 mil USD of investments). These are mainly constructions of water supplies for the population, industrial objects, gas supplies and in the social sphere – individual dwelling construction (5,1 thou sq m in 2000). New construction of health-care, education and cultural objects is not recommenced yet.



**Service sphere**, and first of all trade, is developing more and more on the basis of the entrepreneurship, which, though, has its limits in form of rather small incomes of the population and assignment of their major part (about 70%) to procurement of food. Nevertheless, determination of ways and methods of development of the social sphere, especially education and health-care, should constantly be the object of concern of the autonomy's Administration as this is the sphere that mainly defines living standards of the population.



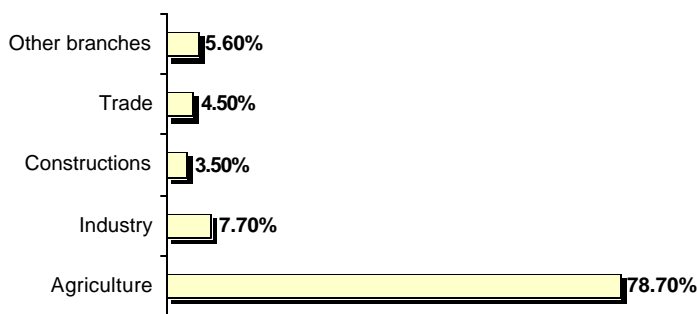
Fig. 2.3.7. Dynamics of house-building



Extremely critical, both in Gagauzia and the Republic of Moldova as a whole, remains the **problem of employment**. Large hidden unemployment is maintaining in the region (about 20 thou people). The officially registered unemployed, as of January 1<sup>st</sup>, 2001, are

1080 people. In the meantime, in 2000 only, there were about 8 thou people discharged from enterprises and organizations. In such conditions labor migration abroad gained a mass character, in Turkey mainly due to the likeness of the language. Number of addresses to Labor Offices in search of a job is rather small – 1,8 thou people in 2000.

Fig. 2.3.8. Composition of employees in real sector, 2000



“Programme on employment of the population for 2001 – 2002” stipulates for education and retraining of the unemployed, creation of economic and organizational conditions for the expansion of self-employment and formation of small enterprises, in large villages inclusive. According to an evaluation (2000), number of the unemployed in a series of large villages exceeds 1 thou people. These are the number of the unemployed in some of villages: 2129 – Congaz, 1239 – Cioc Maidan, 2011 – Baurci, 1608 – Besghioz, 1494 – Copciac, 1280 – Etulia.

Solving current tasks in the field of education and health-care, on the basis of common for the Republic of Moldova programmes on reformation of these spheres, one should concurrently pay attention to **revival and preservation of the national and cultural traditions** of Gagauzia that presumes legislative determination of *priorities of policy in the sphere of culture* and actions for their practical realization.

Extremely high level of economic load of the territory, land erosion, lack of forests, partial felling of forest shelter-belts, problem of volume and quality of potable water, and the most earthquake zone in Moldova – such combination of unfavorable circumstances strongly requires increased attention to problems of **ecological security** – rational utilization of natural resources and protection of the environment.

## Conclusions

*Evaluation of the potential and analysis of tendencies of socio-economic development of Gagauzia after 1994, in the conditions of its “special legal status” within the Republic of Moldova, should be considered as the first step towards preparation of the Regional programme “Gagauz-Yeri”.*

*The next step on this way is determination of the **Concept of sustainable development of Gagauzia (Gagauz-Yeri)**, whose reference points should be the following:*

- \* **principles of the United Nations Organization on the provision of sustainable human development** – improvement of living standards, restructuring of socio-economic system and economic management without any prejudice for the environment and life of the next generations;*
- \* **utilization of the historical heritage, strategic advantage** s, natural, economic and human potential of Gagauzia **in full measure** taking into consideration certain limitations and risks;*
- \* determination of **priorities** of provision of sustainable development of Gagauzia for the near period (till 2005) and long-term perspective both for the region as a whole and single problems, industries and territories;*
- \* perfection of the **legal basis** of the territorial autonomy taking into consideration stipulations of the European Chart of the Local Self-Government and the Constitution of the Republic of Moldova;*
- \* concrete **sources of resources, forms and methods** of achievement of the planned for the future social and economic parameters;*
- \* **improvements in the real sector of the economy and social sphere, entrepreneurship** as a source of extra work places and incomes of the population and local budgets;*
- \* perfection of the **public administration system**, preparation of its personnel taking into account European standards of the local self-government;*
- \* consecutive realization of well-coordinated actions in the field of **nature management and preservation of the environment**;*
- \* active **participation in international projects on regional development**, all possible attraction of external investments and programmes of technical support into the region;*
- \* maintenance of **political dialogue of the authorities with the population, entrepreneurship and civil society** (religious organizations, mass media, political and non-governmental organizations).*

*Permanent monitoring of socio-economic situation of Gagauzia and realization of sound and coordinated actions with a view to achieve reference points contemplated for the future should, in the end, provide for a way out of the current difficult situation. A condition sine qua non of this is consecutive, joint activity of the legislative and executive powers understood and supported by the population.*

## **APPENDIX**

Table 1

**Main indicators of socio-economic development of the Republic of Moldova from territorial point of view (2000, preliminary)**

	<i>Republic of Moldova</i>	Belti	Cahul	Chisinau	Edineti	Lapusna	Orhei	Soroca	Taraclia	Tighina	Ungheni	<i>Gagauzia</i>
Population as of 01.01.2000, thou persons	3643,5	505,1	190,8	382,2	285	282,2	303,4	278	46,4	169,7	258,9	161,1
Territory, thou ha	3048,1	414,6	241,3	340,4	314,6	347,1	316,3	295,3	67,4	241	228,9	184,8
Including:												
Agricultural areas, thou ha	2285,0	323,5	185,7	230,8	250,3	251,3	223,8	241,2	55,0	191,7	148,9	149,7
Tillage, thou ha	1599,8	230,1	127,1	156,5	198,5	156,1	157,8	187,8	37,3	140,6	85,4	101,7
Per capita falls:												
Territory, ha	0,79	0,82	1,26	0,89	1,1	1,23	1,04	1,06	1,45	1,42	0,88	1,15
Agricultural areas, ha	0,6	0,64	0,97	0,6	0,88	0,89	0,74	0,87	1,19	1,13	0,58	0,93
Tillage, ha	0,4	0,46	0,67	0,41	0,7	0,55	0,52	0,68	0,8	0,83	0,33	0,63
<b>ECONOMY</b>												
Number of economic agents (who handed statistical repots in 1999)	19974	1377	357	970	759	585	806	684	174	375	649	515
Quantity of products sold, works, services fulfilled, mil MDL	27813	2273	334	1085	668	553	471	1481	247	266	629	728
Number of workers in 1999, thou persons	629,4	96	20,1	39,8	46,8	35,1	35,2	49,3	12,8	20,9	22,7	36,7
Quantity of products sold, works, services fulfilled per capita, MDL	7634	4500	1750	2839	2344	1960	1552	5327	5323	1567	2430	4519
Quantity of products sold, works, services fulfilled per 1 worker, MDL	44189	23668	16602	27284	14288	15773	13396	30039	19314	12763	27720	19840
<b>INDUSTRY</b>												
Number of economic agents (who handed statistical repots in 1999)	2620	197	49	147	139	78	111	129	17	58	81	97
Quantity of products sold, works, services fulfilled, mil MDL	5847	878	145	229	212	139	170	298	40	73	202	180
Number of workers, thou persons	130,1	19,9	3,9	5,8	7,4	3,4	5,7	9,5	1,1	2,4	6,1	4,7
Net sales pet 1 worker, MDL	44947	44173	37475	39844	28725	40642	29730	31549	36901	29808	33105	37870
Quantity of products sold, works, services fulfilled per capita, MDL	1605	1738	760	599	744	493	560	1072	862	430	780	1117
Quantity of industrial products at current prices as of 01.11.2000, MDL	5670	898	151	276	256	124	221	329	58	55	135	114

Industrial produce in % as compared to 1999, at comparable prices	108	108	112	125	105	124	135	119	169	119	86	84
Per capita, MDL	1556	1778	791	722	898	439	728	1183	1250	324	521	708
<b>AGRICULTURE (in 1999)</b>												
Number of economic agents (who handed statistical repots in 1999)	1502	210	52	197	189	126	189	153	26	67	130	66
Quantity of products sold, works, services fulfilled mil MDL	2068	398	97	295	181	181	114	207	93	108	87	188
Number of workers, thou people	264	55	11	24	30	25	21	32	10	15	10	26
Net sales pet 1 worker, MDL	7832	7258	8812	12204	6050	7378	5394	6535	9232	7406	8355	7288
Quantity of products sold, works, services fulfilled per capita, MDL	568	788	508	772	635	641	376	745	2004	636	336	1167
Agricultural enterprises												
Average yield per ha, cetners (1.12.2000):												
- cereals (without maize)	19,5	22,8	18,4	18,6	18,1	16,6	16,1	19,0	22,7	19,9	20,3	20,5
- winter wheat	22,4	25,6	21,6	20,2	21,0	18,9	17,9	21,8	27,4	23,0	22,6	25,3
- maize for corn	15,6	23,1	12,3	14,4	21,4	8,7	11,5	20,2	12,4	14,8	17,7	12,2
- sunflower	13,2	17,2	11,0	11,9	11,4	11,6	14,6	14,8	10,3	13,6	15,2	10,9
- sugar - beet	220,4	258,9	535,6	620,5	174,1	140,7	212,2	185,0	-	401,2	202,5	-
- vegetables	58,9	68,0	40,1	87,9	57,1	43,7	45,0	41,3	40,7	82,2	48,7	32,7
- fruits	27,0	28,3	27,2	19,8	36,9	24,7	17,5	42,3	16,3	25,0	14,7	12,2
- grapes	45,2	28,9	51,3	48,0	3,0	45,8	34,0	32,5	60,2	36,3	30,6	40,7
Agricultural enterprises												
Produce (1.12.2000):												
- cattle and poultry (live weight), in % as compared to 1999.	39	36	38	34	37	26	56	32	71	39	45	56
- milk, %	61	63	77	55	64	57	19	72	66	49	67	51
- milk by 1 cow, kg	1992	2066	2710	1938	2047	1821	1018	2274	1736	1969	2292	1465
Autumn ploughing												
- 2000, thou ha;	290,3	54,3	19,3	15,0	35,2	25,4	19,4	39	13,6	28,1	8,2	32,2
- in % as compared to 1999	86	78	81	54	86	93	78	92	137	102	77	108
Sowing of winter crops for grain												
- 2000, thou, ha;	262,2	40,6	18,5	15,6	26,2	26,6	17,4	31	12,4	29,8	9,0	33,2
- in % as compared to 1999	96	90	88	58	92	90	79	121	115	118	105	126
<b>SMALL BUSINESS</b>												
Number of economic agents	18381	1129	300	841	608	482	670	541	149	319	573	442

Number of employees, thou persons	147,1	13,0	4,4	9,4	7,7	5,6	7,1	6,2	1,4	3,7	5,9	4,8
Share in the total number of employees in economy, %	23,4	13,5	21,9	23,6	16,5	16,0	20,3	12,6	10,7	17,8	26,0	13,1
Net sales, mil MDL	13133	591	121	510	134	251	158	193	102	83	303	238
Net sales per 1 employee, MDL	89249	45467	27563	54454	17353	44606	22133	31112	74621	22277	51341	49616
Share in total volume of net sales, %	47,2	26	36,3	47,0	20	45,4	33,5	13	41,4	31	48,2	32,7
Net sales in trade in small business, %	62	65	35	73	45	63	59	47	72	45	80	71
<b>TRANSPORT</b>												
Traffic of goods, mil ton/km	222,9	28,7	1,4	23	1,1	1,5	3,9	3,1	19,7	0,4	1,1	27,6
Trade												
Volume of retail trade, mil MDL	2830,7	412	82,5	146,1	97,2	109,4	143,3	125,8	30,8	52,7	79,4	67,6
- per capita, MDL	777	816	432	382	341	388	472	452	664	311	307	418
Export, mil USD (as of 1.11.2000)	374,2	37,4	10,0	16,6	8,1	6,5	7,9	25,2	4,0	5,6	13,1	8,9
Import, mil USD (as of 1.11.2000)	620,7	27,4	5,0	11,2	3,5	10,4	5,1	20,0	2,8	2,7	10,7	6,4
<b>FINANCE</b>												
Inpayments in:												
- consolidated budget of the territorial and administrative units, mil MDL	1792,5	161,9	45,2	78,1	58,4	57,2	51,4	56,5	14,1	38	48,7	68,3
state budget of the territorial and administrative units, mil MDL	1001,7	85,9	20,1	40,5	19,2	22,6	18,5	18,6	8,8	16,2	22,4	16,7
Local budget, mil MDL	790,8	76,0	25,1	37,6	39,2	34,6	32,9	37,9	5,3	21,8	26,3	51,6
Social Fund, mil MDL	791,1	86,2	24,7	37,6	26,8	28,9	32,9	38,6	5,8	19,2	25,8	30,9
<b>FINANCIAL AND ECONOMIC SITUATION</b>												
Number of enterprises (units.), from which:	20824	1338	374	944	820	589	924	629	176	379	630	530
- gained profit, units	6608	480	148	295	291	186	318	204	43	94	178	189
- financial performance, mil MDL	1441,3	96,5	27,6	61,8	30,0	27,9	17,3	25,6	14,1	21,7	42,6	52,1
- suffered losses, units	9768	616	179	428	431	252	428	351	81	170	253	272
- financial performance, mil MDL	-1314	-93,7	-21,4	-66,5	-63,7	-32,8	-56,4	-87,6	-12,9	-28,0	-26,9	-48,4
Average number of employees, persons	543651	73266	18682	32524	30292	28770	27103	37326	13745	18415	19206	31016
Financial performance, mil MDL	127	2,8	6,2	-4,7	-33,6	-5,0	-39,1	-62,0	1,2	-6,3	15,7	3,7

Net sales, mil MDL	23822	1640	303	887	429	429	403	546	179	204	455	569
Accounts receivable, mil MDL	19532	711	140	462	278	156	202	391	100	120	360	386
Accounts payable, mil MDL	39561	2009	317	1246	1018	454	542	2454	335	364	779	1029
- long - term	10052	478	54	323	273	104	117	1708	147	84	286	205
- short - term	29509	153	263	924	745	350	425	746	188	279	492	824
including:												
- commercial	21409	938	163	596	500	175	201	429	122	160	296	528
- to the budget	1242	120	24	79	43	41	35	75	13	21	44	82
<b>SOCIAL DEVELOPMENT</b>												
Average monthly wage of production and office workers (January-October 2000), MDL	359,8	323,5	276,7	290,3	259,2	261,5	299,2	265,7	241,2	237,3	269,3	283,6
Total wage debt (as of 1.11.2000), mil MDL	474,6	70,7	19,7	34	40,7	32,5	24,9	29,5	11,9	19,9	19,8	30,7
Total pension and allowance debt (as of 1.11.2000), mil MDL	83662	11642	5145	9429	11329	8760	10503	9104	998	4829	8502	3421

Table 2

## Dynamics of the main macroeconomic indicators of Gagauzia

Indicators	Measurement unit	Volume at current prices						Pace of the increase as compared to the previous year at comparable prices, %					
		1995	1996	1997	1998	1999	2000	1995	1996	1997	1998	1999	2000
Quantity of industrial produce	Thou MDL	97416	151537	153416.8	130033	141190	163207	94.7	100	85.4	81.5	96.5	92.5
Quantity of agricultural produce	Thou MDL	164759	198127	265329	179556	188423	216900	109.8	88	124	77.4	92.6	105.7
Investments into the fixed assets	Thou MDL	17789	30313	31324.5	45299.4	178313	27815	94	170	103.3	144.6	3,9 times	15.6
Newly built housing (total area)	Thou MDL	23485	24127	17887	18072	7880	6200	92	103	74.1	101	43.6	78.6
Frigh traffic by specialized enterprises	Thou MDL	68.9	44.9	23.4	16.5	3.7	2.3	93	65.1	52.1	70.5	22.4	62.2
Passenger traffic	Thou MDL	1110.5	1585.1	1488.5	1049.4	435.9	383.5	129	142.7	93.9	70.5	49.9	88
Retail turnover by commercial enterprises	Thou MDL	31973.6	43484.1	55515.7	57381	64688.1	75518.4	113	115.7	114.7	98	83.4	88.4
Paid services to the population	Thou MDL	12674	16266	18984.1	20155	31029.4	52505.5	85.7	82.1	87	89.1	94.7	132.6
Average monthly wage	MDL	115.8	156.8	169	197.4	231.2	298.8	113.5	135.4	107.8	117	117.1	129.3

**Source:** Administration of Gagauzia, central agency of economy and finances



Table 3

### Production of the main types of industrial products in Gagauzia

Indicators	Measurement unit	Quantities		In % compared to the previous year								
		1995	1996	1997	1998	1999	2000	1996	1997	1998	1999	2000
Wine materials processing	Thou deciliters	1051.9	666.5	751.9	714.9	862	364	63.4	112.8	95.1	104.1	42.2
Champaign wine materials	Thou deciliters	452.5	747	242.6	75.3	69.6	56	165.1	42	33.5	88.4	80.9
Wine	Thou deciliters	431.5	429.1	485.7	196.9	167.6	268.2	99.4	113.5	31.6	80.9	160.4
Breadstuff	Tons	5172.8	4444	3660	3107	1992	1151	85.9	82.4	84.8	64.4	57.8
Paste	Tons	60.6	120.1	109	158	222	57	198.2	90.8	145	139.9	25.7
Pastry	Tons	66.2	48	30	39	27	17	72.5	62.5	130	69.2	63
Butter	Tons	184	115	161	178	161	44	62.5	140	106.8	90.4	27.3
Whole milk products	Tons	1964	1849	1352	1341	778	458	94.1	73.1	99.5	58	58.9
Sunflower oil	Tons	328	185	300	187	138	52	56.4	127.1	62.3	73.3	38
Flour	Tons	49792	43341	39556	32473	9820	8826	87	91.3	82.1	30.2	89.9
Groats	Tons			142	549	539	366			3,9 times	98.2	68.2
All-mash	Tons	23775	19656	10747	9467	6604	1722	82.7	54.7	88.1	69.5	26.1
Beverages	Thou deciliters	27.3	10.3	8	5	12	22	37.2	72.7	62.5	1,8 times	183.3
Meat	Tons	1505.8	798.1	578	559	1281	392	53	74.7	96.7	,3 times	30.6
Sausage products	Tons	552.6	280.5	224	37	19	7	50.8	79.4	16.5	51.4	36.8
Meat half-stock	Tons											
Mineral water	Thou bottles	531.2	251	133	69	80		47.3	53	51.9	115.9	
Clothing	Thou MDL	1254.5	1833.9	671	150	1246	3886	146.2	54.8	23.1	8,3times	3,1 times
Precast reinforced concrete	Thou cubic m	1.01	0.397	0.917	1.4	2.4	1.7	39.3	2,3 times	78.5	171.4	70.8
Fermented tobacco	Tons	3080	2666	2705	3423	4303	2941	86.6	101.5	126.5	132.2	68.3
Carpet products	Thou sq m	12.9	10.7	2	3	2	2	82.9	18.2	150	67	100
Electro-thermal equipment	Thou MDL	389	423.6	285	296	175	50	108.9	67.3	103.9	59.1	71.4
Preserves, all	Tons			689	1688	3945	7627			2,4 times	2,3 times	193.3
Product of "Research Plant" SA	Thou MDL	506.8	430	250.3	148	100.6	400	84.9	58.2	59.1	68	

Source: Administration of Gagauzia, central agency of economy and finances

Table 4

## Main Enterprises of Gagauz - Yeri

	Name of Enterprise	Products	Production Capacities
	1	3	4
1.	SA “Vina Comrata”	Bottled wine (in stock): Dry wine Sweet wine Fortified wine	Grapes processing – 60 thou. Ton/year; Wine material treatment – 400 thou dal Bottling– 5 mil bottles, per year
2.	SRL “Bassarabia - Agroexport”	Fruit and vegetables juices in glass containers (twist - off), capacity, 1 l	Fruit and vegetables processing – 12 thou , ton/year
3.	SA „Kilim”	Wool unpiled carpets	450 thou square meters
4.	SA “Ekini”	Accurate maize seeds Cereals: wheat, pearl barley, corn	Flour production - 20 450 ton/year Mixed fodder production – 109 000 ton/year
5.	SA “Kirsova”	Bottled wine (in stock): Dry wine Sweet wine Fortified wine Sparkling wine	Grapes processing – 30 thou ton/year Bottling - 7,5 mil. bottles of wine per year, including– 5 mil bottles of sparkling wine
6.	Sa “Bereket”	Wheat meal, granular bran, sunflower oil	Production: Flour – 56 thou ton/year Mixed fodder – 90 thou ton/year Bread- 75 ton/year
7.	SA “Electro-thermal Equipment Plant”(ETEP)	Electric furnaces, converters, combustion chamber, other electro- thermal equipment	Electro - thermal equipment – 8900 thou MDL
8.	SA “Scop”	Cotton dressing gowns, special working suits, bed linen, nightwear, men and children trousers	Ready - made garments–670 thou MDL/year
9.	SA “Research Plant”	Group drinking bowl AKG–12, cage for pig-breeding SDF –I/100, air- conditioning setting N17IFG	Production output, 1200 MDL/year worth
10.	SA “Ciadar – Lunga Tobacco – fermenting Plant”	Fermented tobacco	10 thou ton/year
11.	SA «Jemciujina»	Sparkling wine	Grapes processing – 10 thou. Ton/year Bottling – 2,5 thou bottles of wine per hour
12.	SA “Yahny”	Meat	Industrially produced meat – 21 thou tin/year Sausages – 2,7 ton/year
13.	SA “Suti”	Animal oil	CMP– 12,6 thou ton/year
14.	SA “Dar”	Carpets and its derivatives	22 thou square meters
15.	SA “Vulkanesti wine plant”	Wine materials	Grapes processing – 20 thou ton/year
16.	SA “ Wine Plant”	Wine production	Grapes processing – 20 thou ton/year
17.	SA “Stili”	Ready – made garments production	540 thou units per
19.	SA “Gekateks – International”	Ready – made garments production	Ready – made garments production 700 thou MDL/per year worth
20.	SA “Betakon”	Ferroconcrete items production	Combined reinforced concrete – 60 thou cubic meters.
21.	SA “RUES”	Electric energy selling	
22.	IM ‘Kazaiak – Vin”	Wine production	Grapes processing – 10 thou ton /year

Table 5

## Production of the main types of agricultural products in Gagauzia

Indicators	Measurement unit	Quantities						In % compared to the previous year					
		1995	1996	1997	1998	1999	2000	1995	1996	1997	1998	1999	2000
Cereals and leguminous	Tons	91170	78907	181180	120754	116910	83969	156	86.5	2,3times	66.6	96.8	71.8
Sunflower	Tons	7873	9407	12541.6	13243.9	15381	13520.7	145	119.5	133	105.6	116.1	87.9
Tobacco	Tons	2416	2544	2952	2441	2762	2098.9	89	105.3	116	82.7	113	76
vegetables	Tons	5267	3066	3799	4274	3464	1809.4	122	58.2	123.9	112.5	81	52.2
Fruits and berries	Tons	9904	5385	19900	13055.3	1273	5394.7	92	54.4	3,7times	65.6	9.8	4,2times
Grapes	Tons	75590	71706	36925.7	29845.1	31368	56676.1	109	94.9	51.5	80.8	105.1	180.7
Stock and poultry on the hoof (production)	Tons	3475	3197	3255.46	3532.2	2580	623.8	92	92	101.8	108.5	73	24.2
Stock and poultry on the hoof (disposal)	Tons	4390.8	4274.7	3368.8	2886.5	3345.2	1886.1	83	97.4	78.8	85.7	115.8	56
Milk	Tons	10956	9250	7036.9	8542	7035.4	3540.4	65	84.4	76.1	121.4	82.3	50.3
Eggs	Thou pieces	2500	2004	277	555.4	678	237	110	80.2	13.8	2times	122	35
Wool	Tons	72.7	56.5	44.6	32.5	37.1	26.3	93	77.7	78.9	72.9	114.2	71
<b>Production per capita</b>													
Cereals and leguminous	Kg	567	490	1125	750	726	521						
Sunflower	Kg	49	58	78	82	95	84						
Tobacco	Kg	15	16	18	15	17	13						
vegetables	Kg	32.7	19	23.6	26.5	21.5	11.2						
Fruits and berries	Kg	61	33	123	81	7.9	33.5						
Grapes	Kg	469	445	229	185	194.7	351.8						
Stock and poultry on the hoof (production)	Kg	21.6	19.8	20.2	21.9	16	3.9						
Milk	Liter	68	57	43.7	53	43.7	22						
Eggs	Pieces	15.5	12.4	1.7	3.4	4.2	1.5						
Wool	Kg	0.45	0.35	0.28	0.2	0.23	0.16						

**Source:** Administration of Gagauzia, central agency of economy and finances

Table 6

**Level of the small business development by territorial units of the Republic of Moldova, 1999**

<b>Indicators</b>	<b>Number of enterprises</b>	<b>Municipality of Chisinau</b>	<b>TAA Gagauzia</b>	<b>Balti judets</b>	<b>Cahul judets</b>	<b>Chisinau judets</b>	<b>Edinet judets</b>	<b>Lapusna judets</b>	<b>Orhei judets</b>	<b>Soroca judets</b>	<b>Taraclia judets</b>	<b>Tighina judets</b>	<b>Ungheni judets</b>
Number of enterprises, units	18385	12331	442	1129	300	841	608	482	670	541	149	319	573
% compared to the RM	100	67.1	2.4	6.1	1.6	4.6	3.3	2.6	3.6	2.9	0.8	1.7	3.1
including small (up to 19 persons)													
in % compared to the RM	88.7	92.3	83.7	81.6	73.3	82	77.8	81.3	83.7	82.6	83.2	82.8	83.1
medium (up to 75 persons)													
compared to the RM	11.3	7.7	16.3	18.4	26.7	18	22.2	18.7	16.3	17.4	16.8	17.2	16.9
Per 1000 of population, units	5	15.8	2.7	2.2	1.6	2.2	2.1	1.7	2.2	1.9	3.2	1.9	2.2
compared to the RM	100	by 3.2 times	54	44	32	44	42	34	44	38	64	38	44.3
Profitable enterprises, %	32	32.1	46.4	34.7	36	34.5	28.6	29.9	27.8	29.8	26.8	23.8	25.1

**Source:** Ministry of economy

Table 7

**Employment: total number and remuneration of labor, January - December 2000**

	Average number of employees			Average number of employees for evaluation of wage			Wage in pecuniary and natural form			Average monthly wage of employees, MDL			Wage debt		
	1999	2000	% 2000 to 1999	1999	2000	% 2000 to 1999	1999	2000	% 2000 to 1999	1999	2000	% 2000 to 1999	1999	2000	% 2000 to 1999
Agriculture and hunting	28672	18671	65.1	20263	13286	65.6	43548	43430.6	99.7	179.1	272.4	152.1	16325.3	13449.7	82.4
Processing industry	3830	3707	96.8	2639	2639	100	10982.8	13098.1	119.3	346.8	413.6	119.3	2383.4	3318.2	139.2
Electricity, gas and water supply	1668	879	52.7	1551	826	53.3	8145.4	5055.3	62.1	437.6	510	116.5	1162.8	1030	88.6
Construction	1102	921	83.6	613	371	60.5	5274	2297.6	43.6	717	516.1	72	1987.8	1347.4	67.8
Trade, vehicles and household devices repairing	1565	1474	94.2	1116	1062	95.2	3500.2	4085.3	116.7	261.4	320.6	122.6	398.4	384.2	96.4
Transport, communication and deposits	934	958	102.6	748	748	100	4100.9	5708.7	139.2	456.9	636	139.2	407.5	443.2	108.8
Financial Intermediation	206	37	18	198	36	18.2	2395.6	265	11.1	1008.2	613.4	61			
Real estate operations	127	165	129	104	147	141.3	368.3	727.1	197.4	295.2	412.2	139.6	39.2	135.4	3.4times
Public administration, defense and compulsory insurance	981	949	96.7	957	934	97.6	5246	5877.7	112	456.8	524.4	114.8	1733.9	948.9	54.7
Education	6126	5870	95.8	5829	5486	94.1	12567.8	14843.8	118.1	179.7	225.5	125.5	6371	2419.7	38
Public health and social services	2643	3083	116.6	2424	2798	115.4	5457.7	7012.2	128.5	188.2	208.8	110.9	3140.6	1032.9	32.9
Other public services	545	559	102.6	519	544	104.8	955	1127.7	118.1	153.3	172.7	112.7	425.7	199.7	46.9
Total	48399	37273	77	36961	28877	78.1	102542	103529	101	231.2	298.8	129.2	34375.6	24709.3	71.9

Source: Administration of Gagauz – Yeri, department of economy and finance

Table 8

**Gagauzia's Social Environment**

Indicators	Measurement unit	1999	2000
1	2	3	4
Population	Thou of persons	161.1	161.1
Able population	Thou of persons	84.1	84.1
Number of employees	Thou of persons	62.5	62.5
Average monthly wage	MDL	231.3	298.8
Officially registered unemployed	persons	2837	1800
Average unemployment allowance	MDL	103.8	121.3
Unemployment level	%	3.4	2.1
Number of pensioners	Thou of persons	36.3	37
Average pension	MDL	73	81
Birth rate		12.6	12.5
Death rate		10	10.1
Education			
Budget expenditures on education	Thou of persons	20344	29510.7
Specific weight of expenditures	%	40.2	39.5
Number of schools	units	42	43
Number of places		22011	22451
Number of pupils	persons	21698	24102
Number of teachers	persons	1517	1608
Level of teachers' provision	%	79.5	78
Number of lyceums	units	13	12
Number of places		7800	7360
Number of pupils	persons	10215	7793
Number of teachers	persons	288	247
Provision of professors	%	70	70
Training schools	units	3	3
Number of places	places	1310	1310
Number of students	persons	802	786
Provision of professors	%	95	95
Normal schools	units	1	1
Number of places	places	260	260
Number of students	persons	253	256
Number of professors	persons	55	55
Provision of professors	%	100	100
University	units.	1	1
Number of students	persons	3441	3441
Number of professors	persons	153	153
Number of pre – school institutions	units	65	65
Number of places	places	7100	7100
Number of children	persons	3682	5287
Provision of educators	%	100	100
Public health			
Budget expenditures	Thou of persons	7803.8	20345,2 *
Specific weight of expenditures	%	15.4	27.2
Number of medical centers	units	3	3
Quantity of doctors of all specialties	persons	384	360
Quantity per 1000 inhabitants	persons	2.4	2.2