

A COMPARATIVE ANALYSIS OF THE EVOLUTION OF REGIONAL POLICIES IN LATVIA AND MOLDOVA

O ANALIZĂ COMPARATIVĂ A EVOLUȚIEI POLITICILOR REGIONALE DIN LETONIA ȘI MOLDOVA

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Rezumat: *Articolul oferă o analiză comparativă a evoluției politicilor de dezvoltare regională din Letonia și Republica Moldova, pornind de la o moștenire instituțională post-sovietică comună și evidențiind traiectoriile lor divergente de dezvoltare. Cercetarea se bazează pe o abordare comparativă calitativă, combinând analiza documentară a legislației naționale și europene, rapoartele instituționale și literatura academică relevantă. Studiul propune o periodizare a dezvoltării politicii regionale, identificând etape distincte, modelate de dinamica politică, instituțională și de integrare europeană. Deși ambele țări au inițiat reforme în condiții structurale similare la începutul anilor 1990, Letonia a urmat o cale consecventă de consolidare instituțională și aliniere la acquis-ul Uniunii Europene, culminând cu integrarea deplină în mecanismele politicii de coeziune. În schimb, Republica Moldova a cunoscut reforme discontinue, caracterizate prin fragmentare administrativă și capacitate instituțională limitată. Constatările demonstrează că eficacitatea politicii regionale este puternic influențată de coerența cadrului legislativ, dezvoltarea guvernancei pe mai multe niveluri și accesul la instrumentele financiare europene.*

Cuvinte cheie: *dezvoltare regională, politică de coeziune, guvernance pe mai multe niveluri, reformă administrativ-teritorială, Letonia, Republica Moldova, integrare europeană, NUTS.*

Abstract: *The article provides a comparative analysis of the evolution of the regional development policies in Latvia and the Republic of Moldova, starting from a common post-Soviet institutional legacy and highlighting their divergent development trajectories. The research is based on a qualitative comparative approach, combining documentary analysis of national and European legislation, institutional reports, and relevant academic literature. The study proposes a periodization of regional policy development, identifying distinct stages, shaped by political, institutional, and European integration dynamics. While both countries, initiated reforms under similar structural conditions in the early 1990s, Latvia followed a consistent path of institutional*

consolidation and alignment with the European Union acquis, culminating in full integration into cohesion policy mechanisms. In contrast, the Republic of Moldova experienced discontinuous reforms, characterized by administrative fragmentation and limited institutional capacity. The findings demonstrate that the effectiveness of regional policy is strongly influenced by the coherence of the legislative framework, the development of multilevel governance and access to European financial instruments.

Key words: regional development, cohesion policy, multilevel governance, administrative-territorial reform, Latvia, Republic of Moldova, European integration, NUTS.

Introduction

The processes of political and economic transformation in Central and Eastern Europe, initiated after the collapse of the Soviet Union, have led to the emergence of new paradigms of territorial organization and development. In this context, regional development policies have become an essential tool for reducing socio-economic disparities between regions, strengthening territorial governance and facilitating integration into European structures. Especially for post-Soviet states, the development of a coherent regional policy was an important element of the transition process towards a market economy and European governance models.

After proclaiming independence in 1991, both the Republic of Latvia and the Republic of Moldova faced similar challenges related to restructuring the administrative-territorial system, managing regional disparities, and adapting public institutions to new political and economic realities. However, the evolution of regional policies in the two states followed different trajectories, largely determined by the domestic political context, institutional capacity and strategic orientation towards European integration.

In the specialized literature, regional development policy is analyzed in close connection with the processes of decentralization, multilevel governance and economic and social cohesion. Researchers such as Michael Keating emphasize the role of regions as an intermediate level of governance in contemporary states, highlighting the importance of territorial autonomy and institutional capacity in the process of regional development. At the same time, studies conducted by Andrés Rodríguez Pose highlight that the efficiency of regional policies depends largely on the quality of institutions and the ability of local actors to capitalize on available resources.

The concept of multi-level governance, developed by Liesbet Hooghe and Gary Marks, provides a relevant analytical framework for understanding how regional policies are implemented through the interaction between the European, national and regional levels. This approach is particularly important in the case of European Union member states, where cohesion policy is one of the main instruments for reducing territorial disparities.

In this context, Latvia represents a relevant case study for analyzing the evolution of regional development policy in post-Soviet states that managed to quickly integrate the mechanisms and instruments of European cohesion policy. The Latvian experience provides important examples regarding institutional reforms, administrative-territorial reorganization and the use of European funds for regional development.

Regional development policy: conceptual landmarks and theoretical approaches.

Regional development policy represents an important area of contemporary public policies, aiming to reduce socio-economic disparities between different territories and promote balanced development at national and supranational levels. In the specialized literature, regional development is analyzed in close connection with the processes of administrative decentralization, territorial governance and economic and social cohesion.

One of the relevant theoretical perspectives on regional development is *the institutional approach*, which emphasizes the role of governance structures and administrative capacity in stimulating territorial development. According to Michael Keating, regions have become essential actors in contemporary political systems because they represent the intermediate level of governance capable of coordinating public policies adapted to local specificities. In his analysis of regionalism and territorial policies in Europe, Keating highlights the fact that regional development does not only depend on economic resources, but also on the existence of efficient regional institutions and adequate administrative capacity (Keating, 1998).

At the same time, the economic literature on regional development emphasizes the importance of institutional factors and social capital in the dynamics of territorial development. Studies by Andrés Rodríguez-Pose demonstrate that the economic performance of regions is influenced not only by infrastructure or investments, but also by the quality of institutions and the capacity of local actors to capitalize on economic opportunities. Rodríguez-Pose argues that regions with weak institutions or ineffective governance mechanisms tend to lag behind in the development process, even when they benefit from considerable financial resources (Rodríguez-Pose, 2013).

Another important perspective on regional policies is the theory of multi-level governance, developed by Liesbet Hooghe and Gary Marks. This approach explains how the processes of developing and implementing public policies are distributed between different levels of governance – European, national, regional and local. According to the authors, European integration has generated a redistribution of political powers, in which regions and local authorities have acquired an increasingly important role in managing regional development programs (Hooghe & Marks, 2003).

In the context of the European Union, cohesion policy is one of the main instruments for reducing regional disparities and stimulating territorial development. This policy is based on the principles of territorial solidarity, strategic programming and partnership between different institutional levels. Barca's analyses highlight the fact that effective territorial policies must be adapted to the specifics of each region and capitalize on local resources through appropriate institutional mechanisms (Barca, 2009).

In recent literature on regional development, the concept of place-based development has become central to understanding how public policies can contribute to reducing territorial disparities. According to this approach, regional development must take into account the economic, social and institutional characteristics of each territory, avoiding the application of uniform public policy models (McCann & Ortega-Argilés, 2015). Thus, effective regional policies must combine financial instruments, institutional mechanisms and development strategies adapted to regional specificities.

Contemporary literature also highlights the important role of territorial governance and inter-institutional cooperation in the implementation of regional policies. Pike, Rodríguez-Pose and Tomaney emphasize that regional development must be analyzed in a complex framework that includes the interaction between public actors, the private sector and civil society, as well as the relationships between different levels of governance (Pike, Rodríguez-Pose & Tomaney, 2017). This perspective reflects the current trend to consider regional development not only as an economic process, but also as an institutional and political process.

In the case of post-socialist states in Central and Eastern Europe, regional development policies have been deeply influenced by the European integration process and the adoption of the institutional framework of the European Union's cohesion policy. The administrative and institutional reforms implemented in these states aimed to create regional structures capable of managing development programs and efficiently using European funds (Bachtler & Wren, 2016).

In this context, the analysis of the evolution of regional development policy in Latvia offers a relevant perspective on how a post-Soviet state managed to build an efficient institutional system for planning and implementing regional policies. The Latvian experience is particularly important for the Republic of Moldova, which is in a continuous process of administrative-territorial reform and adaptation to European standards in the field of regional development.

Research methodology

The research methodology is based on a qualitative approach, combining several analysis methods used during the development of the article. First, the documentary analysis method was applied, by examining national and European

legislative acts, public policy documents and institutional reports relevant to the field of regional development. Second, the comparative analysis method was used, which allowed highlighting the differences and similarities between the evolution of regional policy in Latvia and the Republic of Moldova. The research also integrated institutional analysis, in order to assess the governance framework and the administrative capacity of the structures involved. Last but not least, the policy analysis method was applied, to examine the coherence, efficiency and impact of the instruments used in the field of regional development.

Results

The political and institutional transformations that took place in Central and Eastern Europe after the collapse of the Soviet Union generated favorable conditions for the emergence of new models of territorial organization and regional governance. In the post-Soviet states, regional development policies emerged in response to the need to reduce territorial disparities, modernize the administrative system, and adapt public institutions to the principles of a market economy and democratic governance.

To understand the evolution of regional policies in Eastern Europe, it is essential to analyze the political context in which these policies emerged. Both Latvia and the Republic of Moldova became independent states following the disintegration of the Soviet Union, but their political and institutional trajectories evolved differently, directly influencing the development of regional policies.

In the case of Latvia, the process of regaining independence began with the adoption of the *Declaration on the Restoration of Independence of the Republic of Latvia* by the Supreme Council of the Republic of Latvia on 4 May 1990 (The Supreme Council Declaration, 1990). The process was completed in 1991, in the context of the collapse of the Soviet Union and the international recognition of the Latvian state.

After gaining independence, Latvia initiated a broad process of institutional and economic reform, aimed at consolidating the democratic state and integrating into Euro-Atlantic structures. In this context, public administration reform and territorial reorganization became important priorities for the Latvian government, in particular with a view to reducing regional imbalances and creating an efficient system of territorial governance. In the 1990s, Latvian authorities began to develop the first regional planning tools and create administrative structures capable of managing regional development policies.

In the case of the Republic of Moldova, independence was proclaimed on August 27, 1991, through the adoption of the *Declaration of Independence of the Republic of Moldova* by the Parliament of the Republic of Moldova (Parliament Decision, no. 691, 1991). As in other post-Soviet states, the process of political and economic transition was accompanied by multiple challenges, including

economic instability, incomplete institutional reforms, and difficulties in the process of administrative decentralization.

The legacy of the Soviet administrative system represented a major challenge for both states. During the Soviet period, territorial organization was characterized by a high degree of centralization, and economic policies were planned at the central level, without taking into account regional specificities or local needs. After gaining independence, both Latvia and the Republic of Moldova had to develop new institutional mechanisms that would allow for the planning and implementation of regional development policies.

However, differences between the two countries have become evident in the pace and direction of institutional reforms. Latvia has adopted administrative and territorial reforms relatively quickly, in parallel with the process of preparing for accession to the European Union. In contrast, the Republic of Moldova has encountered difficulties in implementing territorial reforms and strengthening institutions responsible for regional development, which has influenced the effectiveness of public policies in this area.

In the literature, these differences are explained by factors such as geopolitical orientation, institutional capacity and the degree of integration into European structures (Bachtler & Wren, 2016). In the case of the Baltic states, including Latvia, the prospect of accession to the European Union has been a major factor in institutional modernization and the adaptation of regional policies to European standards.

The institutional transformations that followed the restoration of independence of the Baltic States in the early 1990s had a significant impact on the public administration systems and the territorial organization of the state. In the case of Latvia, local government reform represented one of the central elements of the process of democratization and modernization of public governance. The administrative system inherited from the Soviet period was characterized by a high degree of centralization and limited autonomy of local authorities, which determined the need for profound institutional reforms (Vanags & Vilka, 2005).

During the Soviet period, local administrations functioned more as extensions of central party and state structures, without the real capacity to adopt independent decisions regarding local development. After the proclamation of independence, one of the main priorities of institutional reforms was the creation of a system of local self-government, based on the principles of decentralization and administrative autonomy, in accordance with European governance standards (Vanags & Vilka, 2005; Report, 2019).

The first legislative reforms were initiated in the period 1990–1994, when several normative acts were adopted, that established the legal framework for the functioning of local administrations. During this period, laws on the self-

government of districts, cities and communes were adopted, and later a single law on local government was developed, which defined the competences of local authorities and their responsibilities in the provision of public services.

However, the administrative-territorial structure of Latvia in the early 1990s was characterized by a high degree of institutional fragmentation. There was a very large number of small administrative units, many of which had limited financial resources and administrative capacities. As a result, the provision of public services and the implementation of local development policies were often inefficient, which led to the initiation of a broad process of administrative-territorial reform (Vanags, 2010).

The structure of local administration during this period can be understood more clearly by analyzing the existing institutional organization before the implementation of major territorial consolidation reforms (Figure 1).

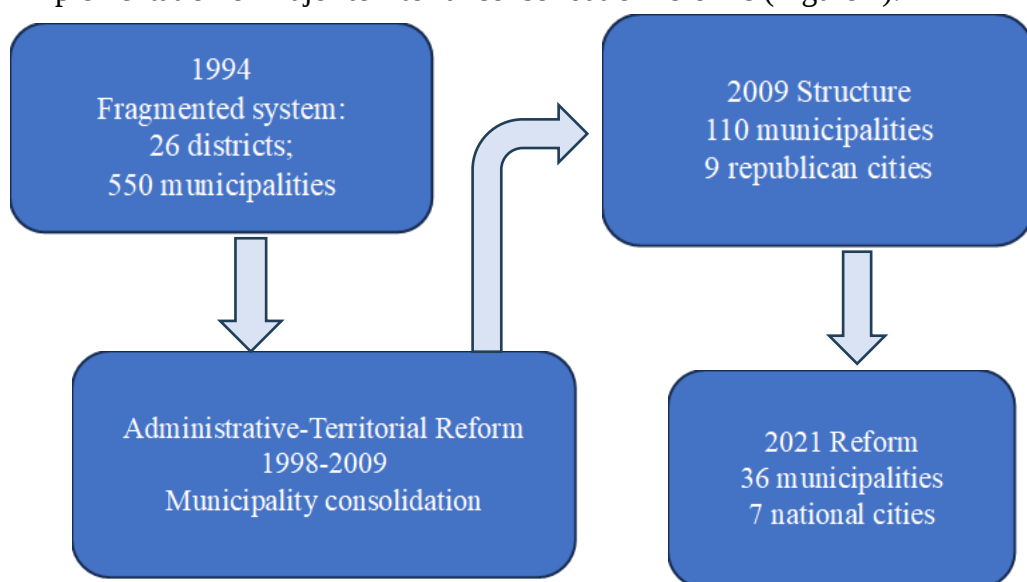


Figure 1. Evolution of the structure of local government in Latvia (1994–2021)

Source: the table was created by the author

As can be seen in Figure 1, the administrative system of Latvia in the first stage of the post-Soviet transition was characterized by a very large number of administrative units, including districts, towns, and rural parishes. This institutional fragmentation has created difficulties in coordinating public policies and ensuring efficient administrative services. As a result, the Latvian authorities initiated a broad process of administrative-territorial reform, which began in the late 1990s and aimed at consolidating municipalities and increasing the administrative capacity of local authorities (Vanags & Vilka, 2005).

An important moment in this process was the adoption of the *Law on*

Administrative-Territorial Reform in 1998 (The Saeima¹ Decision, 1998), which established the principles of reorganization of administrative units and aimed at creating economically and administratively viable municipalities. The reform was implemented gradually and led to a significant reduction in the number of local administrative units, as well as to the consolidation of the powers of municipal authorities.

The administrative-territorial reform process continued in the following period, culminating with the reorganization of the administrative system in 2009 and with a new stage of territorial consolidation achieved in 2021. These reforms contributed to the creation of larger and more efficient municipalities, capable of providing quality public services and actively participating in the implementation of regional policies and the management of European funds (Report, 2019).

In contrast to Latvia's evolution, the Republic of Moldova followed a different trajectory in terms of territorial administration reform. Although there were initiatives to modernize the territorial organization of the state in the 1990s, the reform process was characterized by institutional discontinuity and frequent changes in the administrative model.

The evolution of the main stages of the administrative-territorial reform in the Republic of Moldova is presented in the following figure (Figure 2).

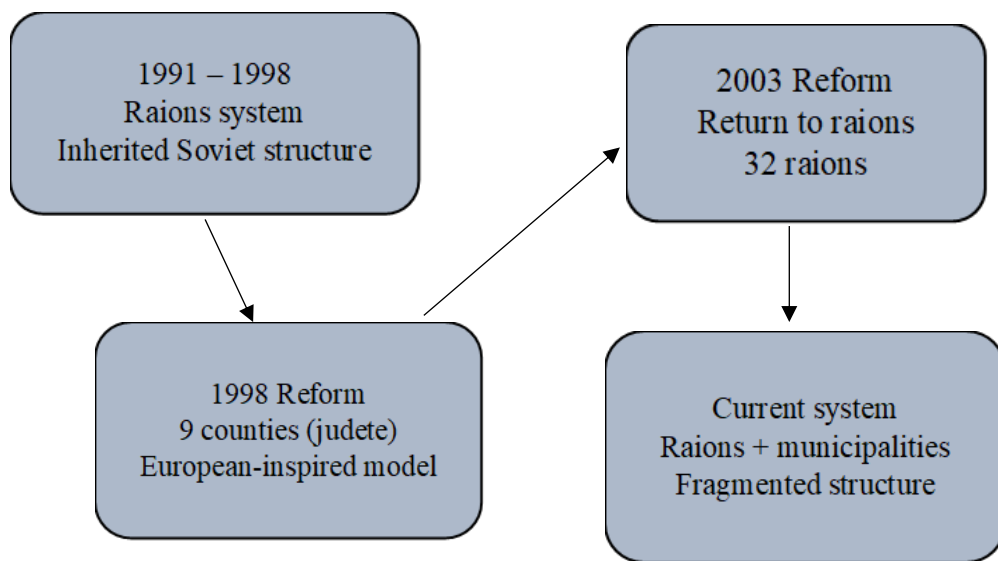


Figure 2. Evolution of the organization of territorial administration in the Republic of Moldova

Source: the table was created by the author

As Figure 2 indicates, the territorial organization of the Republic of Moldova has gone through several distinct stages. The transformations of the

administrative system in the Republic of Moldova after the proclamation of independence were closely linked to the evolution of the legislative framework regulating the administrative-territorial organization of the state. After 1991, the administrative structure was largely maintained based on the Soviet model of districts, but in the second half of the 1990s the authorities initiated a reform aimed at approaching European administrative models. An important moment in this process was the adoption of the *Law on the Administrative-Territorial Organization of the Republic of Moldova*, which establishes the structure of administrative-territorial units and the principles of organizing local administration. According to the provisions of this law, the administrative-territorial units of the Republic of Moldova are organized on several levels, including districts, municipalities, cities and villages (Parliament Decision, no. 764, 2001).

This legal regulation consolidated the district-based administrative model, thus returning to the traditional administrative structure after the 1998 reform that introduced the county system. As a result, the current administrative system of the Republic of Moldova is characterized by a relatively large number of administrative-territorial units and a high degree of institutional fragmentation, which influences the capacity of local authorities to implement effective regional development policies (OECD Multi-level Governance Studies, 2020).

The comparative analysis of the evolution of administrative-territorial reforms in Latvia and the Republic of Moldova highlights important differences in terms of the continuity of reforms and the institutional capacity to implement them. While Latvia followed a gradual and coherent process of strengthening local administration, the Republic of Moldova experienced several structural changes in the administrative model, which influenced the stability and efficiency of the territorial governance system.

The evolution of regional development policy in Latvia. The formation of regional development policy in Latvia must be analyzed in the context of the profound political and economic transformations that took place after the restoration of the state's independence in the early 1990s. The transition process from a planned economy to a market economy, as well as the restructuring of public institutions, generated major changes in the way territorial administration is organized and in regional development management mechanisms. During this period, Latvian authorities began to develop the first institutional and legislative instruments aimed at strengthening local autonomy and reducing territorial disparities.

During the Soviet period, regional development was managed through centralized economic planning mechanisms, and local authorities lacked real autonomy in decision-making. Local administrative structures functioned mainly as extensions of the central government system, and strategic decisions regarding

economic and social development were made centrally. Consequently, the concept of regional policy in the modern sense of the term was practically absent, as economic planning was carried out at the level of the entire Soviet economy and did not take into account regional particularities (Vanags & Vilka, 2005).

After the proclamation of independence in 1990 and the international recognition of the Latvian state in 1991, public administration reform became a strategic priority for the new authorities. One of the main objectives of the institutional reform was the development of a system of local self-government based on the principles of decentralization and administrative autonomy, in accordance with European governance standards. In this context, Latvia subsequently acceded to the *European Charter of Local Self-Government*, which represented an important normative framework for the consolidation of local administration and the development of territorial governance (Council of Europe, 1985).

The first legislative reforms in the field of local government were adopted in 1990–1992, when the Latvian Parliament (Saeima) approved a series of normative acts regulating the functioning of local authorities. These legislative acts included laws on the self-government of districts, towns and rural parishes and established the first institutional frameworks for the functioning of local government in a democratic state. A key moment in strengthening the legal framework of local government was the adoption of the *Law on Local Governments* in 1994 (The Saeima Decision, 1994), which unified existing legislation and established the competences of local authorities in areas such as local economic development, infrastructure management, public services, education and social assistance. This law became the main normative document regulating the functioning of local governments in Latvia and represented an important step in the process of administrative decentralization.

In parallel with the development of the legislative framework, the Latvian authorities began to pay increasing attention to territorial development issues. The process of economic restructuring and privatization of state-owned industries had different effects on the regions, generating significant socio-economic disparities between different areas of the country. In particular, the capital Riga and its metropolitan region have become the main economic and financial center of Latvia, concentrating most of the investments and economic activities. At the same time, the peripheral regions of the country, especially Latgale, have faced declining economic activity, rising unemployment, and gradual depopulation (Bachtler, Berkowitz, Hardy, & Muravska, 2016).

Under these conditions, public authorities have begun to recognize the need to develop a regional policy that would contribute to reducing territorial disparities and stimulating local economic development. An important first step in this direction was the adoption in 1993 of the *Concept of Local Government*

Reform, developed by the Latvian government, which set out the main directions of the transformation of the administrative system. The document provided, among other things, for the reorganization of territorial division, the consolidation of municipalities, and the development of cooperation mechanisms between local authorities and the central government (King, Vanags, Vilka, David, 2004).

This concept laid the foundations for the administrative-territorial reform process that was to be implemented in the following years and which became one of the central elements of the state's regional development policy. The administrative-territorial reform aimed to create larger and more efficient municipalities, capable of ensuring the provision of public services and contributing to local economic development.

A decisive step in this direction was the adoption of the *Law on Administrative-Territorial Reform in 1998*, which established the legal framework for the reorganization of local administrative units and the reduction of territorial fragmentation (The Saima Decision, 1998). The law provided for the consolidation of municipalities and the creation of more economically and administratively viable administrative units, capable of managing local development and participating in the implementation of regional policies.

In parallel with these legislative reforms, institutions responsible for regional development gradually began to take shape within the central public administration. An important role in this process was played by the ministry responsible for regional development and local administration, which became the main body responsible for developing territorial policies, coordinating administrative reforms and promoting regional development (European Commission Report, 2002).

Overall, the 1990s can be considered the stage of formation of the institutional framework of regional development policy in Latvia. During this period, the main legislative acts regulating the functioning of local government were adopted, administrative and territorial reforms were initiated, and the institutions responsible for regional development began to consolidate. These transformations created the prerequisites for the development of a modern regional policy and for the subsequent integration of Latvia into the European Union's cohesion policy system.

Regional policy in the context of Latvia's European integration. Latvia's European integration had a decisive impact on the evolution of regional development policy and the way territorial governance is organized. During the period of preparation for accession to the European Union, the Latvian authorities were forced to adapt the institutional and legislative framework of regional policy to the principles and mechanisms of European cohesion policy. This process involved the harmonization of national legislation with the community acquis,

the development of appropriate institutional structures for the management of structural funds and the introduction of modern regional planning instruments (European Commission Report, p. 103, 2002).

The process of preparing for accession to the European Union officially began in the second half of the 1990s, when Latvia submitted its application for membership and initiated integration negotiations. In this context, regional policy became an important area of institutional reform, as candidate countries had to develop administrative mechanisms capable of managing the European Union's structural programmes and funds. In the annual progress reports of the candidate countries, the European Commission has stressed the need to strengthen the administrative capacity of regional and local authorities and to develop a coherent strategic framework for regional policy (European Commission Report, p. 105, 2002).

A central element of this process was the harmonisation of national legislation with the principles of European regional policy. To this end, the Latvian authorities adopted a series of normative acts regulating regional development and cooperation between administrative levels. An important legislative document in this area was the *Regional Development Law*, adopted in 2002, which established the legal framework for the implementation of regional policy and introduced institutional mechanisms for planning and coordinating territorial development (The Saeima Decision, 2002).

This law established the fundamental principles of regional policy in Latvia, including promoting balanced development of the national territory, reducing regional disparities and strengthening cooperation between central and local public authorities. The law also established the mechanisms for developing strategic regional development documents and created the legal basis for the development of the regional planning system.

In parallel with the development of the legislative framework, Latvia has begun to develop territorial regional planning structures, designed to facilitate the coordination of development policies at the regional level. In this context, *planning regions* were created, which represent territorial structures intended for the elaboration and implementation of regional development strategies. These regions do not constitute autonomous administrative units, but rather cooperation structures between local authorities, with the role of coordinating regional policies and facilitating the implementation of development programs (OECD Report, 2019).

Another important element of the harmonization of Latvia's regional policies with the European framework was the introduction of the *NUTS territorial classification* (Nomenclature of Territorial Units for Statistics), used by the European Union for collecting statistical data and for implementing cohesion policy. The NUTS system allows for the comparison of regional

development levels between Member States and is an essential tool for the allocation of structural and cohesion funds (Eurostat, 2021).

Within this system, Latvia is classified as a single NUTS 2 region, while at the lower level several NUTS 3 regions are defined, which correspond to the main statistical regions of the country. The introduction of this classification contributed to the development of a coherent system of statistical analysis and regional planning and allowed the integration of Latvia into European mechanisms for monitoring regional development (Eurostat, 2021).

Preparation for accession to the European Union also involved the development of strategic regional development programs and the strengthening of the administrative capacity of the institutions responsible for managing European funds. During this period, the first strategic regional development documents were drafted, which established the economic and social priorities of territorial development and defined the mechanisms of cooperation between central and local authorities (Bachtler & McMaster, 2008).

It should be noted that Latvia's accession to the European Union in 2004 represented a decisive stage in the evolution of regional development policy, marking the transition from an emerging institutional framework to a consolidated one, integrated into the European cohesion policy system. This transformation was determined by the need to align with the community acquis, access to structural funds and the adoption of new regional development paradigms, based on integrated territorial approaches and oriented towards reducing regional disparities (Bachtler & McMaster, 2008; Barca, 2009).

In the post-accession period, Latvia's regional policy has been directly shaped by the European Union's cohesion policy mechanisms, in particular through the implementation of the European Regional Development Fund (ERDF), the European Social Fund (ESF) and the Cohesion Fund. Latvia was eligible for funding under the “Convergence” objective, which allowed significant financial resources to be directed towards infrastructure modernization, human capital development, and increasing economic competitiveness (European Commission, 2014).

From an institutional perspective, this period was characterized by the consolidation of the legislative framework regulating regional development. The *Regional Development Law* (The Saima Decision, 2002) was supplemented by a series of subsequent normative acts, which more clearly defined the role of planning regions and the institutions responsible for coordinating regional policies. In this context, planning regions have become essential functional units for the implementation of territorial policies and for the management of programs financed from European funds.

An important moment in strengthening the regulatory framework was the adoption of the *Development Planning System Law* (The Saima Decision, 2009),

which established a clear hierarchy of strategic documents and introduced the principles of integrated planning. This law contributed to increasing the coherence of public policies and correlating national objectives with regional and local ones.

Another fundamental element of the integration of Latvia's regional policy into the European system was the adoption of the NUTS territorial classification (Nomenclature of Territorial Units for Statistics), regulated by *Regulation (EC) No. 1059/2003* (European Parliament & Council Regulation, 2003). This classification allowed the harmonization of the national statistical system with European standards and facilitated the allocation of structural funds according to the level of regional development. In this context, Latvia is classified as a single NUTS 2 region, which reflects the relatively small size of the state, but also the need to implement regional policies at the sub-national level through planning regions (Eurostat, 2021).

Conceptually, Latvia's regional policy during this period was influenced by the shift from traditional redistributive approaches to place-based models, which emphasize capitalizing on the specific potential of each region. This paradigm shift, promoted at European level through the Barca Report (Barca, 2009), was reflected in Latvia's regional development strategies, which began to integrate elements such as regional innovation, human capital development and economic competitiveness (Baltina, 2014).

The implementation of cohesion policy in Latvia during the 2007–2013 and 2014–2020 programming periods has significantly contributed to the modernisation of the country's infrastructure and economic development. Investments made through structural funds have mainly targeted transport infrastructure, urban development, support for small and medium-sized enterprises and the promotion of innovation (European Commission, 2014). However, the impact on reducing regional disparities was limited, as more developed regions, especially the capital city of Riga, continued to attract the majority of investments and concentrate economic activities (Dahs, 2017).

Empirical analyses highlight that, despite the progress made, regional development in Latvia remains characterized by persistent territorial imbalances. Peripheral regions, especially rural ones, face structural problems such as depopulation, labour migration and limited access to public services (Supule & Søholt, 2019). These challenges indicate the need for continuous adaptation of regional policy and strengthening of multilevel governance mechanisms.

Overall, we can note, the period 2004–2020 was characterized by the strengthening of regional policy in Latvia through full integration into the European Union's cohesion policy system. The adoption and implementation of a coherent legislative framework, the development of regional institutions and the use of structural funds contributed to the modernization of the economy and

the increase in administrative capacity. However, the persistence of territorial disparities highlights the limits of regional policy and the need for a more regionally specific approach.

The evolution of regional development policy in the Republic of Moldova.

The evolution of regional development policy in the Republic of Moldova must be analyzed in the context of the political, economic and institutional transformations that followed the proclamation of independence in 1991. The transition from a centralized Soviet-style system to a model of democratic governance and market economy generated the need to redefine territorial organization mechanisms and public policies aimed at reducing regional disparities.

As mentioned earlier, a founding moment in this process was the adoption of the Declaration of Independence of the Republic of Moldova, through Law No. 691 of 27 August 1991, which enshrined the sovereignty of the state and opened the way for institutional reforms (Parliament Decision, no. 691, 1991). However, in the early years of independence, the territorial organization of the state remained largely anchored in the Soviet model based on districts, characterized by a high degree of centralization and limited autonomy of local authorities.

The first initiatives to reform local public administration were oriented towards decentralization and strengthening local autonomy, in line with European standards. In this regard, an important role was played by the accession of the Republic of Moldova to relevant international instruments, such as the *European Charter of Local Self-Government* (Council of Europe, 1985), which establishes the fundamental principles of local self-government and administrative decentralization. However, the implementation of these principles was limited by the reduced institutional capacity and the lack of a coherent legislative framework in the early years of transition (Council of Europe, 2019).

A significant moment in the evolution of territorial policy was the administrative-territorial reform of 1998, through which the district system was replaced by the county system, inspired by the European model. This reform aimed to consolidate administrative units and create an intermediate level of governance capable of supporting regional development. However, the reform was not institutionally consolidated, and in 2003 the authorities returned to the district system, which generated discontinuities in the reform process and affected the stability of the administrative framework (King et al., 2004; OECD Report, 2020).

The consolidation of the legislative framework in the field of territorial organization was achieved through the adoption of *Law no. 764 of December 27, 2001 on the administrative-territorial organization of the Republic of Moldova*, which establishes the structure of administrative-territorial units and the

principles of their functioning (Parliament Decision, no. 764, 2001). This law enshrined the model based on districts, municipalities, cities and villages, contributing to the maintenance of a relatively high degree of administrative fragmentation.

An important step in the institutionalization of regional development policy was the adoption of *Law no. 438 of December 28, 2006 on regional development in the Republic of Moldova*, which created the legal framework for the establishment of development regions and institutions responsible for the implementation of regional policies (Parliament Decision, no. 438, 2006). The law introduced modern concepts of regional planning and established coordination mechanisms between administrative-territorial levels. Based on this law, Regional Development Agencies were created as executive structures responsible for the implementation of regional development programs and projects. However, these institutions do not have full financial and decision-making autonomy, being dependent on central budget allocations and external funding, which limits the efficiency of regional interventions (OECD Report, 2020; Council of Europe, 2019).

Another defining element of the evolution of regional policy in the Republic of Moldova is the influence of the European integration process. Although the Republic of Moldova is not a member state of the European Union, the signing of the *Association Agreement with the EU in 2014* led to an intensification of the process of harmonizing public policies with the *acquis communautaire*, including in the field of regional development (Association Agreement European Union & Republic of Moldova, 2014). This agreement created the premises for the adoption of strategic planning mechanisms and for the strengthening of cooperation between levels of governance.

At the same time, regional development policy in the Republic of Moldova remains limited by indirect access to European Union financial instruments. Unlike Member States, which benefit from structural and cohesion funds, the Republic of Moldova is largely dependent on external assistance programmes, which affects the sustainability and scale of regional interventions (European Commission, 2020).

Empirical analyses highlight that regional development in the Republic of Moldova is marked by significant territorial disparities, especially between the Chisinau municipality and peripheral regions. Phenomena such as external migration, depopulation of rural areas and underdeveloped infrastructure contribute to the exacerbation of these imbalances (Document of the World Bank, 2018; OECD Report, 2020).

In conclusion, the evolution of regional development policy in the Republic of Moldova reflects a complex and incomplete process of institutional transformation, characterized by reformist discontinuities, administrative

fragmentation and limited institutional capacity. Although important progress has been made in the institutionalization of regional policy, its efficiency remains conditional on the consolidation of the legislative framework, the development of multilevel governance and the deepening of the European integration process.

Comparative analysis of regional development policy: Latvia vs. Republic of Moldova. The evolution of regional development policy in Latvia and the Republic of Moldova reflects two distinct models of institutional transformation in the post-Soviet space, determined by significant differences in terms of European integration, coherence of the legislative framework and institutional capacity. While Latvia managed to build a functional regional governance, system integrated into the European Union's cohesion policy, the Republic of Moldova remained in a hybrid model, characterized by institutional fragmentation and limited implementation capacity.

A first fundamental element of the comparative analysis is the legislative framework of regional policy. In Latvia, the adoption of the *Law on Regional Development* (The Saeima Decision, 2002) established a coherent system of regional planning, based on integrated strategic documents, including the *National Development Plan* and regional plans (Latvia National Development Plan, 2002). This law explicitly defines the planning tools and the role of institutions involved in regional development, including regional councils and the relevant ministry. This framework was subsequently consolidated by the *Law on the Development Planning System* (2008) and the legislation on spatial planning, which ensured the integration of sectoral and territorial policies into a unitary system.

In the Republic of Moldova, the legislative framework of regional development is regulated by *Law no. 438/2006 on regional development* (The Parliament Decision, no. 438, 2006), which establishes the creation of development regions and regional development agencies. However, these regions have no administrative status and lack financial autonomy, which limits the efficiency of implementing regional policies. In addition, the administrative-territorial organization is regulated by *Law no. 764 on the administrative-territorial organization* (The Parliament Decision no. 764, 2001), which maintains the district structure, contributing to administrative fragmentation and limiting the regional coordination capacity.

A second essential element is the institutionalization of regional governance. In Latvia, planning regions have been developed as functional structures for coordinating territorial policies, with competences in the development and implementation of regional strategies and in the management of projects, financed from European funds. They operate within a multilevel governance system, in which cooperation between central, regional and local levels is well defined (OECD Report, 2019). In addition, the National Council

for Regional Development plays an important role in coordinating regional policies and evaluating strategic documents.

In the Republic of Moldova, regional institutions are represented by the Regional Development Agencies, created by *Government Decision no. 127/2008* (Government Decision, 2008). However, their institutional capacity is limited and their powers are predominantly consultative and implementing, with no real decision-making power over financial resources. Council of Europe assessments highlight that local and regional governance in Moldova remains marked by centralisation and insufficient demarcation of powers between administrative levels (Council of Europe Report, 2019).

A third major element of differentiation is the integration into the European Union's cohesion policy. As a member state, Latvia has benefited from access to structural and cohesion funds, which has allowed the implementation of long-term regional development programs and the strengthening of administrative capacity. Regional policy was organized around the convergence objective, and investments aimed at modernizing infrastructure, developing human capital, and increasing economic competitiveness (European Commission, 2014). As it was mentioned earlier, the Latvia was also integrated into the NUTS system, being classified as a single NUTS 2 region, which facilitated the allocation of funds and the monitoring of regional development (Expert report, 2007).

In contrast, the Republic of Moldova does not have direct access to cohesion policy, being limited to external cooperation programs and financial assistance. This situation significantly reduces the state's capacity to implement effective regional policies and reduce territorial disparities.

From a theoretical perspective, Latvia's regional policy has evolved towards a place-based model, which emphasizes capitalizing on the specific potential of regions and adapting interventions to the local context (Barca, 2009; Baltina, 2014). In contrast, regional policy in the Republic of Moldova remains predominantly centralized and insufficiently adapted to territorial diversity, which limits the efficiency of public interventions.

Empirical analyses confirm these differences. In Latvia, regional policy has contributed to infrastructure modernization and economic growth, but territorial disparities persist, especially between the Riga region and peripheral regions (Dahs, 2017). In the Republic of Moldova, these disparities are even more pronounced, being amplified by migration, depopulation and limited access to public services in rural areas (Supule & Søholt, 2019).

The structural differences between Latvia and the Republic of Moldova in terms of the evolution of regional policy can be summarized by analyzing the institutional and legislative trajectories of the two states. In this sense, Figure 3 comparatively illustrates the main dimensions of regional policy development, highlighting divergences in terms of legislative framework, institutional structure

and European integration.

Dimension	Latvia	Republic of Moldova
Legislative framework	Coherent and evolutionary (2002–2009)	Limited and fragmented (2001–2006)
Regional structure	Functional planning regions	Regions without autonomy
EU integration	Full (structural funds)	Indirect (external programs)
Policy model	Place-based	Central
Institutional capacity	High	Limited

Figure 3. Comparative trajectories of regional policy: Latvia vs. Republic of Moldova.

Source: the table was created by the author

As can be seen in Figure 3, Latvia's trajectory is characterized by a cumulative and coherent process of institutional reform, supported by integration into the European Union's cohesion policy and the development of a stable legislative framework. In contrast, the Republic of Moldova presents a fragmented model, where reforms have been discontinuous and regional institutions have not acquired a functional role in the territorial governance process. This difference is largely explained by access to European cohesion policy mechanisms and institutional capacity to implement reforms. Thus, Latvia has managed to develop a multilevel governance system, while the Republic of Moldova remains in a predominantly centralized model, with limited coordination between administrative levels (OECD Report, 2019; European Commission, 2014).

Conclusions

The analysis of the evolution of regional development policy in Latvia and the Republic of Moldova highlights the existence of distinct trajectories of institutional transformation in the post-Soviet context, determined by factors such as the coherence of the legislative framework, institutional capacity and the level of European integration. The study demonstrates that the success of regional policy is not the result of a single factor, but of the interaction between legislative, institutional and financial dimensions, integrated into a multilevel governance framework.

In the case of Latvia, the evolution of regional policy reflects a coherent and cumulative process of reform, supported by the adoption of a stable legislative framework, including the Regional Development Law (The Saima

Decision, 2002) and the Development Planning System Law (The Saima Decision, 2009), as well as by full integration into the European Union's cohesion policy. Access to structural funds and the adoption of modern strategic planning tools have contributed to strengthening institutional capacity and modernising the economy, even if territorial disparities have not been completely eliminated (Bachtler & McMaster, 2008; European Commission, 2014).

In contrast, the Republic of Moldova faces significant structural limitations in the development of regional policy, generated by administrative fragmentation, discontinuity of reforms and reduced institutional capacity. Although the adoption of Law no. 438/2006 on regional development represented an important step in the institutionalization of regional policy, its implementation has been affected by the lack of autonomy of regional institutions and dependence on central authorities (Parliament Decision, no. 438, 2006; Council of Europe, 2019).

The comparison of the two models highlights the fact that integration into the mechanisms of European cohesion policy is a determining factor for the efficiency of regional policy. In this regard, the experience of Latvia demonstrates the importance of alignment with European standards, including by adopting the NUTS classification and implementing strategic planning mechanisms compatible with the *Acquis Communautaire* (*Aquis European*, 2003).

Another important result of the research is the highlighting of the central role of institutional capacity and multilevel governance in the implementation of regional policies. In Latvia, effective cooperation between administrative levels and the consolidation of planning regions have allowed the development of a functional system of territorial governance (OECD Report, 2019). In the Republic of Moldova, on the other hand, the lack of a clear demarcation of competences and resources between administrative levels limits the efficiency of public policies.

Theoretically, the study confirms the relevance of the place-based approach in regional development, which emphasizes capitalizing on the specific potential of regions and adapting interventions to the local context (Barca, 2009; Baltina, 2014). The application of this model in Latvia has contributed to the development of more effective regional policies, while the absence of such an approach in the Republic of Moldova limits the impact of public interventions.

Based on these findings, it can be concluded that the development of an effective regional policy in the Republic of Moldova requires an integrated approach, which should include:

- ✓ strengthening the legislative framework and ensuring the stability of reforms;
- ✓ developing institutional capacity and multilevel governance;

- ✓ aligning with the principles of European cohesion policy;
- ✓ adopting a place-based approach;
- ✓ reducing territorial fragmentation and strengthening local administration.

In conclusion, the Latvian experience offers a relevant model for the Republic of Moldova, but its transfer must be carried out in an adapted manner, taking into account the institutional specifics and contextual constraints. Thus, the contribution of this study consists in highlighting the relationship between the institutional framework and the efficiency of regional policy, as well as in formulating strategic directions for regional development in the Republic of Moldova.

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