ACHIEVEMENTS AND PROBLEMS IN FINANCING THE WATER SUPPLY AND SANITATION SECTOR IN THE SOUTH DEVELOPMENT REGION OF THE REPUBLIC OF MOLDOVA

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Abstract. *This paper provides a detailed analysis of the projects financed from the National Environmental Fund and National Fund for Regional and Local Development during the years 2020-2024 (5 years), which had as their objective the development of the water supply and sanitation sector in the localities of the South Development Region of the Republic of Moldova. The purpose of the study is to examine both the achievements and problems of public financing projects in this sector and to formulate solutions to improve the situation of projects in the region.*

Keywords: *financing, water supply, sanitation, South Development Region*

Introduction. The results presented in this article were obtained within the framework of the Subprogram 010801 „Increasing ecological security and resilience of geo-ecosystems to current environmental changes" and the Young Researchers Project 2024–2025 „The impact of climate change on water resources management in the Republic of Moldova" (number 24.80012.7007.07TC), implemented by the Institute of Ecology and Geography of the State University of Moldova.

The South Development Region (DR), with an area of 7.4 thousand km², represents about 22% of the territory of the Republic of Moldova and includes 8 districts and 310 localities, of which 13 are urban and 297 are rural, grouped into 200 communes [3, p.6]. According to the „Moldova 2030" Strategy, the South DR continues to be one of the most lagging behind in terms of infrastructure of water supply and sanitation [6].

Literature review. Internationally, the financing of the water and sanitation sector has been analyzed by numerous researchers, who have studied the link between water management, economic development and regional stability [5] and emphasized the importance of institutional reforms and sustainable financing [4]. These studies confirm that investments in the sector have a major social impact, but

require public and international support mechanisms, given the low attractiveness for private capital.

In the Republic of Moldova, the issue has attracted the interest of researchers from the Institute of Ecology and Geography [1, 2, 3] who analyzed the use of water resources in all regions of the country from a geographical and economic point of view.

Research methodology. The general methods used in this study are: statistical and analytical-comparative methods, which were applied to identify and compare the financing trends of the water supply and sanitation sector between regions. The main data sources are: Reports of the Ministry of Finance provided primary data for assessing the financing trends of the water supply and sanitation sector at the regional level [7].

Main results. During the period 2020–2024 (5 years), funding for the water supply and sanitation sector recorded significant increases at the national level, but the distribution of resources between regions was uneven. Center DR consistently benefited from the largest amounts approved and transferred, followed by North DR, while South DR was in intermediate positions. In the first years of the analyzed period, South DR attracted lower funds through the National Fund for the Environment (NFE), but with the migration of funding to the National Fund for Regional and Local Development (NFRLD), the share of resources allocated to the region increased.

Significant differences are observed between the districts of the South DR in the number and amounts of approved financing projects for the water supply and sanitation sector. Districts such as Causeni (16 projects, ≈86 mil. MDL) and Leova (13 projects, ≈71 mil. MDL) benefited from the largest amounts approved, due to the inclusion of large-scale regional projects (main aqueducts, treatment plants), while districts such as Cantemir (10 projects, ≈25 mil. MDL) or Basarabeasca (6 projects, ≈33 mil. MDL) attracted lower funding, limited to specific projects. The number of approved projects also differs: some districts submitted more project proposals, but not all were eligible, which generated an uneven degree of coverage of needs. This situation reflects both the different administrative capacity of local authorities to develop and submit projects, and the government's prioritization of localities with a greater regional impact.

A central element of the analysis is the discrepancies between the amounts approved and those actually transferred and used. During the period 2020–2024, the absorption rate of funds in the South DR recorded significant fluctuations: in 2022, the execution level exceeded 100% (≈129%), indicating additional funds during implementation; in 2023, the execution rate decreased dramatically (≈37%), reflecting delays in the development of projects and possible administrative blockages; in 2024, the situation partially recovered, with an execution rate of ≈71%. This volatility raises issues related to budgetary planning and the capacity of local authorities to manage projects on time. In comparison, other regions (especially Center DR) recorded greater stability in the ratio between the amounts approved and those executed.

The reforms implemented by transferring the attributions from the National Ecological Fund to the National Environmental Fund had a significant structural impact on the financing of the sector in the South DR. Among the main effects identified are: (i) the increase in the total volume of financing granted by the NFRLD, which allowed the implementation of large-scale regional projects, previously impossible to achieve through the NEF; (ii) the change in the typology of projects, from punctual and dispersed interventions to integrated projects, with an impact on several localities simultaneously; (iii) the improvement of regional coordination, through the more active involvement of the South DR and the alignment of projects with national strategies. Although the reforms contributed to the consolidation and efficiency of the financing of the sector, they did not completely eliminate regional disparities or administrative bottlenecks, which requires the need for additional measures to strengthen institutional capacities and accelerate project implementation.

Discission and conclusions. South DR has benefited from an increase in funding, but lags behind other regions, especially Center DR. There are large differences between districts in terms of approved amounts and the number of projects, due to uneven administrative capacity. The ratio between approved and executed funding is unstable, indicating planning and implementation problems. The reforms that resulted in the transfer of funding to NFRLD have allowed for large-scale regional investments and better coordination.

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