FEASIBILITY STUDY
on the opportunity to establish
an industrial park
in Bălți municipality

Beneficiary of the study:
Administration of Bălți Free Economic Zone
Potential investors

Study developer:
Ministry of Economy of the Republic of Moldova
Division of Technological Development and Competitiveness

Chișinău, 2011
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I. INTRODUCTION

The idea of the project is to establish an industrial park in the subzone no.3 of Bălṭi Free Economic Zone (hereinafter referred to as Bălṭi FEZ) in Bălṭi municipality (hereinafter referred to as Bălṭi), which is now at its initial stage of development.

Bălṭi is the most developed locality of the North Development Region (hereinafter referred to as NDR) of the Republic of Moldova, which has potential for industrial development, including the opportunities to establish an industrial park using the public property land.

The topicality of establishing industrial parks in the Republic of Moldova arises from the need for industrial development of the economy, which will contribute to the optimization of production cost, manufacture of competitive and high quality products on the sales markets, etc. In this way, an additional acceleration effect of the investment processes in the country is obtained. Thus, the industrial park is an efficient instrument of economic growth on both national and regional levels, due to its impact on the export-oriented production development and on the development of domestic consumption.

According to the Law on Industrial Parks No. 182 of July 15, 2010, an industrial park is a delimited territory with technical and production infrastructure, where economic activities are being carried out, mainly industrial production, service provision, implementation of the scientific researches and/or technological development, under a specific facilities regime, for the purpose of capitalizing human and material potential of the respective region.

The results of this feasibility study performed under the Law on Industrial Parks, are the basis for adopting the decision as regards the possibility of establishing an industrial park on 30 ha of the subzone no.3 of Bălṭi FEZ by any interested parties, including potential investors.

The topicality of establishing an industrial park arose from the social and economic needs of Bălṭi and NDR of the Republic of Moldova, as well as from the need for efficient management of state assets.
1.1 Purpose and objectives of the feasibility study

The purpose of the feasibility study is to substantiate the technical, economic, and legal viability of the industrial park establishing (hereinafter referred to as the IP) on the territory of subzone no. 3 of Bălți FEZ.

Objectives of the feasibility study are the confirmation of needs and opportunities for establishing the IP, taking into account the economic needs of Bălți and NDR based on the positive economic, social, and environmental impact on the development of the region.

The objectives derive from the general purpose of the feasibility study:

- to determine the opportunities and resources for IP establishing;
- to assess the regional infrastructure necessary for the park operation;
- to describe the advantages and disadvantages, including legal facilities, for potential investors and residents of the IP;
- to determine funding scenarios for establishing the IP in accordance with the legislation in force;
- to delimit the land lot and the configuration of the IP;
- to determine the Action Plan for the IP establishing;
- to estimate the investments necessary for the creation of the IP infrastructure.

1.2 Objectives of the industrial park establishing

The Industry Development Strategy until 2015 provides that the basic objective is to create a technologically and scientifically advanced, efficient, and competitive industrial sector adjusted to the European standards through which the social and production infrastructure in regions is planned based on principles of sustainable development.

At the same time, in the Investment Attraction and Export Promotion Strategy for 2006-2015, special attention is dedicated to the development of industrial parks as a tool, which offers additional opportunities to investors for investment activities in RM regions and for development of the existing human and economic potential.
According to this Strategy, the main task of the state in this direction is to attract to industrial parks investors that will meet the transparency requirements and criteria, with the ultimate goal of launching/expanding export-oriented production and service activities, manufacture of goods to replace the imported ones, use of advanced technologies and innovations, and know-how transfer.

In this context, the intention to establish and develop the industrial park in the subzone no.3 of Bălți FEZ is a new method of organizing economic development efforts in the NDR. Foreign and domestic investors will be attracted through the application of a “double” facilitation regime in accordance with the current legislation on industrial parks and free economic zones.

**Strategic objectives for establishing an industrial park in the subzone no. 3 of Bălți FEZ:**

- to attract domestic and foreign investments to Bălți;
- to increase the share of the industrial sector of Bălți and NDR in the total industrial output through renewal of competitive industrial sectors based on modern advanced technology;
- to implement operational practices used by foreign companies in industrial production;
- to carry out business activities in accordance with the NDR specific development opportunities and to use the public property more efficiently;
- to create new jobs in the industrial park;
- to develop human resources by providing advanced professional training within the industrial park.

**1.3 Location of the investment object**

Address of the industrial park:

Mun. Bălți, str. Aerodromului 1,
Zona Economica Libera Bălți, subzona nr. 3.

**1.4 Study developer**

Ministry of Economy of the Republic of Moldova
Division of Technological Development and Competitiveness
1.5 Beneficiary of the study

1. Administration of Bălți Free Economic Zone
2. Potential investors

1.6 References

1. Law on Industrial Parks No. 182 of July 15, 2010
5. Government Decision “On transfer of certain immovable property” No. 983 of October 19, 2010

1.7 Terms and acronyms

**Industrial park** – a delimited territory with technical and production infrastructure, where economic activities are being carried out, mainly industrial production, service provision, implementation of the scientific researches and/or technological development, under a specific facilities regime, for the purpose of capitalizing human and material potential of the respective region.

**Administrator-enterprise** – the enterprise which main activity goal is to administrate the industrial park and to provide services to the residents of the park. It is a legal entity which legal-organization form may be: state enterprise, municipality enterprise, company with public, public-private or private capital.

**Industrial park resident** – economic entity registered in the way established by law, carrying out economic activity, based on the contract concluded with the Administrator-enterprise, including such activities as industrial production, service provision, implementation of the scientific researches and/or technological development within the industrial park.

**Technical infrastructure** – installations of energy power supply systems, telecommunication networks, gas pipelines, water supply and sewerage systems, including pluvial ones, transportation routes, and public lighting systems, etc.;
**Industrial infrastructure** – production halls.

**“Industrial park” title** – right granted to the Administrator-enterprise to benefit from facilities in establishing and operating the industrial park, under the condition to respect the obligations stipulated in the present law.

**Industrial park resident title** – right granted to the resident to benefit from facilities in an activity launching and developing within the industrial park, under the condition to respect the obligations stipulated in the present law and in the contract concluded with the Administrator-enterprise.

**Investment project** – a project aimed at creation of new fixed assets and at re-equipment and/or modernization of existing ones.

**Public private partnership** – a long-term agreement entered into by the public and private partners in order to carry out activities of public utility, based on the ability of each partner to properly distribute resources, risks and profits.

**Public partner** – a public legal entity or an association of such an entity, which establishes a public private partnership.

**Private partner** – a legal entity subject of private law or an individual and/or association thereof, which became a party to a public private partnership in accordance with the law.

**CAEM** – Classifier of Economic Activities of Moldova
II. NECESSITY AND OPPORTUNITY OF ESTABLISHING AN INDUSTRIAL PARK

2.1 Economic needs of the North Development Region and Bălți municipality

The necessity and opportunity of establishing an industrial park in Bălți municipality, which is part of NDR has been analyzed in the light of the regional and municipal tendencies.

2.1.1. Sectorial analysis

NDR has an industrial potential more than 50% of which is concentrated in Bălți (Picture 1). Industrial activities conducted in this region are: food and beverage industry, textile industry, manufacture of wearing apparel, dressing and dyeing of furs, manufacture of medical equipment and instruments, precision and optical instruments; production and supply of electricity, heating, gas and hot water; extractive industry.

Picture 1. Plan of the economic sectors of NDR, year 2010
Bălți is the second largest city after Chișinău in terms of demographics, as it featured 148,2 thousand inhabitants on 01.01.2010; it is also the main economic and industrial center in the north of the country.

The structure of the industrial sector as of 2010 shows that the main industrial fields in Bălți are: food and beverage industry with the highest share in the total industrial output – 62.3%, machine-building – 8.6%, non-metallic mineral products – 7.4%, and the light industry – 3.8% (Picture 2).

**Picture 2. Structure of industry in Bălți as of 2010**

<table>
<thead>
<tr>
<th>Industry Type</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food and beverage industry</td>
<td>62.3%</td>
</tr>
<tr>
<td>Machine-building industry</td>
<td>8.6%</td>
</tr>
<tr>
<td>Other non-metallic mineral products</td>
<td>7.4%</td>
</tr>
<tr>
<td>Light industry</td>
<td>3.8%</td>
</tr>
<tr>
<td>Other</td>
<td>17.9%</td>
</tr>
</tbody>
</table>

Therefore, as of 01.10.2010, a total of 1284 enterprises operated in Bălți, out of which 122 were large enterprises and 1162 were economic entities representing small and medium-size enterprises.

The sectorial structure of businesses in Bălți shows that most enterprises, including SME, deal with retail trade and repair services in the trade sector – 594 enterprises or 47% of the total number of businesses registered in the municipality; in the processing industry – 179 enterprises or 14%, respectively; in the sector of electricity and heat production and supply – 5 enterprises or 0.4%. The sector of transportation services is represented by 121 enterprises or 9%; the construction sector – by 88 enterprises or 7%; the hotel and restaurant industry – by 67 enterprises or 5%; financial services sector – by 1%; the share of other services makes up 17% (Picture 3).
Picture 3. Sectorial structure of businesses in Bălți

The industrial potential reflects the business density in Bălți per 1000 inhabitants of employable age, which in 2008 constituted 17,8 businesses – an index showing the highest result in the country (17,7 businesses) after Chișinău (Table 1.).

<table>
<thead>
<tr>
<th></th>
<th>Micro</th>
<th>Small</th>
<th>Medium</th>
<th>Large</th>
<th>Total</th>
<th>Total businesses / 1000 population of employable age</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>31095</td>
<td>8329</td>
<td>1685</td>
<td>1012</td>
<td>42121</td>
<td>17,7</td>
</tr>
<tr>
<td>Chișinău</td>
<td>21034</td>
<td>5104</td>
<td>880</td>
<td>675</td>
<td>27693</td>
<td>47,0</td>
</tr>
<tr>
<td>NDR</td>
<td>3668</td>
<td>1252</td>
<td>327</td>
<td>138</td>
<td>5385</td>
<td>8,5</td>
</tr>
<tr>
<td>including Bălți</td>
<td>1321</td>
<td>419</td>
<td>60</td>
<td>48</td>
<td>1848</td>
<td>17,8</td>
</tr>
<tr>
<td>Center DA</td>
<td>4182</td>
<td>1185</td>
<td>262</td>
<td>109</td>
<td>5738</td>
<td>8,2</td>
</tr>
<tr>
<td>South DA</td>
<td>1450</td>
<td>538</td>
<td>144</td>
<td>63</td>
<td>2195</td>
<td>6,2</td>
</tr>
<tr>
<td>ATU Găgăuzia</td>
<td>761</td>
<td>250</td>
<td>72</td>
<td>27</td>
<td>1110</td>
<td>10,5</td>
</tr>
</tbody>
</table>

However, during 9 months of 2010 this indicator decreased to 13,1 businesses, thus reflecting a substantial drop in the number of industrial enterprises as a result of the impact of the world economic crisis.
2.1.1.1 Agricultural sector

Although Bălți is an urban locality, it has a small agricultural sector in two rural areas, which are part of the municipality (Sadovoe și Elizaveta).

The two rural areas deal with grain farming (mainly wheat) and cultivation of vegetables. However, in recent years the municipality has had less harvest in most of the crops as compared with the harvest of the neighboring districts. There virtually exists no animal husbandry sector and the greatest part of the total livestock products is obtained from households. The agricultural sector is poorly integrated in the supplier networks of the municipal food industry enterprises, as they rely mostly on suppliers from the neighboring districts.

The area under crop for the analyzed period January-June 2010 occupied 1013 hectares and was thus the smallest in the region, as it represented 94% as compared to the same period of the previous year. The largest share of cultivated areas was planted with sunflower, wherefore the main activity of the local enterprises is the production and sale of sunflower oil.

As a result, agriculture is not a strategic sector in Bălți.

2.1.1.2 Industry

Industry in Bălți is represented by 40 large enterprises (with more than 250 employees). The main traditional industrial sectors of the municipality are:


- machine-building industry – “Moldagrotehnică” S.A, ICS „DRAEXLMAIER AUTOMOTIVE” SRL., etc.;
- electronics industry (according to CAEM „manufacture of medical, precision and optical instruments”) - S.A.”Raut”;
- production of building materials (according to CAEM „manufacture of other non-metallic mineral products”) - ”Articole din beton armat” S.A., ”CMC-Knauf” S.A., etc.

**Food and beverage industry** is the main developed industrial subsector accounting for 62.3% of the total industrial output of the municipality in 2010.

The subsector includes, for instance, the production of sunflower oil by „Floarea Soarelui” S.A., the production of cognacs by „Barza Albă” S.A. and of the dairy products of „Incomlac” S.A., and features a number of competitive advantages, including proximity to raw material, relatively cheap and skilled labor force, and the development of local and CIS outlet markets. Due to such priorities, the enterprises in this subsector accumulate funds for equipment upgrade and for the implementation of new technologies in order to increase competitiveness of production. Therefore, it is important to mention that this sector has its own potential for further development.

As of 01.01.2011, the **textile and garment industry** is represented by 36 enterprises, which account for 3.8% of the total industrial output of the municipality.

Over the last decade, the activity of the enterprises of the textile sector is carried out in lohn regime – the processing of raw materials of the client, wherein the greatest part of the added value is kept by foreign companies, which place orders with Moldovan enterprises. However, this regime has provided the local enterprises with materials and guaranteed orders. In turn, it has given the sector the possibility not only to keep jobs, but also to accumulate funds for upgrading the process of production, implementing new technologies and gradual increase of output using own raw materials and trademarks.

Thus, although the light industry covers less than 4% of the total industrial output of Bălți, it can be concluded that the enterprises involved in it have a certain potential of further development and revival of the light industry sector due to their own qualified staff. This has been proven by 23 new enterprises with different forms of property – SA (JSC), SRL (LLC), ÎM (JV) founded in Bălți during 2006-2010.
Machine-building and electronics industry represents 8.6% of the total industrial output of the municipality, of which 4.6% is covered by the production of electric machines and appliances.

It is worth mentioning that the development of the above sectors is an indicator of development of the national economy, which concentrates the best technological innovations, uses the advanced intellectual potential, and ensures a high level of qualification of workers. At the same time, these sectors are of interest to the national economy, as they can bring high added value, which requires permanent investment resources in order to ensure the competitiveness of these sectors.

However, in the last decade, the majority of enterprises in the sector, both countrywide and in Bălți and NDR, lacking guaranteed orders and traditional outlet markets, could not upgrade and re-equip production and implement new technologies. Consequently, they operated only for survival using existing resources and accumulating debts, and did not develop in perspective.

Formerly, Bălți had a well-developed industry consisting mostly of large enterprises – S.A. „Moldagrototechnica”, S.A. „Raut”. In order to develop these sectors and provide them with skilled staff, an adequate infrastructure was created: a staff training system, applied scientific research institutes, production and modern technologies departments, etc.

Nevertheless, beginning with the 1990s, after the privatization of state enterprises the condition of these sectors started to deteriorate gradually. The output of the manufactured product has fallen considerably – by 6-8 times, the depreciation on fixed assets has grown (at present the depreciation of fixed assets in the given sectors exceeds 65%), the share of modern processing equipment decreased, and the number of jobs was reduced by 7 times.

As a result, the depreciation and obsolescence of fixed assets, especially of processing equipment in machine-building and electronics industry, and the impossibility to implement modern technologies has had an impact both on the decrease of share of these sectors in the total industrial output of Bălți and on the level of competitiveness of production and market demand. At the same time these factors are to the disadvantage of the social and economic situation of Bălți. In order to solve this issue, foreign
investments in fixed assets need to be enhanced annually by at least 25%. This will allow the manufacture of competitive industrial products with a high added value and the creation of jobs through organization of a modern production process, including the application of belt conveyor.

In 2008 in Bălți was recorded the highest growth of the industrial output for the period 2007-2010, which amounted to 3443,0 million MDL (in current prices) or 100,5% (in comparable prices) as compared with the year 2007 (Table 2). Yet, this indicator also reflected a slow industrial development of the municipality in the mentioned period as compared with NDR (110,9%) and to the country in general (100,7%).

Although in 2009, due to the impact of the world financial crisis, the decrease of the industrial output of the municipality was lower than in NDR and in the country (on the average by 5-7%), it amounted only to 82% as compared with the year 2008.

However, in 2010, although the volume of output, as compared with the year 2009, increased (in current prices) up to 2706,9 million MDL and 2422,2 million MDL, respectively, this indicator, as compared with the year 2008, amounted to 74,3% (in comparable prices). This demonstrates a continuous worsening (-25,7%) of the situation in the industrial sector of Bălți. This indicator is lower than that of the entire country (83,3%) and is at the same level with NDR (74,8%).

Table 2 Dynamics of the output volume during 2007-2010, million MDL

<table>
<thead>
<tr>
<th></th>
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<th></th>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, including:</td>
<td>20 306,0</td>
<td>23 930,5</td>
<td>100,7</td>
<td>18507,9</td>
<td>77,8</td>
<td>21644,5</td>
<td>107,0</td>
<td>83,3</td>
</tr>
<tr>
<td>• North Development Region</td>
<td>4 937,0</td>
<td>6 456,6</td>
<td>110,9</td>
<td>4296,1</td>
<td>75,1</td>
<td>5351,5</td>
<td>108,3</td>
<td>74,8</td>
</tr>
<tr>
<td>• Bălți</td>
<td>2 919,5</td>
<td>3 443,0</td>
<td>100,5</td>
<td>2422,2</td>
<td>82,0</td>
<td>2706,9</td>
<td>99,7</td>
<td>74,3</td>
</tr>
<tr>
<td>- in % as compared with the entire country</td>
<td>14,4</td>
<td>14,4</td>
<td>x</td>
<td>13,1</td>
<td>x</td>
<td>12,5</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>- in % as compared with the North Area</td>
<td>59,1</td>
<td>53,3</td>
<td>x</td>
<td>56,4</td>
<td>x</td>
<td>50,6</td>
<td>x</td>
<td>x</td>
</tr>
</tbody>
</table>

* in current prices
* in comparable prices

The decrease in the output volumes of the municipality in 2010 as compared to 2008, and as compared to the North Region – from 53,3% to 50,6%, and to the country in general – from 14,4% to 12,5%, indicates to a continuing negative trend of industry development.
On 31.12.2010, 16 large enterprises of the municipality out of 40 (40,0%) reduced their output.

In 2009 the above mentioned 40 enterprises reported a reduction of the number of employees, which involved 8640 people and which is lower by 23% as compared to 2008. Nonetheless, in 2010 the number of employees of such enterprises started to grow and amounted to 8930 employees or by 3,6% more than that of the previous year. At the same time, the operational efficiency in these enterprises equaled to 96,4% as compared with year 2009, which was the lowest indicator in NDR. This indicator throughout the region was 108,0%, while in some districts it reached 142,2% (Edinet), 201,7% (Falesti), 213,9% (Glodeni), etc.

The sales figures of the industrial enterprises in Bălți vary by periods, as well as the volume of output in the given sector. If in 2007 the volume of sales revenue was 130,2% as compared to the previous year, then in 2009 a lower level of this indicator was recorded – 74,6% as compared to 2008, or 3121,2 million MDL.

The reported fall was also influenced by the decrease of investments in the region during the financial crisis.

However, during 2010, as compared with the previous year, a tendency of growth of sales revenue was noticed as compared to 2009, which on 31.12.2010 achieved 116,0% or 3619,2 million MDL. This indicator is basically on the same level with that of the country in general and of the NDR and amounting 117%. (Picture 4).

Picture 4. Dynamics of sales revenue in the period 2007-2010
Thus, during 2010, the industrial sector of the municipality noted a tendency of increased sales revenue against decreased industrial output. The cause is the appreciation of raw materials by 10% on the average and the increase of prices of the products manufactured.

The dynamics of the volume of the output delivered by the industrial enterprises in Bălți and NDR correspond to the dynamics of sales revenue in the period 2007-2010. In 2008 this index reached the highest level and amounted to 3306 million MDL in the municipality and 5888 million MDL in NDR (Picture 5).

**Picture 5. Dynamics of delivery of industrial output in the period 2007-2010**

In 2009 the delivered industrial output has fallen sufficiently due to the consequences of the financial crisis. Thus, the respective indicator in the industrial sector of Bălți equaled to 75%, which was the lowest level as compared to NDR (79%) and the country in general (82%).

Beginning with the year 2010 the situation has ameliorated and on 31.12.2010 the industrial output delivered in Bălți municipality, as compared with the year 2009, amounted to 2474 million MDL or 107,8%, in NDR – 113,3% , and in the country in general – 115,6%.
It should also be mentioned that, in the municipality, the industrial output delivered on the external market amounted to 1083 thousand MDL or 43.8% in 2010, which exceeded this indicator in NDR (41.2%) and in the country in general (35.2%).

**Conclusions:**

The industrial sector of Bălți municipality includes the biggest enterprises of NDR. The analysis of the period 2007-2010 shows that the development of the industrial sector of the municipality is behind NDR and the development of the industrial sector throughout the country in general.

In recent years, such sectors as food industry and light industry have developed well enough in the municipality, which have a potential of modernization and development (raw materials, human resources, outlet market).

At the same time, machine-building (including the manufacture of metallic final products) and the manufacture of electric and electronic equipment – sectors, which had been developed in the previous years and are mainly export-oriented have a traditionally high development potential and at present need a strong investment impulse for the manufacture of new production based on advanced technologies, modern equipment, effective serial production and more jobs. Such an impulse for the municipality and the entire district would be the establishing of the industrial park.

**2.1.1.3 Small and medium enterprises sector**

In 2010 the small and medium enterprises sector (hereinafter referred to as SME) of Bălți municipality was represented by 1162 businesses, of which 51 were medium enterprises, 334 were small enterprises, and 777 were micro-enterprises.

In 2009 the total number of enterprises in the SME sector increased by 155 businesses due to the growth of the number of micro-enterprises (by 177 businesses as compared with 2008) (Table 3).
Table 3. General indicators of the activity of businesses in the SME sector of Bălți municipality

<table>
<thead>
<tr>
<th>Size of enterprises</th>
<th>Number of enterprises</th>
<th>Average number of employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Medium enterprises</td>
<td>70</td>
<td>60</td>
</tr>
<tr>
<td>Small enterprises</td>
<td>367</td>
<td>419</td>
</tr>
<tr>
<td>Micro-enterprises</td>
<td>1286</td>
<td>1321</td>
</tr>
<tr>
<td>Total</td>
<td>1723</td>
<td>1800</td>
</tr>
</tbody>
</table>

However, in the course of 9 months of the year 2010 the number of enterprises has decreased by 793 businesses, which is equal to 40,6%. This was especially specific for micro-enterprises, the number of which decrease to a half (by 48,1%).

In 2009 the number of employees in the SME sector was 15168 or 33,6% of the total number of the employed population of the municipality, out of which 40% refers to small enterprises, 33% - to medium enterprises, and 27% - to micro-enterprises.

During 9 months of 2010, the decrease of the number of enterprises in this sector caused a 10,2% reduction of the number of employees, including those employed with the small and medium enterprises – by 5% on the average and in micro-enterprises – by 25,3% on the average.

In the period of 2007-2009, the total number of profitable enterprises varied between 47% and 58%. The highest level of sales revenue, which amounted to 3430 million MDL, was recorded in 2007. As compared to 2007, in 2009 the total sales revenue decreased by 820 million MDL or by 24% and amounted to 2609 million MDL.

In this period the best results were presented by the small enterprises segment. The share of this segment in the total sales revenue of the SME sector grew from 46% in 2007 to 58% in 2008 and amounted to 1 817 million MDL. In 2009 this share decreased by 2% although the sales revenue decreased by 19% and amounted to 1 469 million MDL.

13% of enterprises operate in the industrial sector, 7% - in construction, 45% - in trade, and the rest operate in other sectors (Picture 6).
Conclusions:

During 9 months of the year 2010 the SME sector of Bălți municipality has been reduced by over 40%, mostly due to the decrease of the number of micro-enterprises, which are less likely to overcome the consequences of the world economic crisis.

As the SME sector is the most mobile sector of economy and has a high potential for quick recovery and development, the industrial park will create more favorable conditions for the development of these enterprises as satellite companies within the IP, which will carry out auxiliary activities for its residents.

2.1.1.4 Services

The services sector of Bălți municipality is more diverse than that of the adjacent districts. The total volume of services provided in 2008 amounted to 764,1 million MDL, in 2009 – to 646,4 million MDL, which is 78.2% of the same indicator for the previous year. And during 9 months of the year 2010 the total volume of services has amounted to 569,3 million MDL or 106.5% (Table 4).
The total volume includes services rendered to the population in the public sector. The share of public sector services was 56.6% in 2009, while the share of private sector services was 38.5%. The percentage of the services provided by joint ventures and foreign companies is insignificant, representing 1.9% and 3.0%, respectively. During 9 months of the year 2010 this structure of the services sector has been maintained at the same level.

Table 4. Volume of services provided in Bălți municipality in the period 2008-9 months 2010, million MDL

<table>
<thead>
<tr>
<th>Years</th>
<th>Total</th>
<th>Against the previous year, %</th>
<th>Public</th>
<th>Total share, %</th>
<th>Private</th>
<th>Total share, %</th>
<th>Mixed (public and private), without foreign participation</th>
<th>Total share, %</th>
<th>Joint-ventures and foreign companies</th>
<th>Total share, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>764,1</td>
<td>118,7</td>
<td>334,9</td>
<td>43,8</td>
<td>392,5</td>
<td>51,4</td>
<td>18,1</td>
<td>2,4</td>
<td>18,6</td>
<td>2,4</td>
</tr>
<tr>
<td>2009</td>
<td>646,4</td>
<td>78,2</td>
<td>365,8</td>
<td>56,6</td>
<td>249,1</td>
<td>38,5</td>
<td>12,3</td>
<td>1,9</td>
<td>19,2</td>
<td>3</td>
</tr>
<tr>
<td>9 months of 2010</td>
<td>569,3</td>
<td>106,5</td>
<td>307,4</td>
<td>54</td>
<td>231,0</td>
<td>40,6</td>
<td>9,9</td>
<td>2,0</td>
<td>21,0</td>
<td>3,7</td>
</tr>
</tbody>
</table>

Similar to the other sectors of the economy, the payment services sector was also exposed to the consequences of the financial crisis because of the decreased consumption capacity of the population.

The service sector is represented by a large number of wholesale and retail companies, hotels, restaurants, auto repair, etc.

There is also a developed network of banking institutions in the municipality, which consists of 13 operating business banks. Concurrently, there is a micro-financing organization and a savings and loan association.

Business in Bălți is supported by 3 business associations and 4 training and consulting centers.

At the same time, the service center has the highest potential of restoration after the financial crisis, as the monthly growth of the total volume of services in the municipality amounted to 2.11% 2010.

Conclusions:

Thus, the services sector of the municipality is relatively developed and establishing an industrial park would stimulate setting-up of new businesses (mostly...
SME) providing various services to the residents of the park in mutually favorable conditions.

**2.1.1.5 Human potential**

On January 1, 2011 in Bălți there were registered 149,1 thousand people (resident population), of which 127,1 thousand people present. The population of employable age (men under 62 years old, women under 57 years old) in Bălți represents 78,8% of the population present, which is 101,6 thousand people.

During the period of industrial development of the country, Bălți municipality had a highly-qualified human potential due to the concentration of a large number of operating enterprises, which ensured an appropriate level of qualification of the labor force.

Due to changes in the industrial sector at the beginning of the year 2000 and to the reduction of the number of operating enterprises and, consequently, of jobs, the qualification of labor force decreased accordingly and migrated abroad.

Yet, Bălți was the second city with the largest number of employees after Chișinău. In the period 2009-2010, due to the decrease and worsening of companies’ activities in the municipality and because of the consequences of the financial crisis there has been a tendency of reducing the number of officially hired employees. So in 2009 this indicator decreased by 13,8%, as compared to 2008, and in 2010 it decreased by 6,3%, as compared to 2009, and is estimated to approximately 36,0 thousand people.

The most developed sector of the municipality is industry. Large enterprises contribute to the creation and maintenance of jobs. If during 2006-2008 the number of people employed in the industry sector grew by approximately 5% per year and in 2008 it comprised 15,3 thousand people or 39,2% of the employed population, then during 2009-2010 this indicator decreased by approximately 5% per year and, according to the data of 2010 it amounted to 12,3 thousand people or 34,1% people of the total employed population. The said indicator shows that the share of population employed in the
industrial sector is the highest, as compared to other sectors of the economy of the municipality.

The distribution of the employed population according to types of business activities in Bălți is shown in Table 5.

**Table 5. Distribution of the employed population by type of business activity in Bălți municipality**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Agriculture</td>
<td>796</td>
<td>597</td>
<td>572</td>
<td>638</td>
<td>86,2</td>
<td>637</td>
<td>93,6</td>
</tr>
<tr>
<td>Industry</td>
<td>13896</td>
<td>14615</td>
<td>15254</td>
<td>13151</td>
<td>94,5</td>
<td>12303</td>
<td>95,1</td>
</tr>
<tr>
<td>Construction</td>
<td>1758</td>
<td>1766</td>
<td>1701</td>
<td>1607</td>
<td>114,9</td>
<td>1529</td>
<td>98,6</td>
</tr>
<tr>
<td>Trade</td>
<td>2463</td>
<td>2343</td>
<td>3346</td>
<td>3845</td>
<td>94,7</td>
<td>3791</td>
<td>95,3</td>
</tr>
<tr>
<td>Transport and communications</td>
<td>4374</td>
<td>4192</td>
<td>4268</td>
<td>4043</td>
<td>116,5</td>
<td>3851</td>
<td>87,6</td>
</tr>
<tr>
<td>Public administration</td>
<td>1799</td>
<td>1846</td>
<td>1798</td>
<td>2094</td>
<td>100,5</td>
<td>1834</td>
<td>99,1</td>
</tr>
<tr>
<td>Education</td>
<td>5131</td>
<td>4750</td>
<td>4679</td>
<td>4702</td>
<td>102,5</td>
<td>4659</td>
<td>96,8</td>
</tr>
<tr>
<td>Health and social assistance</td>
<td>5073</td>
<td>4808</td>
<td>5062</td>
<td>5188</td>
<td>101,8</td>
<td>5021</td>
<td>107,8</td>
</tr>
<tr>
<td>Other types of activities</td>
<td>2322</td>
<td>2186</td>
<td>2204</td>
<td>2243</td>
<td>96,2</td>
<td>2417</td>
<td>96,0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>37612</strong></td>
<td><strong>37103</strong></td>
<td><strong>38884</strong></td>
<td><strong>37511</strong></td>
<td><strong>86,2</strong></td>
<td><strong>36042</strong></td>
<td><strong>93,6</strong></td>
</tr>
</tbody>
</table>

Although the number of workers in industrial enterprises and the qualification of population tend to drop, it should be pointed out that there are 15 educational institutions, including 6 vocational schools, 6 colleges, and 3 higher education institutions. In 2009 there were approximately 4 thousand graduates, that is 10% of the total number of graduates in the country. This fact shows that the municipality has an advanced system of skilled labor force training. This means that the industrial park may attract young specialists on the labor-market as well as experienced workers, provided the creation of favorable working conditions and competitive salaries.

In accordance with the above, it should also be noted that in the course of 6 months of the year 2010 the average monthly salary in Bălți has been 3032 MDL, and it tends to grow by 7.3% as compared with the same period of the previous year, which is
the highest level in the region. At the same time, the average monthly salary at the enterprise ZEL Bălți is 4500 MDL. It can therefore be said that, at this moment, such salaries are attractive on the labor-market of the municipality and may ensure the drawing of necessary qualified human resources to the industrial park.

**Conclusions:**

The human resources potential of Bălți municipality includes experienced qualified human resources dismissed as a result of scale restructuring businesses. Additionally, the advanced system of labor force training will allow the drawing of young qualified graduates who can rapidly be trained and take up production processes performed according to advanced technologies. In addition, the existing unskilled labor force can be trained using the developed professional training system of the municipality.

Consequently, the competitiveness of salaries within the industrial park will make it possible to suffice the new production with duly qualified and experienced specialists available on the labor-market of the municipality and of the region.

**2.1.1.6 Investment climate**

Bălți municipality is the biggest industrial center in NDR with a relatively developed infrastructure as compared to other cities in the country, which is an essential factor for the attraction of foreign investments.

As at 31.12.2010, 97 companies with foreign capital and 24 joint ventures with foreign property have been operating in Bălți.

In the period 2005–2008 Bălți benefited from a continuous flow of investments, being the second center after Chișinău by the volume of fixed investments. In 2008 this indicator reached the maximum figure of 938,9 million MDL, that is 33,3% of the investment in NDR and 5,2% of the investments in the country. In 2009, due to the financial crisis, the inflow of investments in the economy of the municipality decreased by 42% and amounted to 544,6 million MDL.
The volume of fixed capital investments during 9 months of 2010 stood at 306,1 million MDL, which is 4,8% of the total volume of investments in the country. 129,7 million MDL were invested in building and assembling works, which represents approximately 30% of the similar investments in NDR and 4% of similar investments in the country.

The most considerable share of fixed investments is represented by the acquisition of equipment and machinery, which account for 42,3%. The share of these specific investments has been stable for the last several years, while in other regions this indicator fell dramatically. This fact reveals a tendency for upgrading the production equipment of plants and factories of Bălți municipality.

Other investment directions in the municipality are as follows: construction of buildings and structures – 28%; housing construction – 6,7%; vehicles – 10,5%; capital repairs – 10,1%, etc.

The structure of fixed capital investments by types of fixed assets for the past 9 months of the year 2010 in Bălți is shown in Picture 7.

**Picture 7. The structure of fixed capital investments by fixed assets for the past 9 months of the year 2010 in Bălți**

In 2008 the balance of foreign investments per capita was 3154 MDL – much more than the average figure in the region, which was 931 MDL.
According to private sources, the evolution of investments per capita was 3010,8 MDL in 2009 as compared with 5706 MDL in 2008 and 4835 MDL in 2007.

Thus, in 2009 in Bălți the investments per capita dropped by approximately 47%. The investment vulnerability of the year 2009 in Chişinău and Bălți can be explained by the fact that the financial crisis hit more hardly the residential real estate market, which is preferred by investors during the anti-crisis period.

The structure of fixed capital investments according to forms of property for the year 2010 reflects a decrease of investments by 9,1% as compared with the previous year, and a decrease of private investments by 17,6%. At the same time, the inflow of foreign investments in the economy of the municipality rose by 38,4% as compared with the year 2009 and amounted to 83,9 million MDL, that is 6,9% of the total volume of foreign investments in the country.

The structure of fixed capital investments by form of property for 2010 is shown in Table 6.

Table 6. The structure of fixed capital investments by form of property in Bălți

<table>
<thead>
<tr>
<th>Forms of property</th>
<th>2010</th>
<th>2010/2009, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total, million MDL, including:</td>
<td>494,8</td>
<td>90,9</td>
</tr>
<tr>
<td>Public</td>
<td>121,3</td>
<td>88,3</td>
</tr>
<tr>
<td>Private</td>
<td>236</td>
<td>82,4</td>
</tr>
<tr>
<td>Mixed (public and private) without foreign participation</td>
<td>4,3</td>
<td>28,7</td>
</tr>
<tr>
<td>Foreign</td>
<td>83,9</td>
<td>138,4</td>
</tr>
<tr>
<td>Joint ventures</td>
<td>48,4</td>
<td>98,8</td>
</tr>
</tbody>
</table>

The increase of foreign investments was favored by the creation of FEZ Bâlți, the purpose of which was to improve business environment in the NDR and Bâlți in order to attract important foreign investors. As a result, in 2010, during 10 months of operation in the respective region, 1592 jobs were created and the investments amounted to 7,8 million USD, which contributed to the growth of production in the machine-building and electric appliances subsector to a total industrial output of the municipality from 0,1% in 2008 to 4,6% in 2010.

Conclusions:

The business environment in Bălți is favorable for investors. This fact is proven by the amount of investments in the economy of the municipality, which is the second
largest (after the capital) in the country. It is important that the greatest part of investments in fixed assets is directed towards the purchase of new equipment for the industrial sector of the economy.

Although investments have decreased in the period 2009-2010, its structure has been enriched with private foreign investments. An important incentive for the increase of private foreign investments was the establishment of Bălți FEZ, the industrial enterprise of which successfully operates with an output that has reached the 24% of the total industrial output of the municipality in two years (p. 5).

The establishing of the industrial park in the FEZ will contribute the further improvement of the investment climate in Bălți, as the investors who become residents of both the FEZ and the industrial park receive a double facilitation regime and possibilities to use the resources of the municipality and district for the successful carrying out of their business activity and additional guarantees for the protection of investments due to the possibility to privatize the land associated with constructions referred to in article 12 of the Law on Industrial Parks (p. 3.1).

**Summary up:**

The analysis of the period 2007-2010 shows that the development of the industrial sector of Bălți municipality falls behind the NDR in particular and the industrial sector of the country in general. In the industrial sector of Bălți there are such negative tendencies like the decline of operating enterprises, the decrease of the number of employees and a fall of labor productivity – all caused by the decline of competitiveness of enterprises.

At the same time, the short presentation of the economic sectors allows us to conclude that, at present, such sectors as the industry of food and beverages and light industry in Bălți and NDR are quite developed due to the existence of a local resource base (material and labor resources) and outlet markets as well - local and CIS markets for the food and beverage industry and the market of the foreign companies, which place orders with Moldovan enterprises operating in light industry. These sectors have potential for gradual redress through accrual of financial resources, modernization of equipment and implementation of new technologies, therefore they are not the subjects of this feasibility study.
At the same time, the machine-building sector, which is capable of manufacturing products with high added value and the state of which is an indicator of the country’s economic development, accounts only for 8.6% of the total industrial output of the municipality.

In this situation, the industrial sector of the municipality needs a strong investment impulse for the creation of new output based on advanced technologies, modern equipment, effective serial production and creation of more jobs. Such an impulse for the municipality could become the industrial park, where new large investments will be made for the development of production, especially in machine-building branch.

The establishing of the IP will created new jobs for the human resources that exist in the municipality and in the district, and that can be either experienced professionals or graduates from the higher and secondary educational institutions. The developed SME sector will provide the resident enterprise of the industrial park with the necessary auxiliary activities and various services.

The investment climate of the municipality will improve due to the establishing of Bălți FEZ where large foreign investments have been made and industrial production exists. The idea to establish an industrial park in the existing FEZ is meant to intensify the investment appeal of the park, which will be the result of unification of priorities given to investors and residents of the IP, including the double facilitation regime of the IP and FEZ (p.3.1), and the favorable location of the park.

Taking into account the above, we may sum up that the opportunity to establish an industrial park in Bălți stems from the need to revive the industrial sector in the municipality and NDR with the involvement of existing resources and possibilities.
2.2 Opportunities of establishing the industrial park

2.2.1 Delimitation of land lot of the industrial park

2.2.1.1 Location of the IP land lot

The land lot with an area of 30 hectares allocated for the IP is located in Bălți municipality, I Aerodromului Str. (Annex A).

Bălți municipality is located in the northern part of the Republic of Moldova, in the center of the Bălți Steppe, at a distance of 138 km to the north of Chișinău. It is surrounded by a rail junction and borders upon the towns Falesti, Glodeni, Riscani and Singerei, which are 20-40 km away. The municipality comprises the localities Sadovoe and Elizaveta.

According to the statistical data, as of 01.01.2010, the land is structured as follows: the total area of the municipality (including Sadovoe and Elizaveta) – 7801 ha; agricultural land – 3331 ha; land of localities – 2669 ha; land for industry, transport, communications, and other special purposes – 990 ha; land of forest resources and land preserved for the protection of environment – 530 ha; waters – 275 ha; land from the reserve fund – 6 ha. The total area of land within the perimeter of urban localities of Bălți is 4143 ha.

The land lot allocated for the industrial park is located in the subzone no. 3 of Bălți FEZ, which is situated in the eastern part of the Bălți and is adjacent to the international highway M14 Bălți-Chernovtsy, which ensures greater mobility and accessibility to international markets (Annex B).

2.2.1.2 Description of Bălți Free Economic Zone

As it has been mentioned above, the land allocated for the establishing of the industrial park is located in Bălți, I Aerodromului Str., in the subzone no. 3 of Bălți FEZ.

Bălți FEZ was created subject to the Law on “Bălți” Free Economic Zone No. 26 of March 4, 2010 for a period of 25 years. Bălți FEZ includes two lots with the area of 1,5 ha and 10,35 ha located at 86, Dovator Str. (subzone no. 1) and 4, Industrială Str. (subzone no. 2).
In order to expand the activity of Bălți FEZ, the art. 1 of the Law on “Bălți” Free Economic Zone No. 26 of March 4, 2010 was supplemented by the Law No. 243 of September 24, 2010 and subject to the latter, an additional lot of 110,00 ha has been allocated for the establishing of subzone no.3 and a lot of 26,49 ha has been allocated for the servicing of its activity, from the total of 136,49 ha located at 1, Aerodromului Str.

The lot with the area of 136,49 ha with the cadastral number 0300112012, and the real estate on this area (cadastral numbers 0300112.012.01-0300112.012.22) are public property administrated by “Moldaeroservice”, a state enterprise founded by the Ministry of Transport and Road Infrastructure. Subject to the Government Decision “On transfer of certain real property” No. 983 of October 19, 2010, they were transferred to the authority of the Ministry of Economy to be used for expansion of the activity of Bălți FEZ and the lot’s destination was reclassified into construction land.

Investors have already evinced their interest in Bălți FEZ. Thus, ICS Draexlmaier Automotive S.R.L. – a company of worldwide importance, carries out its activity in subzone no.1, and 6 residents operate in subzone no.2 and provide support services for ICS Draexlmaier Automotive S.R.L (detailed description in p. 5.1). Within 10 months from the beginning of operation of Bălți FEZ, the total investments amounted to 7,8 million USD.
Bălți FEZ is managed by FEZ Administration, a body approved by the government. Upon the establishing of the IP in subzone no.3, the administration will be carried out by a private investor selected through tender. Such investor will provide funds for the technical and production infrastructure of the IP and will act as the resident of the IP.

2.2.2 Transport infrastructure

The land allocated for the establishing of the IP in the subzone no.3 has close access to air, motor, and railway transport.

**Air transport.** Bălți municipality is the only region, which has air access through two airports – Bălți International Airport (Leadoveni) and Mărculești International Airport. Both airports are used at a minimum rate, providing cargo transportation services mostly on domestic flights and occasional outside flights, Bălți Airport (Leadoveni) is a civil airport, while the Mărculești (Florești district) is a mixed airport (civil and military).

**International road network.** The length of public roads in the northern region is 3382,7 km, including the length of national and local roads with rigid covering, which is 1060,6 km and 2199,9 km, respectively. In the municipality, national public roads with rigid covering are 24,1 km long.

On the average, the district centers in the northern region are at a distance of 55,3 km from Bălți. (Annex B).

**Railway transport.** Subzone no. 3 is approximately 500 m away from the railway and the closest rail junction in Bălți.

Bălți and Ocnita are the main rail junctions of NDR. Due to these junctions Moldovan railway routing are diversified and encompass the following destinations: Russia (Moscow and St. Peters burg), Belarus (Minsk), Ukraine (Kiev, Chernovtsy, Ivano-Frankivsk, etc.). International railway routes are: Chișinău–Ungheni–Bălți–Ocnita (border checkpoint). Routes of regional importance are: Bălți–Ribnita, Bălți–Glodeni, Bălți–Slobodca and Bălți–Cupcini. The railway is an advantage for the region, as the rail
junctions Bălți and Ocnița represent a way of access to Ukraine, Russia, Belarus, and the EU.

Thus, IP will offer the possibility to use more profitably the favorable geographical position of the region, as it is situated at the crossing of the main highways connecting the most important markets and can be attractive especially for investments of businessmen from the EU, Ukraine, CIS, and the Republic of Moldova.

2.2.3 Utilities infrastructure

Water supply. The greatest part of water supply networks of the region is concentrated in Bălți. The water supply network is 320 km/100 sq. km large. Soroca-Bălți water pipeline supplies drinking water to consumers of Bălți municipality and localities along the pipeline route.

The water runs from Soroca-Bălți water main through a steel pipeline D = 1000 mm, reaches the drinking water tanks of V = 12 thousand m³ located in the district of I.M. FLORIBEL, and then, through two pipelines D = 800 mm, enters the municipality:

- to the 7,8 km water pipeline, which reaches Copceanca pumping station and supplies water to the residential district Dacia, wards no. 5, 6, 7, 8, Bucovinei Street up to the railway;

- to the 5,5 km water pipeline supplying with water the central part of the municipality.

Opposite to the subzone no.3 of Bălți FEZ, the municipal water pipeline (Ø160 mm) is parallel to Aerodromului Street, at a distance of about 200 m, thus, making it possible to connect the industrial infrastructure of the industrial park to it.

Natural gas supply. Natural gas supply of Bălți is ensured by the high-pressure gas-main pipelines coming from Ukraine: Ananiev – Kotovsk – Florești – Drochia – Edineț – Alexeevka (Ukraine) and the gas pipeline Moghilliov-Podolski – Ocnița – Bogorodceni. In 2007 27.8% localities of the region were connected to the gas pipeline, being under 34.9% – the national average indicator. 68% localities in Bălți are provided with gas.
Subzone no. 3 of Bălți FEZ may be connected to an average pressure gas pipeline of 0,155÷0,25 MPa, Ø 426 mm, which is parallel to Aerodromului Street at a distance of approximately 200m.

*Sewerage system.* There is a sewage and unused industrial water treatment plant at a distance of 750 m from the industrial park area. Moreover, a recently installed wastewater pipeline crosses the IP lot making it possible to connect the production infrastructure to it.

The design capacity of the water treatment plant is 60 thousand m³/24 hours. According to the data of 2005, when the maximum volume of sewage was recorded, the water treatment plant purified 26,8 thousand m³/24 hours.

*Electricity and heat supply.* Bălți houses “Nord” Heat and Power Plant (CET Nord) providing a stable electric power of 24 MW and having an energy production capacity of 57 700 thousand KWh, but this plant supplies only the municipal needs. The heat pipeline is situated at 1 km distance from the subzone no.3.

**Conclusions:**

The land lot allocated for the establishing of the IP is situated at a minimum distance from the main transport roads and from the networks ensuring electricity and water supply. That is why the connection of the industrial park to these networks can be made at a minimum cost.

The geographical position ensures an advantageous placement of the park at the intersection of strategic transport roads uniting the CIS and the EU.

**Summary up:**

The idea to establish an industrial park in Bălți FEZ is aimed at intensifying the investment appeal of IP on the basis of existing possibilities:
• geographical position of the land lot allocated for IP establishing, which ensures the advantageous position of the park at the intersection of the main transport roads connecting the biggest markets – that of the European Union and the CIS;

• the minimum distance between the land lot and the transport roads, electricity networks and public utilities, which makes it possible to connect the industrial park to them;

• compliance of the IP land lot to all the requirements under the Law on Industrial Parks, which can ensure the assigning of the “industrial park” title.

• Double facilitation regime, both of the IP and FEZ (p.3.1).

2.3 Legal Framework Analysis

2.3.1 Brief Analysis of the legal framework in the Republic of Moldova

General notes

The legal system of the Republic of Moldova has known a relatively good development during the last decade. Moldova has approached the standards of the European countries and of international organizations to which it adhered (such as the World Trade Organization) although it still has a long way to walk until its legislation is fully harmonized. The extension and efficiency of trade law in Moldova has improved. However, its practical implementation could be a major problem. Below are listed the most important positive aspects of Moldovan law aimed at encouraging local and foreign investors.

Private property protection

Article 1 of the Constitution of the Republic of Moldova stipulates the supremacy of the principle of the legal state. The state guarantees the right to private property (art. 46 of the Constitution) and protects the property of citizens of the Republic of Moldova, foreigners, and stateless persons (art. 126-127 of the Constitution). The Constitution stipulates that legally acquired material and intellectual property cannot be forfeited, the
lawful nature of the property being implied. In 2002, a series of articles contradictory to the principle of inviolability of property and the implied lawful nature of private property were excluded from Title V on Tax Administration of the Tax Code of the Republic of Moldova. Article 23 (3) of the Law on Privatization states that the state guarantees the ownership of the privatized property, the right to take part in privatization being equally granted to all the citizens of the Republic of Moldova, to foreign citizens, and to stateless persons.

Protection and promotions of investments

Subject to article 126 of the Constitution, the state ensures the inviolability of investments of individuals and legal entities, including foreigners. Article 5 concerning the enterprise investments sets forth that investors may place their investments on the entire territory of the Republic of Moldova and in any entrepreneurial field provided the observance of antimonopoly law, environment law, national security law, etc. The state ensures complete and permanent security and protection of any investments regardless of their form. Investments and facilities granted to them will not be discriminated on the basis of citizenship, permanent residence, location of registration, etc. and all the investors are granted equal rights.

The Government of the Republic of Moldova offers favorable conditions for the privatization of productive objects, including the possibility to pay by installment the price for the object privatized, this facility being important for the attraction of investors. If an investor wants to start a completely new business and to purchase public land for such business (except for agricultural lands and forests), such investor will pay at least 25% of the price of the land in the first year, and the remaining amount shall be spaced out over 10 years. The last provision refers to 5 years for lands adjacent to the privatized objects. In order to improve the business climate and to promote local and foreign investments, the Government of the Republic of Moldova has recently adopted the Decision on Control Regulation according to which all state institutions carrying out the control and assessment of conformity will have to undergo a “guillotine” and only those authorities will “survive”, which carry out control activities truly important for the security of consumers, public interest, national security, etc. We believe that this would
be a welcome measure, the efficiency of which will depend completely on the willingness of the control and assessment authorities to cede “prerogatives”.

**Foreign investments**

With some notable exceptions, foreign investors are granted the same rights as the national ones. Moldova has entered into bilateral investments agreements with more than 25 countries, including countries, which are its main trade partners or with countries that have made significant investments in the Republic of Moldova. Our country has also signed 13 international double taxation agreements. Foreign investors have the possibility to invest and control local companies; they are protected by international agreements on protection and support of investments. The Government is to approve the national program on promotion of investments.

The activity of foreign investors in the Republic of Moldova is regulated by the Law on Investments in Entrepreneurial Activity, which provides for equal rights and obligations for both national and foreign investors.

**Free economic initiative**

Market, economic initiative, and loyal competition are regarded as the main pillars of the economy (art. 9 of the Constitution of the Republic of Moldova). The Government of the Republic of Moldova, the central and local public authorities may give orders to businesses only within the limits of their powers under the law (art. 8 of the Law on Entrepreneurship and Enterprises). Any damages, including loss of profit, incurred by an enterprise as a result of execution of illegal orders shall be covered from the budget, which funds the authorities issuing such orders. The economic initiative shall not be limited under the pretext of its irrelevance or uselessness. Private contracts shall be negotiated freely and afterwards shall be certified by a notary for authentication purposes. Land lease contracts shall be registered with the local public authorities.

**Activity of industrial parks**

The process of establishing industrial parks and the conditions for the activity of their residents shall be regulated by the Law on Industrial Parks No. 182 of July 15, 2010, in force as of September 3, 2010.
The main objectives of this Law (art. 2) are:

- attraction of domestic and foreign investments;
- development of competitive industrial sectors based on modern and innovational technologies;
- implementing economic activities in compliance with the development opportunities specific to the region, including a more efficient use of public property;
- development of small and medium enterprises;
- creation of new jobs.

This Law is amended and its provisions are applied together with a series of other laws and statutory acts, among which:

- The Civil Code of the Republic of Moldova;
- The Tax Code of the Republic of Moldova;
- The Law on Joint-Stock Companies No. 1134 of April 2, 1997;
- The Law on Limited Liability Companies No. 135 of June 14, 2007;
- The Law on State Registration of Legal Entities and Individual Entrepreneurs No. 220 of October 19, 2007;
- Law on Investments in Entrepreneurial Activity No. 81 of March 18, 2004;

### 2.3.2 Legal conformity for the obtaining of “Industrial Park” title

The lot allocated for the establishing of IP is the state’s public property, which in accordance with the Government Decision on transfer of certain immovable property No. 983 of October 19, 2010 was transferred under the administration of the Ministry of Economy and, at the same time, the destination of the lot was changed to building lot.

Subject to the Law on Industrial Parks, the state can support the establishing and operation of the IP by assigning the “Industrial Park” title to the Administrator-enterprise. Subject to the article 8 thereof, in order to obtain such title, the applicant must file an application with the Ministry of Economy accompanied by the following documents:
a) the copies of acts confirming the establishment of the administrator-enterprise;

b) the copies of the documents confirming the use right for at least 30 years or the ownership right for the land and the buildings meant for the establishment of the industrial park;

c) the plan indicating the location of the land meant for the industrial park;

d) the statement of the land holder or owner regarding the fulfillment of all the conditions set forth in art. 5 letter a) and b);

e) the endorsements of the public utility networks’ holders;

f) the cadastral file regarding the modification of the land destination or the authorization for the object construction;

g) the local council agreement in whose jurisdiction the land meant for the industrial park is located;

h) the feasibility study regarding the opportunity to establish the industrial park

As far as the requirements listed in 5 of the above Law, the lot allocated for the industrial park must meet the following requirements:

- is free from any encumbrances;
- is not subject of any litigation under examination and/or settlement within the courts or arbitration;
- has access to transportation ways (p.2.2.2);
- has the possibility to connect the technical and production infrastructure of the park to the public utilities (p.4.4.2.3);
- has an area of 30 ha.

**Conclusions:**

The lot meets all the requirements provided by the Law on Industrial Parks for obtaining the “industrial park” title.
III. ADVANTAGES OF THE INDUSTRIAL PARK

3.1. Advantages for investors and residents

The establishing of an industrial park in the subzone no. 3 of Bălți FEZ shall open great long-term development opportunities for possible investors, namely, legislative opportunities, such as facilities for investment projects for the establishing and operation of the industrial park.

Subject to art. 12 of the Law on Industrial Parks, in order to facilitate the establishing and operation of the industrial park, the state represented by the central and local public authorities shall grant the following facilities to the holder of the “industrial park” title and to the park residents:

1. The right to privatize the private property land associated with constructions, at the land normative price, set at the moment when such land is transferred to the use to the administrator-enterprise or is leased to the residents of the industrial park, only after procuring and/or giving into operation the constructions and the installation with industrial and related destination, in compliance with the Law on the normative price and the procedure for sale and purchase of land No. 1308 of July 25, 1997.

This facility shall be granted if investments have been made in constructions and installations envisaged by the project, based on which the resident or the administrator-enterprise was selected, and the value of which is higher than the amount representing 3 normative prices of the land, established at the moment when these are transferred into use to the administrator-enterprise or leased to the residents, and the payment for compensating the losses caused by the exclusion of the land from the category of land with agricultural destination, estimated at the date when the destination of the land was changed, if such has happened.

2. Application by the Administrator-enterprise of the diminution coefficient down to 0.3 of the tariff set for the annual lease payment for the public property land in compliance with the Law on the normative prices and the procedure for sale and purchase of land or
of the basic tariffs for the annual lease of the public property assets, set by the Law on the State Budget for the respective year.

3. **Free of charge alienation or transfer into commodatum of the administrator-enterprise’s public property assets** for the establishment and development of the industrial park, upon the decision of the owner of such assets, in compliance with the Law on administration and deetatization of public property.

4. **Optimization of the state controls** over the activity of the industrial park residents by undertaking planned controls according to an annual timeline, approved via the Government Decision or unplanned controls carried out in line with the legislation in force, with the approval of the Ministry of Economy.

   In addition, investment projects carried out within the industrial parks shall be monitored by the Council for Promotion of Investment Projects of National Importance established via a Government Decision with the purpose of removing the barriers hindering business development in the IP. This process will be of mutual advantage, both for the investor and for the state. The monitoring process will ensure the acceleration of procedures for the issue of authorizations for the carrying out of business activities in IP, as well as support for the implementation of investment projects.

   Taking into account the fact that IP will be located in Bălți FEZ, residents of the park will benefit from facilities granted within the free zone. Besides tax facilities, it refers to the customs treatment ensured by the territorial Customs Service the activity of which will be organized by Bălți FEZ administration. Documents on goods upon import and export will be drawn up in the free zone. This will allow fewer administrative formalities and less bureaucratic barriers.

   Thus, the tax and customs advantages of the free economic zone mentioned below and applicable to the IP residents are as follows:
1. **Charging customs duties and taxes** *(p.1 and p.2, art. 91, Customs Code)*

1. When foreign and domestic goods are imported into the free zone, no customs duties or taxes shall be levied and no economic policy measures shall be applied, unless the law provides otherwise.

2. Customs duties and taxes shall be levied and measures of economic policy shall be applied when goods are exported from the free zone and introduced to the other part of the customs territory. When goods are taken from the free zone outside the Republic of Moldova or exported to other free zone territory, no customs duties or taxes shall be levied and no economic policy measures shall be applied.

2. **Income tax payment** *(p.13, art. 49, Tax Code)*

   a) the tax on the income of the residents, obtained from the export of goods (services) originating from the free economic zone outside the customs territory of the Republic of Moldova, is levied in a proportion of 50% of the rate established in the Republic of Moldova;

   b) the income tax from the activity of the residents of the free economic zones, except the one stated in let. a), is levied in a proportion of 75% of the rate established in the Republic of Moldova;

   c) the residents that invested in the fixed assets of their economic agents and/or in development of the infrastructure of the free economic zone a capital equivalent to at least one million USD, are exempted of the income tax payment for the income obtained from export of goods (services) originating from the free economic zone outside the customs territory of the Republic of Moldova, for a period of 3 years, starting with the quarter immediately following the quarter, when the indicated amount of investments was reached;

   d) the residents that invested in the fixed assets of their economic agents and/or in development of the infrastructure of the free economic zone capital equivalent to at least five million USD, are exempted of the income tax payment for the income obtained from export of goods (services) originating from the free economic zone outside the customs territory of the Republic of Moldova, for a period of 5 years, starting with the quarter
immediately following the quarter, when the indicated amount of investments was reached;

3. Zero rate VAT (p. f, art. 104, Tax Code)

f) Zero rate VAT is applied to goods and services delivered within the free economic zones outside the customs territory of the Republic of Moldova, delivered from the free economic zones outside the customs territory of the Republic of Moldova, delivered in the free economic zone in the rest of the customs territory of the Republic, as well as those delivered by free economic zones residents of the Republic of Moldova to each other.

4. Exemptions from excise duties (p.10 and p. 10¹, art. 124, Tax Code)

(10) The goods subject to excises introduced in the free economic zone from outside the customs territory of the Republic of Moldova, from other free economic zones, from another part of the customs territory of the Republic of Moldova, as well as goods originating from this zone and taken out from the customs territory of the Republic of Moldova shall be exempted from excises.

(10¹) The deliveries of excisable goods performed within the free economic zone, as well as the deliveries of excisable goods performed by economic agents from one free economic zone to another free economic zone are not subject to excise duties.

5. State guarantees (art. 13 of the Law on Free Economic Zones)

(1) The free zones are established for a period of at least 20 years. The Law on Free Economic Zones shall determine the period of operation of a free zone.

(2) In the event of enactment of new laws, which hinder the business activity of residents in terms of customs, tax and other regimes provided by the laws on free economic zones, such residents are entitled, for a period of 10 years, unless such period exceeds the period of operation of the free economic zone, to carry out their activity under the provisions of the laws current before the enactment of new laws. This regulation shall be applied to activities carried out by the residents within the framework of investment projects registered before the enactment of the new laws.
(3) For the residents investing on fixed assets of the enterprise situated in the free economic zone and/or in the development of infrastructure of the free economic zone at least 200 million USD, state guarantees provided in the previous par. (2) shall extend over the entire period of activity of such residents in the free economic zone, but shall not exceed 20 years.

3.2 Advantages for Bălți FEZ

The establishing of IP in subzone no. 3 will be a great advantage for Bălți FEZ by reason of creating of the most profitable conditions in the area for the attraction of large investments through combining the preferential facilities of the park and the facilities granted by Bălți FEZ.

Subject to the selected funding scenario (p.4.1), the purpose of these investments will be the construction of internal and external infrastructure of the park, including roads, utilities, and communications, which will be part of the infrastructure of subzone no. 3 as well. This will enable Bălți FEZ administration to release funds for creation of other objectives of development in subzone no.3.

The volume of investments necessary for the creation of technical and production infrastructure of IP is shown in p. 4.4.2.

3.3. Social and economic advantages

The industrial park is a specific object due to its favorable location in the subzone no.3 of Bălți FEZ, which can be used according to its intended purpose as a competitive and economically efficient modern industrial complex, which will offer great opportunities for important foreign investors and for businesses of the municipality and NDR. This will contribute to the creation of new jobs and, consequently, to a favorable social climate, which will improve the social and economic situation in the region.

Social and economic advantages:
- revitalization of economy in Bălți by maintaining and developing export-oriented industrial sectors through the use of new advanced technologies;
• new technologies will ensure the development of modern industry free from harmful emissions to the environment;
• consolidation of efforts of exporters of industrial production for the increase of the export and import potential of Moldova;
• attraction of investors and the development of the industrial sector of Bălți municipality and NDR, the development of enterprises dealing with ancillary services or servicing; attraction of other enterprises, creation of new joint ventures and foreign enterprises;
• development of transport infrastructure of Bălți municipality situated in the center of NDR, at the intersection of transport junctions, which enable transportation to all the strategic directions: West - East, North – South, Europe – CIS;
  • a positive impact on the regional location of industry;
  • increase of payments to the local and state budgets, to the National Social Insurance Fund, and to the Health Insurance Fund;
  • providing the domestic market with competitive domestic production of European quality; replacement of imported goods of inferior quality;
  • employment of the human potential of the entire region, the creation of a large number of jobs, employment of skilled labor force of the municipality and the neighboring localities and the reduction of unemployment;
  • training of human resources; obtaining experience in advance production and management; implementation of European standards in production and administration.

Conclusions:

Both the Administrator-enterprise and the residents of IP will have the possibility to benefit from facilities granted by IP and Bălți FEZ.

The application of double facilities in subzone no. 3 will lead to a more favorable investment climate for IP and will be aimed at attracting large investments for the creation of technical and production infrastructure of the park. In addition, it will contribute to the development of industrial production oriented towards creation of new efficient sectors oriented on export and manufacture of goods, which will replace the imported goods.
At the same time, there is also an advantage for FEZ because the establishing of IP will cover a part of the expenses for financing of the infrastructure of subzone no. 3.

The creation of conditions for the operation of IP will stimulate the development of basic activities of the investors registered as residents of the park and of businesses of the municipality and NDR and will offer the possibility to use in full the human potential of the entire region. This will contribute to the improvement of the social and economic situation in the region.

Thus the establishing of the IP will increase the positive impact on the economic and social development of the municipality and NDR.

The state will guarantee the support of IP investment projects by establishing the Council for the Promotion of Investment Projects of National Importance with the purpose of removing barriers hindering the development of business.

3.4 SWOT analysis of the establishing of the industrial park

*Strong points*

**For the Administrator-enterprise:**

- the establishing of the IP in subzone no. 3 will ensure the possibility to benefit, under the law, from the facilities provided by IP and FEZ;

- the right to privatize in preferential conditions the area adjacent to the buildings, which is a public property (p.3.1);

- free of charge alienation or transfer into commodatum of public property (p.3.1);

- guarantee for the preservation of facilities granted to residents of Bălți FEZ for a period of 10 years (p.3.1);

- placement of external infrastructure closely to the land meant for the establishing of the IP (electricity, water, gas, and sewerage networks);

- experience in the implementation of investment projects in Bălți FEZ, in the municipality and in NDR.

**For residents:**

- cut in expenses pertaining to the launching of business;
• favorable geographic position at the intersection of transport communications (roads, railway, air transport) to all the strategic directions of the country;

• existence of human resources with experience gained in industrial enterprises due to the relatively developed industrial sector of the municipality and in that region; the relatively low cost of labor force;

• the possibility to develop types of industrial activities with an intensive employment of human resources;

• the right to privatize in preferential conditions the private property land adjacent to the buildings (p.3.1);

• the establishing of the IP in subzone no.3 of Bălți FEZ will offer the possibility to benefit, under the law, from the facilities granted to residents of the industrial park and of the free economic zone;

• the possibility to connect to the common technical infrastructure of IP;

• provision of public services and utilities system maintenance services by the Administrator-enterprise.

Weak points

• the necessity to build a part of the external infrastructure for in order to ensure the connection of IP;

• insufficiency, at present, of qualified and experience specialists in advanced industrial technologies.

Opportunities

• a strategic investor can also be the manager and a resident of the park,

• support provided by the state in obtaining authorizations for the launching of business in IP and for the carrying out of investment projects;

• attraction of private investors for a long period of time;

• the possibility to establish small and medium enterprises, including enterprises providing ancillary services and servicing to IP residents;

• the possibility to provide advanced training to the staff for the purpose of ensuring production with highly skilled specialists;

• the development of Bălți FEZ will contribute to the improvement of the transport infrastructure for national and international purposes of the municipality and NDR.
**Risks**

- the risk of failing to attract investors of worldwide importance;
- growth of prices for energy resources, which can lead to the increase of production price;
- intensification of immigration of labor force in the region;
- lobbying on different levels of public authorities;
- unstable political situation in the country.
IV. INDUSTRIAL PARK ESTABLISHING

4.1 IP concept

**Purpose of IP.** The Ministry of Economy of the Republic of Moldova has taken the lead in establishing an industrial park in Bălți municipality taking into account the strategic objectives for the industrial development of the country, the necessity to develop the industrial sector in Bălți, and the opportunities, resources existing in the municipality, and the legislative facilities for the funding and carrying out of activities in IP.

The main purpose of establishing IP in Bălți is to stimulate the favorable conditions for the strategic investors in priority industrial sectors and to introduce modern technologies, to implement and develop the human capital of the municipality and the neighboring regions.

The purpose of establishing the industrial park in Bălți FEZ is to intensify the investment activity of IP on the basis of existing opportunities, including the double facilities of IP and FEZ.

**IP organization.** IP will have its own infrastructure, which will provide the utilities necessary for the operation of IP residents and which cannot be provided by each resident in part.

IP will be managed by the Administrator-enterprise of the industrial park. The relations between the Administrator-enterprise and the FEZ Administration will be regulated by the documents concerning the establishing, operation, and administration of PI.

The interaction between the Administrator-enterprise, the FEZ Administration, and the IP residents is shown in Picture 8.

The IP Administrator-enterprise is responsible for the design and construction of infrastructure and for servicing residents on a contractual basis.

The IP Administrator-enterprise is accountable to the Ministry of Economy and FEZ Administration for achieving the IP development goals in accordance with the conditions stipulated in the contract. Subject to the strategy chosen, the Administrator may also build the industrial infrastructure to be sold or leased to residents. The Administrator-enterprise will charge (administration duty or rental payment) the residents
for the maintenance and development of IP. Other services provided by the Administrator will be paid for separately terms to the contract concluded with the resident.

**Picture 8. The System of interaction between the Administrator-enterprise, FEZ Administration and the IP residents**

The main document defining the operational obligations and rights of the IP Administrator, residents, and FEZ Administration are the Industrial Park Regulations. The provisions of the contract concluded by the IP Administrator-enterprise and the FEZ Administration and of the Industrial Park Regulations do not exclude or diminish the rights and advantages offered to residents under the law.

Residents of the park may be only businesses officially registered in the Republic of Moldova, including in IP.

**Priority directions for activities carried out within the IP.** The results of the analysis presented in p. 2. have shown that the propriety sectors, which may influence the development of the industrial sector in Bălți is machine-building the manufacture of equipment (including the manufacture of metallic final products) and the manufacture of electric and electronic equipment.
The purpose of establishing the IP is to attract the interest of large companies and to be ready to implement investment projects in priority sectors.

As regards the fact that the land lot allocated for the establishing of the IP is part of subzone no.3 of Bălți FEZ, which is situated in the urban area of Bălți, investment projects of strategic investors and residents of the park will be selected taking into account the requirements for the protection of the environment from harmful emissions.

It is obvious that the strategic investors who will also be residents of the park will be interested in guarantees for the development of business. The right to privatize the land adjacent to the IP buildings will ensure such guarantees.

The optimal funding scenario for the technical and production infrastructure of the IP and for the establishment of the Administrator-enterprise will be examined in relation to the advantages of efficient administration of state property and to the advantages of the investors participating in the implementation of projects for establishing and operation of the IP.

**IP performance index.** The main performance indices of the establishing and development of the IP in the subzone no.3 of Bălți FEZ will be the area of the park lot per produced and sold value, number of jobs created within IP, income to the local and consolidated state budget from the payment of taxes and duties by IP residents and the Administrator-enterprise of the park.

The IP Administrator will submit the required reports to the FEZ Administration and the Ministry of Economy in accordance with the law.

4.2 Determining and selecting a funding scenario for the creation of a technical and production infrastructure of IP and for establishing the Administrator-enterprise

According to the provisions of the Law on Industrial Parks the following funding sources for the creation of technical and production infrastructure of IP in subzone no. 3 of Bălți FEZ have been identified:

- funds from the budget of Bălți FEZ Administration;
- funds of the private investor on the public-private partnership principle.
In order to determine the optimal funding scenario for the creation of technical and production infrastructure according to the funding and co-funding sources, three scenarios will be analyzed.

**Scenario 1. Funds from the budget of Bălţi FEZ Administration**

In this case Bălţi FEZ Administration will become the IP Administrator-enterprise after obtaining the “industrial park” title under the Law on Industrial Parks.

According to the scenario, the Administrator-enterprise will fund the creation of technical infrastructure within the IP and its connection to the external infrastructure. If necessary, it will also fund the creation of the production infrastructure, which will be subsequently leased to the residents under a duly signed contract.

According to the calculations performed (p.4.4.2), investments amounting to approximately 233,0 million MDL are necessary for the creation of technical and production infrastructure and for connecting to the external technical infrastructure.

It should be mentioned that the income of Bălţi FEZ Administration as of 01.01.2011 is approximately 1,0 million MDL. Taking into account the fact that Bălţi FEZ Administration has to fund the creation of technical infrastructure in subzone no. 3 and its connection to the external public infrastructure, there is a risk that the construction of infrastructure will be hindered by the deficiency or lack of funds.

In this situation there is a high risk that the IP infrastructure will be funded according to the principle „residual value”, depending on the priority tasks of Bălţi FEZ Administration.

Thus, the deficiency of funds allocated by Bălţi FEZ Administration may lead to the establishing of the IP within a longer period and to a reduced attractiveness of the project and loss of a part of residents.

**Conclusions:**

The analysis of this scenario shows that there is a high risk of failure in achieving the strategic objective, that is in establishing the IP within the period provided for in the
technical project, as Bălți FEZ is at present in the course of development and, therefore, it is not able to concentrate the funds required for the construction of the technical and production infrastructure of the IP.

**Scenario 2. Funds of the private investor on the public-private partnership principle**

This scenario provides for the funding of the Administrator-enterprise according to the principle of public-private partnership (PPP) under the Law on Public Private Partnership No. 179-XVI of February 10, 2008.

In this case, the public partner represented by the FEZ Administration, under a PPP agreement, transfers for administration the lot proposed for the establishing of the IP to the private partner-strategic investor selected through tender, and will perform the duties and obligations of the IP Administrator. The Administrator-enterprise may be established as a commercial company.

According to the provisions of this Law, depending on the level of involvement of the private partner, different methods of execution of PPP agreements can be defined: design-construction-operation, construction-operation-renovation, construction-operation-transfer, construction-transfer-operation. There can be other methods, which are not expressly prohibited by law. Depending on the method chosen, the private strategic investor commits to fund the construction of the PPP object, namely – of the internal technical and production infrastructure of IP, and undertakes any related costs. FEZ Administration will invest in the creation of the external infrastructure. However, taking into account that the FEZ Administrator may have limited funds, as it was mentioned in alternative 1, there still is a risk of prolonged IP establishing.

It should be mentioned, that there are two possible alternatives for the fulfillment of the PPP agreement, the contractual period of which will be equal with the period of activity of Bălți FEZ – 25 years, according to the conditions stipulated by them.
1. Upon termination of agreement under the law, the entire IP infrastructure \((object\ of\ PPP)\), will be transferred gratuitously to Bălţi FEZ Administration \((public\ partner)\) in good condition and operation and free of any encumbrances or obligations.

2. Another possibility is the right to privatize PPP objects (assets and adjacent land) under the Law on Industrial Parks.

**Conclusions:**

This scenario offers the private strategic investor and the IP residents two possibilities of using the public property lot under the PPP agreement, including the opportunity to privatize PPP objects under the Law on Industrial Parks in accordance with the contractual terms.

There is also a risk of deficiency of funds allocated by Bălţi FEZ Administration for the establishing of IP, which may lead to the establishing of IP within a longer period. Such prolongation will decrease the attractiveness of the project for the establishing of IP in the eyes of private strategic investors.

**Scenario 3. Funds of the private strategic investor**

This solution consists in choosing under the law an enterprise, which will exercise the duties and obligations of the IP Administrator-enterprise. The Administrator-enterprise may be a limited liability company the capital of which will consist of the private strategic investor’s own funds. The Administrator-enterprise will collaborate with the FEZ Administration as a FEZ resident under a contract providing for the lease of a 15 ha lot allocated for the establishing of IP. The contractual period of the lease contract will be the period of activity of Bălţi FEZ – 25 years.

At the same time, the IP Administrator-enterprise may become an IP resident.

The scenario means that the private investor will bear any costs for the creation of the external and internal technical infrastructure (proposed for the IP) while the construction of the industrial infrastructure may be funded:
- in full by the Administrator-enterprise;
- in full by IP residents;
- partially by both, the Administrator-enterprise and the IP residents.

This option means that the private investor, as the Administrator-enterprise, and the IP residents may privatize the public property land associated with constructions, under the Law on Industrial Parks.

**Conclusions:**

This scenario sets forth the possibility of the private strategic investor and of IP residents to benefit from the facilities granted by the Law on Industrial Parks, including the right to privatize the land associated with constructions. This will guarantee the participation in the IP establishing and operation of important investors, who invest in strategic industrial sectors, which are priority for the development of the municipality and NDR.

**Conclusions:**

The analysis of the scenarios shows that scenario 1 is a pessimistic one, as it contains the risk of deficiency or lack of funds for the construction of technical and production infrastructure of IP.

Scenarios 2 and 3 are therefore more feasible.

Scenario 2, according to the conditions of the PPP agreement, may be attractive for both the public partner – the FEZ Administration, and for the private partner – the strategic investor. However, this alternative has the risk of deficiency of funds allocated by Bălți FEZ Administration for the creation of external infrastructure of IP, which may extend the period of establishing of IP and reduce the attractiveness of the project for private strategic investors.
Scenario 3 is more attractive for the private strategic investor and IP residents, as it ensures the financial independence of the Administrator-enterprise and the establishing of IP within the suitable period.

It should be mentioned that, according to scenarios 2 and 3, the private investor participating in the funding of establishing of IP or of the external infrastructure of the IP, which is part of the infrastructure of subzone no. 3, may be exempt from the payment of zonal charges and land rental payments to the extent of his investment, under a contract with Bălți FEZ Administration.

A comparative analysis of funding scenarios for the creation of technical and production infrastructure of IP is shown in Table 7.

Table 7. Advantages and disadvantages of funding scenarios for creation of technical and production infrastructure of the IP and for the establishment of the Administrator-enterprise

<table>
<thead>
<tr>
<th>N</th>
<th>Funding options for creation of IP infrastructure</th>
<th>Principle of establishment of the Administrator-enterprise</th>
<th>Advantages</th>
<th>Disadvantages</th>
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<tbody>
<tr>
<td>1.</td>
<td><strong>Funds from the budget of FEZ Administration</strong></td>
<td>FEZ Administration becomes the IP Administrator-enterprise as well</td>
<td>1. Residents receive under lease the finished technical and production infrastructure. 2. According to Law on Industrial Parks, IP residents are entitled to privatize the land adjacent to the buildings at the normative price.</td>
<td>Risk of deficiency or lack of funds allocated by Bălți FEZ Administration that may extend the period of establishing of the IP, reduction of attractiveness of the project and the loss of a part of residents.</td>
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<tr>
<td>2.</td>
<td><strong>Funds from a public-private partnership</strong></td>
<td>Commercial company (limited liability company) Founder: private strategic investor</td>
<td>1. – FEZ Administration will transfer the lot for management to the IP Administrator-enterprise under an agreement concluded under the Law on Public Private Partnership. - Profitable use of land 2. According to the Law on Industrial Parks, goods and the adjacent land may be privatized at a lower price than the normative price.</td>
<td>1. The Administrator-enterprise and IP residents are not entitled to privatize the land adjacent to the buildings at the normative price under the Law on Industrial Parks. 2. Clear restrictions for the investor in establishing the object of PPP.</td>
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<td>normative price.</td>
<td>3. Reduction of financial load over the parties funding the creation of IP infrastructure: - the private strategic investor funds the internal technical and production infrastructure; - FEZ Administration funds the external infrastructure.</td>
<td>3. Risk of deficit of funds of FEZ Administration for the creation of the external infrastructure.</td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td><strong>Funds of the private strategic investor</strong></td>
<td>Commercial company (limited liability company) Founder: private strategic investor</td>
<td>Risk of deficiency of funds of the private strategic investor.</td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>According to the Law on Industrial Parks, the Administrator-enterprise and IP residents may privatize the land adjacent to the buildings at the normative price.</td>
<td>2. Increasing the attractiveness of the project for the establishing of IP by obtaining guarantees for purchase of the land adjacent to the buildings.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>3. Financial independence of the Administrator-enterprise, which will contribute to the establishing of the IP within the shortest period.</td>
<td>3. Financial independence of the Administrator-enterprise, which will contribute to the establishing of the IP within the shortest period.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>4. Shortening of the period of attraction of IP residents by offering any facilities under the Law on Industrial Parks.</td>
<td>4. Shortening of the period of attraction of IP residents by offering any facilities under the Law on Industrial Parks.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5.</td>
<td>5. Enhancement of efficiency of administration of state property.</td>
<td>5. Enhancement of efficiency of administration of state property.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
4.3 Organizing the activity of the industrial park

4.3.1 Selecting the IP investor

The implementation of the optimal scenario requires that the initiator of the IP establishing – the Ministry of Economy will run, in accordance with the law, an investment tender for the selection of a private strategic investor of the IP (hereinafter referred to as the Investor). Both residents and non-residents are entitled to take part in the tender.

The next stage requires that the Investor obtain the right to be registered as a resident of Bălți FEZ in order conclude with the FEZ Administration a contract on carrying out business activity within the free economic zone. This process will be regulated by the Law on Free Economic Zones. Investors that are not residents of the Republic of Moldova, will be registered as subjects of entrepreneurial activity under the Law on Entrepreneurship and Enterprises No. 845-XII of January 3, 1992.

Thus, after this stage, two legal entities will interact: one public, a state authority – Bălți FEZ Administration, and one private – the IP Investor as a FEZ resident.

On the basis of this contract, the Investor will take on lease a lot with an area of at least 15 ha from the entire area allocated for the IP (30 ha). The contract will be concluded for the entire period of activity of the FEZ – 25 years.

In the contract there shall be indicated:

a) the authorized type of activity;
b) the rights and obligations of the resident and of the Administration;
c) the economic project to be implemented in the free zone and its estimated parameters;
d) the size of zonal payments and of rental payments and fees;
e) the facilities granted to the resident by the Administration;
f) the types of reports to be submitted by the resident;
g) the responsibilities of the parties, in case of infringement of contractual requirements.

The maximum amounts of zonal payments and fees are shown in Table 7.
Table 7. Zonal payments and fees in Bălți FEZ

<table>
<thead>
<tr>
<th>N</th>
<th>Zonal payments and fees</th>
<th>Amount (maximum)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>(recalculated according to the currency exchange rate of the NBM)</td>
</tr>
<tr>
<td>1.</td>
<td>Tender participation fee</td>
<td>400 Euro</td>
</tr>
<tr>
<td>2.</td>
<td>Resident registration fee</td>
<td>600 Euro</td>
</tr>
<tr>
<td>3.</td>
<td>Authorization fee charged for types of activities (for each type of activity for the contractual period)</td>
<td>1000 Euro</td>
</tr>
<tr>
<td>4.</td>
<td>Zonal charge from:</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- the net sales volume</td>
<td>up to 1%</td>
</tr>
<tr>
<td></td>
<td>- volume of provided services</td>
<td>up to 2%</td>
</tr>
<tr>
<td></td>
<td>- others</td>
<td>up to 2%</td>
</tr>
</tbody>
</table>

4.3.2 Establishing the IP Administrator-enterprise and obtaining the “industrial park” title

The activity of IP will be organized based on the administration mechanisms of the Administrator-enterprise, which is obliged to create the IP infrastructure and to facilitate the current activity of the resident enterprises.

According to the scenario selected, the IP Investor and FEZ resident will become the IP Administrator-enterprise. In this case the Investor will proceed to the registration of the Administrator-enterprise and to obtaining the “industrial park” title under the Law on Industrial Park. The preliminary decision to grant the “industrial park” title will be adopted by the Ministry of Economy and subsequently approved by the Decision of the Government of the Republic of Moldova. The “industrial park” title will be granted for a period of 30 years.

The IP Administrator-enterprise may be organized as a limited liability company.

4.3.2.1 Duties and obligations of the IP Administrator-enterprise

In order to ensure an efficient operation of the IP, the Administrator-enterprise shall perform the duties and obligations related to the establishment and development of the park (business planning, attraction of investments, marketing, removal of
compulsions, etc.), and its continuous operation (maintenance, provision of resources, etc.).

**Main duties of the Administrator-enterprise:**

- to coordinate and monitor the process of creation of technical and production infrastructure, and the production activity of the industrial park;
- to organize tenders for selecting the residents of the industrial park;
- to develop and promote development strategies and programs for the industrial park;
- to attract investors for the development of production activities and provision of services in the industrial park;
- to ensure the normal operation of utility networks in compliance with the technical requirements;
- to develop the technical and production infrastructure in accordance with the technological needs;
- to supervise how the conditions of the contracts concluded with the industrial park residents are fulfilled;
- to collaborate with the specialized central public administration bodies and with the local public administration authorities;
- to be held responsible for the rational and purposeful use of means allocated from the state budget or from the budgets of the administrative-territorial units for creation of technical and production infrastructure.

The services rendered by the Administrator-enterprise need to be diverse so as to ensure the proper operation of the industrial park. Structural units of the park depend directly on the organization of activity of the Administrator-enterprise.

In addition, the Administrator-enterprise may render to IP residents *additional (ancillary) services* for more efficiency of its own activity, taking into account the locating benefits in the industrial park, which may include the following:

- reception, acceptance, and transmission of telephone messages; drawing up and printing of documents;
- legal assistance services;
- transport and logistics services;
- marketing services;
- accounting services;
- rental of offices, catering premises, and of other premises intended for the provision of services to be ensured by corresponding companies (banking, courier, and postal services, medical assistance);
- consulting services, etc.

The set of ancillary services is proposed to be as diverse as possible for reasons of the support concept the Administrator-enterprise must comply with when dealing with the IP resident enterprises.

In accordance with the concept of delivering a comprehensive package of basic and ancillary services, there are several possible approaches for implementation of the planned duties and obligations of the Administrator-enterprise. The whole spectrum of duties will be performed directly by the structural units of the Administrator-enterprise. However, certain services may be provided by third-party outsourcing companies.

4.3.3 Selecting IP residents

Residents and investment projects for the industrial park established based on public property will be selected through a tender for the selection of residents and investment projects for the industrial park, such tender being approved by the Government.

Residents will be selected in 2 stages:

**Stage I** – Selection of IP residents carried out by the IP Administrator-enterprise.

**Stage II** – Selection of FEZ residents carried out by Bălți FEZ Administration under the Law on Free Economic Zones.

The economic entities selected and the IP Administrator-enterprise will conclude contracts on carrying out business activity within the industrial park and will obtain the title of residents of the park.

Investment projects submitted for the tender shall meet the requirements concerning the activities authorized by Bălți FEZ, and the requirements concerning the priority types of activity, which shall correspond to the basic mission of the industrial park – high added value and direct impacts on the social and economic environment, having the following **main criteria:**
**Prevailing types of activity:**

- machine-building and manufacture of equipment, including the manufacture of metallic final products;
- manufacture of electric and electronic equipment.

**Criteria for the organization of production:**

- manufacture of hi-tech, including energy saving technologies;
- assembly activities with an intensive use of human resources;
- ecological production.

**Criteria for the products:**

- products with high added value;
- export-oriented products;
- products proposed to replace imported goods.

### 4.3.4 Legal Action Plan for the IP establishing

According to the law, the legal Action Plan necessary for the establishing of IP consists of the following stages (Table 8):

**Table 8. Legal Action Plan**

<table>
<thead>
<tr>
<th>No.</th>
<th>Stages</th>
<th>Authority in charge</th>
<th>Deliverable</th>
<th>Period</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Elaborating, on the basis of a study, materials concerning the initiation of the investment tender for the selection of the private strategic investor for the establishing of the IP</td>
<td>Ministry of Economy</td>
<td>The necessary materials, including the requirements specification</td>
<td>March 2011</td>
</tr>
<tr>
<td>2.</td>
<td>Organizing the investment tender for the selection of the private strategic investor for the establishing of the IP</td>
<td>Ministry of Economy</td>
<td>Minutes of the tender</td>
<td>April 2011</td>
</tr>
<tr>
<td>3.</td>
<td>Conducting a tender for the private strategic investor to acquire the right to be registered as a resident of Bălți FEZ</td>
<td>Bălți FEZ Administration in coordination with the Ministry of Economy</td>
<td>Minutes on granting the selected private strategic investor the right to be registered as a resident of Bălți FEZ</td>
<td>April 2011</td>
</tr>
<tr>
<td>4.</td>
<td>Registering the private strategic investor, which is non-resident of the Republic of Moldova, as a Private strategic investor</td>
<td>Private strategic</td>
<td>Registration Certificate of the commercial company (SRL) issued</td>
<td>May 2011</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>---</td>
<td>---</td>
<td>---</td>
<td></td>
<td></td>
</tr>
<tr>
<td>subject of entrepreneurial activity in the Republic of Moldova, as the case may be</td>
<td>investor</td>
<td>by the State Registration Chamber of the Republic of Moldova</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Registering the commercial company as a resident of Bălți FEZ</td>
<td>Bălți FEZ Administration, commercial company (LTD)</td>
<td>Contract signed by Bălți FEZ Administrator and the Director of the commercial company according to which a lot of at least 15 ha proposed for the establishing of IP will be taken on lease</td>
<td>May 2011</td>
<td></td>
</tr>
<tr>
<td>6. Filing an application with the Local Council for support in the establishing and operation of the industrial park</td>
<td>Director of the commercial company</td>
<td>The application and related documents submitted to the Local Council</td>
<td>May 2011</td>
<td></td>
</tr>
<tr>
<td>7. Adopting the decision to support the establishing and operation of the industrial park</td>
<td>Bălți Local Council</td>
<td>Support for the establishing and operation of the industrial park</td>
<td>May 2011</td>
<td></td>
</tr>
<tr>
<td>8. Appointing a Committee for the establishing of the industrial park</td>
<td>Bălți Mayoralty</td>
<td>Decision of the Local Council concerning the appointment of the Committee for the establishing of the industrial park</td>
<td>May 2011</td>
<td></td>
</tr>
<tr>
<td>9. Preparing materials necessary for obtaining the “industrial park” title and submitting them to the Ministry of Economy</td>
<td>Director of the commercial company</td>
<td>a) copies of the constituent documents of the limited liability company; b) copies of documents confirming the right of use for at least 30 years over the lot allocated for the establishing of the industrial park; c) the plan of the lot meant for the establishing of the industrial park; d) the statement of the holder or owner on the fulfillment of conditions specified in art. 5 let. a) and b) of the Law on Industrial Parks; e) certificates issued by holders of public utility networks;</td>
<td>June 2011</td>
<td></td>
</tr>
<tr>
<td>Step</td>
<td>Action Description</td>
<td>Responsible Party</td>
<td>Documents Required</td>
<td>Date</td>
</tr>
<tr>
<td>------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>-----------------------------</td>
<td>-------------------------------------------------------------------------------------</td>
<td>------------</td>
</tr>
<tr>
<td>10.</td>
<td>Filing an application with the Ministry of Economy for obtaining the “industrial park” title</td>
<td>Administratorul SRL</td>
<td>The application and the set of documents necessary for obtaining the “industrial park” title specified above</td>
<td>June 2011</td>
</tr>
<tr>
<td>11.</td>
<td>Adoption of the preliminary decision to grant the “industrial park” title to the commercial company</td>
<td>Ministry of Economy</td>
<td>Draft decision of the Government to grant the “industrial park” title to the commercial company</td>
<td>June 2011</td>
</tr>
<tr>
<td>12.</td>
<td>Obtaining the “industrial park” title</td>
<td>Government of the Republic of Moldova</td>
<td>Decision of the Government of the Republic of Moldova to grant the “industrial park” title to the commercial company</td>
<td>July 2011</td>
</tr>
</tbody>
</table>
4.4 Creating the infrastructure for the IP

4.4.1 Technical data of the industrial park

4.4.1.1 Configuration of the industrial park

Functional structure is highly important for the determination of configuration of the IP. From the point of view of destination, the IP territory will be divided into (i) residential area, (ii) management area, and (iii) infrastructure area (Annex C, D). A part of the residential area will be leased as production spaces or lots.

Consequently, the residential area will be divided into (a) the subzone in which the Administrator-enterprise will lease production spaces to residents and (b) the subzone in which the Administrator-enterprise will lease lots to residents who will build the industrial infrastructure on their own account.

The technical solution for the construction of the IP has the following basic characteristics:

**Services:**

a) *Services provided by the Administrator-enterprise of the industrial park:*

- lease of lots;
- lease of production halls;
- public lighting on the IP territory;
- parking area for visitors;
- providing the necessary infrastructure and utilities (access to the road, water supply and sewerage, gas and electricity supply, telecommunications, and other utilities).

b) *Ancillary services provided by the Administrator-enterprise:*

- reception, acceptance, and transmission of telephone messages; drawing up and printing of documents;
- legal assistance services;
- transport and logistics services;
- marketing services;
- accounting services;
rental of offices, catering premises, and of other premises intended for the provision of services to be ensured by corresponding companies (banking, courier, and postal services, medical assistance);

consulting services, etc.

The functional destination of the lots will have the following configuration:

According to destination, the area meant for the establishing of IP will be divided into the area of the Administrator-enterprise, residential area, and infrastructure area (roads, engineering networks, etc.).

Table 9 Structure of the industrial park area

<table>
<thead>
<tr>
<th>Destination</th>
<th>Area, ha</th>
<th>Share, %</th>
<th>Area with buildings and constructions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td>ha</td>
</tr>
<tr>
<td>Area of the Administrator-enterprise</td>
<td>0.9</td>
<td>3%</td>
<td>0.4</td>
</tr>
<tr>
<td>Residential area</td>
<td>27.0</td>
<td>90%</td>
<td>16.2</td>
</tr>
<tr>
<td>Infrastructure area</td>
<td>2.1</td>
<td>7%</td>
<td>1.3</td>
</tr>
<tr>
<td>Total</td>
<td>30.0</td>
<td>100%</td>
<td>17.9</td>
</tr>
</tbody>
</table>

a) Residential area consists of: (i) subzone of halls for lease and (ii) subzone of lots where residents will build the necessary premises on their own account.

The Subzone of halls meant for lease is the lot on which the production halls to be leased to the residents of the industrial park are situated. The minimum production hall area per resident will be 1500 sq. m. due to the fact that, according to the world practice, the average size of production halls ranges from 1500 sq. m. to 5000 sq. m.

The Subzone of lots – the land lots will have access to the internal road and will be connected to the internal utilities. The residents will create on these lots the industrial infrastructure on their own account. The infrastructure will include industrial halls/buildings for production activity and for any activity relevant for the profile of the industrial park, warehouses and platforms. The minimum size of the lots to be leased subject to tender procedures is approximately 0.51 ha. No limit has been established for
the size of resident lots. Thus the residents may adjust the size of their lots according to their needs. However, it is obvious that it can not exceed the limits of the lot available for this subzone and in conformity with the management plan of the administrator.

**Table 10. Structure of the residential area**

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Subzone halls meant for lease</th>
<th>Subzone Land lots</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share of the residential area</td>
<td>30%</td>
<td>70%</td>
<td>100%</td>
</tr>
<tr>
<td>Lot area, ha</td>
<td>8,1</td>
<td>18,9</td>
<td>27,0</td>
</tr>
<tr>
<td>Area meant for constructions, sq. m.</td>
<td>48 600</td>
<td>113 400</td>
<td>162 000</td>
</tr>
<tr>
<td>Minimum area per resident, ha</td>
<td>0,7</td>
<td>1,0</td>
<td>-</td>
</tr>
<tr>
<td>Minimum area meant for construction per resident, m²</td>
<td>5 000</td>
<td>6 000</td>
<td>-</td>
</tr>
<tr>
<td>Maximum number of resident enterprises</td>
<td>9</td>
<td>18</td>
<td>27</td>
</tr>
</tbody>
</table>

b) The area of the Administrator-enterprise includes: the office building, the parking lot, greenery.

c) The infrastructure area includes the lot, which contains the roads, the public utilities inside the industrial park, etc.

**4.4.1.2 Constructions**

Within the industrial park it is proposed to build production and storage facilities, an engineering area, an administrative area and offices.

The structures shall be metallic, of sandwich panel type, characterized by a high degree of functionality, low construction and maintenance costs, and large space area used. It shall not be neglected the high strength and low own weight of the materials used that ensure a solid and durable structure of the panels.

As it has been mentioned before, the optimal area of production halls in industrial parks varies from 1500 sq.m. to 5000 sq.m.

**4.4.1.3 Utilities and infrastructure**

*Improvement of the territory of the industrial park.* In order to ensure the functionality of the industrial park, the following minimum works of improvement will be carried out:
- installation of a peripheral lighting system and a lighting system along the internal roads;
- construction of a platform for collection and disposal of solid waste from the common area of the IP;
- construction and improvement of a parking lot;
- installation of road signs and information signs along the internal roads of the industrial park;
- sewerage;
- fencing of the park along the entire perimeter of its territory
- improvement with greenery.

The description and specifications on these works are presented below.

**Installation of the lighting system.** The lighting system for the internal roads of public utility will be represented by an underground power line of 0,4 kV passing along motor roads of public utility (on the left side of the roads) provided with light poles with LED street lamps. The underground power line will be 1624 meters long. The distance between the light poles will be 40 meters. There will be a total of 26 poles.

**Platforms for collection and disposal of solid waste.** At the intersection of the internal roads of public utility platforms will be built for collection and disposal of solid waste. The platforms will be asphalted fenced areas of 16 sq.m, which will be used for collecting waste in a common space. Residents will be responsible for collection and disposal of own waste.

**Road signs and information signs** will be installed along internal roads of public utility. The number of road and information signs will be determined upon the elaboration of the technical project of the park.

**Pluvial water disposal.** In the Republic of Moldova heavy rainfalls may occur with precipitation of approximately 160 millimeters per rain with an average duration of a rain of approximately 120 minutes. Precipitation will correspond to the accumulations of water of 0,08 cubic meters per hour or 0,02 l per second, per 1 sq.m. of the lot. These water flows accumulated from asphalted areas and from the roofs of the park buildings
need to be disposed of. The total area of these territory accounts for about 30% of the park area, which equals to 90 000 sq.m. The maximum capacity of disposal of water in critical points of exit from the area must be 1116 l per second. Rainwater will be disposed of through Maxi 160 pipes with a disposal capacity of 16 m/s.

**Fencing of the park.** The perimeter of IP is 2188 meters long. Thus, 2188 meters of fence (wire mesh 2 m high and 2 m wide) are required for its fencing.

**Green area.** According to the zoning, the entire area of the industrial park will be divided into the managing area and the infrastructure area (approx. 10% of the lot), and the residential area (approx. 90% of the lot). In order to let the residents improve their lots freely, we suggest that decorative trees be planted only in the common areas of the industrial park. Thus, the improved area will be approximately 4000 sq.m.

### 4.4.1.4 Necessary utilities

Electricity and natural gas supply required by the IP (Table. 11) was assessed on the basis of the data concerning similar needs of similar industrial enterprises (machine-building and electronics).

**Table 11. Needs for public utilities**

<table>
<thead>
<tr>
<th>No.</th>
<th>Residents</th>
<th>Electricity, MW</th>
<th>Natural gas, thousand cubic meters per year</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Industrial park</td>
<td>0,2</td>
<td>1,0</td>
</tr>
<tr>
<td>II</td>
<td>Subzone no. 3 except the industrial park, including:</td>
<td>1,8</td>
<td>9,0</td>
</tr>
<tr>
<td></td>
<td>UNGER</td>
<td>0,5</td>
<td>1,5</td>
</tr>
<tr>
<td></td>
<td>WISSMATEC</td>
<td>0,2</td>
<td>0,5</td>
</tr>
<tr>
<td>3</td>
<td>Business center and exhibition hall</td>
<td>0,2</td>
<td>1,5</td>
</tr>
<tr>
<td>4</td>
<td>Packaging hall and refrigerated warehouse</td>
<td>0,4</td>
<td>1,5</td>
</tr>
<tr>
<td>5</td>
<td>Logistics center</td>
<td>0,1</td>
<td>0,5</td>
</tr>
<tr>
<td>6</td>
<td>Customs terminal</td>
<td>0,2</td>
<td>0,8</td>
</tr>
<tr>
<td>7</td>
<td>Other FEZ residents</td>
<td>0,1</td>
<td>1,2</td>
</tr>
<tr>
<td>8</td>
<td>Other businesses involved in auxiliary activities</td>
<td>0,1</td>
<td>1,5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td><strong>2,0</strong></td>
<td><strong>10,0</strong></td>
</tr>
</tbody>
</table>
The capacity and configuration of the roads and internal public utility networks of the IP shall ensure for the IP residents minimum distances between the location of enterprises and the points of connection to roads and public utility networks, in order to minimize the connection costs and the costs for the construction and maintenance of roads and public utility networks.

4.4.1.5 Internal infrastructure

Water pipes, sewage pipes, and gas pipes of intermediate pressure and power and telephone cables will be under the internal road surfacing. For the installation of networks, a 1,4 m high channel with stairs will be dug, so that the distance between the pipes and the cables is 1 m bias. Sewerage will be mounted in the deepest channel. The next two stairs of the channel will be intended for the mounting of gas pipes and water pipes, on different sides. The sewerage wells will be installed perpendicularly to the pipe and will have an outlet to the road at a distance of 40 m. The sewerage wells will be provided with 20 m branches leading to the adjacent areas. Water pipes and gas pipes will also be provided with 20 m branches located at the same intervals, which initially will be closed. Power lines and telephone cables will be mounted on the stairs of the channel under the road surfacing. The channel for power lines may also include the power line for public lighting. Branches leading to adjacent areas will be 20 m long. The channels will be covered with earth.

Internal road. The lot meant for the establishing of the industrial park is located at the intersection of the international road M4 (Bălţi-Floreşti-Soroca), the belt road with direct access to the national road Bălţi-Chişinău, and the international road M14 (Bălţi-Edinet-Cernauti). Moreover, through the belt road the park has access to the European road E583 (Vienna —Ujgorod – Chişinău —Odessa —Rostov-on-Don) (Annex B).

Access to industrial units of the park will be ensured by constructing a street connected to the national public road – Aerodromului Street – and to the belt road the distance between Aerodromului Street and the border of the industrial park is approximately 200 m.

Additional streets providing free access to constructions on the territory, to production spaces, to warehouses, to the office building, etc will be built in the industrial park. The total length of the internal road will be approximately 1624 m.
Drinking water. The length of internal drinking water pipes will be equal with the length of internal roads and will make up 1624 meters.

Sewer pipes. The territory meant for the establishing of the industrial park is provided with a sewer pipe. However, adjustments and modernization works are required. The length of the internal sewer pipe will be equal with the length of internal roads, that is 1624 meters. According to the normative date, the estimated volume of 10 l of water per second requires pipes with the diameter of 200 mm.

Gas supply. The inner diameter of the polyethylene gas pipe is approximately 65 mm. The standard outer diameter of the polyethylene gas pipe is 90 mm and the walls are 5.2 mm thick. The internal natural gas pipes of public utility will be 1624 meters long.

Power supply. The underground construction method may be used for the construction of power supply and telephone networks. Along the perimeter of the park a 2188m power line will be mounted under the ground. Cables for internal public lighting and telephone cables will be mounted under the ground, on the side of the internal road and will be 1624 m long. Power supply for IP and subzone no.3 of Balți FEZ will be provided from substation 110/10 kW with the capacity of 2x10 MW A, which will be built at the border of the industrial park.

Heating. A building needs to be heated in order to compensate its heat loss caused by air renewal (dynamic loss) on the one hand and the heat loss caused by heat lost through the walls (static loss) on the other hand.

There are two alternatives for supplying heat to the industrial park facilities:

Alternative I. Building a main connecting the current heat supplier (SA CET-NORD) and the final consumers (residents of the industrial park). For main construction it is required to calculate the heat energy output corresponding to the specific consumption of 27 economic agents employed in production activity.

Alternative II. Another option would be heating of production halls by autonomous hot air heating installations or radiant heaters, as determined by building height and type of insulation.
For low, 4 to 6-meter high, fully isolated and heated buildings, heating by hot air will be a more investment-saving solution.

Infrared radiant heating (radiant heating panels, radiant tubes, radiant tubing) will be used for buildings with considerable heat losses – buildings of 5 meters or more height with poor insulation, or if heating of a particular sector or part of the building is required.

At present, the heat-and-power sector of Bălți municipality is affected by the gap between supply and demand, by the internal and external investment deficit, and by the decay of production capacities. Consequently, appears the risk that the current heat supplier may not be able to supply with heat in full the buildings of the industrial park.

Considering the above facts and the world practice, the author hereof suggests that the heating supply for the buildings of the industrial park be ensured by the construction of autonomous heating installations. (Alternative II).

4.4.1.6 External Infrastructure

On the surface of the lot meant for IP, neither surface, nor underground buildings exist, except for the central sewer main. In the immediate vicinity of the lot are located roads, networks, and utilities described below.

**Power supply.** In order to supply the subzones no.3 and no.4 of Bălți FEZ with electricity, the ENERGPROIECТ Institute of Research, Planning and Technology suggests, for power safety reasons, the construction of the following:

- Substation 110/10 kW with a capacity of 2x10 MW A;

- Two high-voltage lines of 110 kW, one connected from substation 330 kW Bălți (cca 7,5 km) and the other from Selimaș substation (about 2,5 km);

- Block of the high-voltage line 110 kW to substation 330 kW Bălți;

- the substation 110/10 kW will be connected to the substation located on the territory of Moldagrotehnica enterprise using two underground lines of 10 kW, in order to provide for the power security of the subzone no.2.

**Water supply network.** The current water supply system of Bălți represents a complex of buildings and networks providing the municipality with water. There are two sources supplying water to the municipality – Soroca-Bălți water main and the artesian wells.
There are 58 artesian wells, among which:

- Copceanca water intake zone - 16 units with an output of 890 cubic meters/hour;
- Rauțel water intake zone - 12 units with an output of 890 cubic meters/hour;
- municipal water intake zone - 19 units with an output of 385 cubic meters/hour;
- industrial water intake zone - 15 units with an output of 580 cubic meters/hour.

The water runs from Soroca-Bălți water main through a steel pipeline D = 1000 mm, reaches the drinking water tanks of V = 12 thousand m³ located in the area of I.M. FLORIBEL and then, through two pipelines D = 800 mm, enters the municipality:

- to the 7.8 km water pipeline, which reaches Copceanca pumping station and supplies water to the residential district Dacia, wards no. 5, 6, 7, 8, Bucovinei Street up to the railway;
- to the 5.5 km water pipeline supplying with water the central part of the municipality.

Opposite to the subzone no.3 of Bălți FEZ, the municipal water pipeline (Ø160 mm) is parallel to Aerodromului Street, at a distance of about 200 m, thus, making it possible to connect the industrial infrastructure of the industrial park to it.

**Sewerage network.** Bălți municipality has a *sewage and unused industrial water* treatment plant at a distance of 750 m from the lot the industrial park. The design capacity of the treatment plant is 60 thousand cubic meters/24 hours. In 2005, the water treatment plant purified 26.8 cubic meters/24 hours of wastewater.

The treatment plant includes:

- reception room;
- screen construction (МГ-11Т screen) - 3 units:
- grit tanks - 2 units with the capacity of 5.33 cubic meters;
- primary radial settling tanks D = 28 m. - 4 units;
- silt pumping station with ΦГ-216-22 pumps - 2 units;
- aeration tank with three sections with four passages;
- secondary radial settling tanks D = 40m. - 2 units;
- silt compressor D=24 m.;
- tanks for compressed silt $V=150$ cubic meters - 2 units;
- silt pumping station with three $400$ D $190$A, $8$-$\Phi 12$ pumps and two $\Phi \Gamma -216/22,5$ pumps;
- blowing house with $TB-175-1,6$ blowers - 3 units and $TB-300-1,6$ - 4 units;
- chlorination house with chlorine storage, capacity $50$ kg/hour;
- drainage pumping station, 2 units with $\Phi \Gamma -216/22,5$ pumps - 4 pcs.;
- discharge pipe $816$ m long;
- infiltration fields with drains - $53,2$ ha.

**Natural gas supply.** The point of connection of the lot intended for subzone no. 3 of Balt Free Economic Zone, including the industrial park, with the medium-pressure gas pipe $0,155\div0,25$ MPa, $\Ø 426$ mm of Bălți is located on Aerodromului Street, at a distance of about $200$ m.

**Indications concerning the design of employment and connection installations:**
- in order to reduce gas pressure, PRG should be fenced and the maintenance staff should be protected against atmospheric precipitation;

- PRG should be installed in the immediate vicinity of the street and have a separate entrance from the road; concreting of the working area and of the access to PRG;

- The diameter of gas supply networks should have the capacity to provide gas to any potential consumers, etc.

**Indications concerning the natural gas measurement device:**
- A unit recording gas consumption at the delimitation border, based on the usage of modern equipment for the correction of “$T$”, “$P$” technical parameters, provided with a data transmission device with an extended range of recording of gas consumption (min/max), certified on the territory of the Republic of Moldova. The make will be agreed upon in advance.

**Indications concerning the connection of the employment installation to the gas supply network:**
- Employment installations will be connected by the workers of SRL Bălți-gaz, after commissioning.

**Driveways.** As it has been mentioned above, the lot proposed for the establishing of the industrial park is situated at the intersection of the international road M4 (Bălți-Florești-Soroca) and of the belt road, which has direct access to the national road Bălți-Chișinău and the international road M14 (Bălți-Chernovtsy). Moreover, due to the belt road, the park will have access to the European road E583 (Vienna — Ujgorod — Chișinău — Odessa – Rostov-on-Don).

Vehicles and pedestrians will have access to the industrial units through a street connected to the national public road of Aerodromului Street and the belt road. The distance between Aerodromului Street and the border of the lot intended for the development of the industrial park is approximately 200 m.

**Railway.** As it has been mentioned before, three railway lines meet in Bălți municipality: Bălți-Ribnisa, Bălți-Ungheni and Bălți-Ocnița. There are two railway stations in the municipality. The main railway station is Bălți-Slobozia station, also called Gara de Nord. The second is Bălți-City, called Gara de Vest. It is a transit point of international routes coming from Chișinău.

Through the belt road the residents of the industrial park will have direct access to the branch of the industrial railway, which is at a distance of maximum 700 m, in the region of the subzone no.2 of Bălți FEZ.

### 4.4.2 Estimated cost for establishing of the industrial park

This feasibility study sets forth the possibility to develop the lot allocated for the establishing of IP in two stages. A condition for the initial stage is the creation of technical and production infrastructure on an area of at least 15 ha.

It should be mentioned that the calculations presented in chapter 4 were made for the entire area of the lot proposed for the development of IP, that is 30 ha.

#### 4.4.2.1 Land improvement

**Installation of the lighting system.** Taking into account the prices of necessary materials and the experience gained in similar works, the minimum cost of the construction of one kilometer of power line of 0.4 - 10 kilovolt is around 200 thousand leli. So, about 324,8 thousand MDL will be spent for the construction of power line 1624 meters long. A LED street lamp of 2000 MDL will be installed on each light pole of the power line. 41 lamps will cost 82 thousand MDL. The total costs for the lighting system
of internal roads of public utility will amount to approximately 406,8 thousand MDL.

The cost of the lighting system of the IP perimeter by using a power line of 0,4 kW with a length of 188 meters will be around 544 thousand MDL.

The total cost of the lighting system will be **950,8 thousand MDL**.

**Platforms for collection and disposal of solid waste.** The cost for their construction is estimated at the amount of **12,0 thousand MDL**.

**Garbage cans.** As the cost of a У-5 garbage can is 300 MDL, the total cost of the approximately 600 garbage cans necessary in the park will be around **18,0 thousand MDL**.

**Fencing of the IP territory.** The purchase and installation of 100 m of a 2 m high wire mesh will cost approximately 32,0 thousand MDL. The length of the perimeter of the IP is 2188 m. Investments for the purchase and installation of the mesh will amount to **700,6 thousand MDL**.

**Pluvial water disposal.** It has been previously established that Maxi 160 pipes will be used for the construction of rainwater disposal pipeline alongside the internal road. The construction cost of one kilometer of such pipeline is estimated at 500 thousand MDL, and the construction of a 1624 meters long channel will cost about **812,0 thousand MDL**.

**Green areas.** The area with decorative trees will cover about 4000 square meters. The estimated cost of one square meter is 200 MDL. Thus, landscaping will cost approximately **800 thousand MDL**.

The investments necessary for the improvement of the Industrial Park are shown in Table 12.

**Table 12. Investments necessary for the improvement of the IP territory**

<table>
<thead>
<tr>
<th>Objects of improvement</th>
<th>Amount of investments, thousand MDL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Grading of the territory 17,9 ha, (5 663 m³/ha; 51 MDL/m³),</td>
<td>5169,0</td>
</tr>
<tr>
<td>Installation of the lighting system</td>
<td>950,8</td>
</tr>
</tbody>
</table>
### 4.4.2.2 Internal infrastructure

**Internal roads.** Depending on the infrastructure lot area of cca 1,3 ha (Table 9), the length of internal roads was determined at cca 1624 m. The construction cost of one kilometer of IV category road will be circa 16,178 million MDL. Capital investments for the construction of internal roads of 1624 m will amount to **27,25 million MDL**.

**Electricity.** As it has been mentioned above, the minimum cost for the construction of a kilometer of a power line of 0,4 - 10 kW will amount to circa 200 thousand MDL. Thus, 1624 m of power line will cost cca **324,8 thousand MDL**. The connection of residents to the power supply network will cost approximately **32,5 thousand MDL** (10% of the total cost).

**Water supply networks.** The construction of 1 km long water pipe with a standard diameter of 110 mm will cost circa **220 thousand MDL**. Thus, a 1624 m long water pipe will require investments amounting to **357,3 thousand MDL**. The preparation for the connection of residential areas to the network makes 10% of the cost of the network, or **35,7 thousand MDL**.

**Sewerage networks.** The construction of a sewer pipeline by placing polyethylene pipes with the diameter of 200 mm at the depth of up to 2 m will cost approximately 252 thousand MDL per 1 km. As regards the necessary length (1624 m), capital investments for the construction of internal sewer pipelines of public utility will amount to about **409,2 thousand MDL**. The preparation for the connection of residents to the sewerage network makes 10% of the cost of the network, that is **40,9 thousand MDL**.

<table>
<thead>
<tr>
<th>Description</th>
<th>Cost</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of platforms for collection and disposal of solid waste</td>
<td>12,0</td>
</tr>
<tr>
<td>Purchase of garbage cans</td>
<td>18,0</td>
</tr>
<tr>
<td>Fencing of the Park</td>
<td>700,6</td>
</tr>
<tr>
<td>Construction of the pluvial water disposal system</td>
<td>812,0</td>
</tr>
<tr>
<td>Landscaping</td>
<td>800,0</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8462,4</strong></td>
</tr>
</tbody>
</table>
Natural gas. It is known from experience that, in the Republic of Moldova, the construction of a polyethylene medium pressure gas pipeline on a distance of 1 km costs 120 thousand MDL. So 1624 m of pipeline require capital investments amounting to circa 194,8 thousand MDL. The preparation for the connection of residents to the network makes 10% of the cost of the network, that is 19,4 thousand MDL.

The estimated investments necessary for public utilities inside the IP are shown in Table 13.

Table 13. Estimation of investments necessary for the creation of public utilities inside the IP

<table>
<thead>
<tr>
<th>Type of construction</th>
<th>Amount of investments, thousand MDL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of long internal roads, 1624 m</td>
<td>27250,0</td>
</tr>
<tr>
<td>Construction of internal drinking water pipelines of public utility, 1624 m</td>
<td>393,0</td>
</tr>
<tr>
<td>Construction of sewer pipelines of public utility, 1624 m</td>
<td>450,1</td>
</tr>
<tr>
<td>Construction of internal natural gas pipelines of public utility, 1624 m</td>
<td>214,2</td>
</tr>
<tr>
<td>Construction of an underground power line, 1624 m</td>
<td>357,3</td>
</tr>
<tr>
<td>Total</td>
<td>28664,6</td>
</tr>
</tbody>
</table>

4.4.2.3 External infrastructure

Driveways. In order to provide the access of IP to the republican and local motor, the construction of a category IV driveway with a total length of 200 meters is needed. The construction of these roads requires capital investments in the amount of 3200 thousand MDL.

Electricity. As it has been mentioned above, in order to supply electricity to subzones no.2 and no. 3 of Bălți Free Economic Zone, from the point of view of power securitiy, ENERGPROIECT Institute of Research, Design, and Technology suggests the construction of the following:

- Substation 110/10 kW with the capacity of 2x10 MW A – 2,5 million USD;
- Two high-voltage lines of 110 kW, one connected from substation 330 kW Bălți (cca 7,5 km) and the other from substation Selimaş (cca 2,5 km) – 900,0 thousand USD;

- Block of the high-voltage line 110 kW at substation 330 kW Bălți – 100,0 thousand USD;

- the connection between substation 110/10 kW and the substation located on the territory of Moldagrotehnica enterprise will be made through two underground lines of 10 kW, in order to ensure the power security of subzone no.2 – 240,0 thousand USD.

The total cost of these works amounts to **3,74 million USD**

**Water.** Capital investments necessary for connecting the lot to the water pipeline traced along Aerodromului Street at a distance of 200 m amount to about **25 thousand euro** (*35 thousand Euro were spent for connecting subzone no.2 of Bălți FEZ, which is at a distance of 300m*).

**Sewerage.** The lot meant for the establishing of the IP is crossed by a recently built sewer pipeline and therefore, there is no need to construct another pipeline.

**Natural gas.** To connect the lot to the natural gas pipeline, Ø 246, situated on Aerodromului Street and observe the above indications, investments of about **30 thousand Euro** will be required.

The estimated amount of investments necessary for the creation of the external infrastructure of the IP is shown in Table 14.

**Table 14. Estimation of investments necessary for the creation of the external IP infrastructure**

<table>
<thead>
<tr>
<th>Type of construction</th>
<th>Amount of investments, thousand MDL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction of IV category driveways, 200 m</td>
<td>3200,0</td>
</tr>
<tr>
<td>Connection of the lot to the water pipeline</td>
<td>400,0</td>
</tr>
</tbody>
</table>
4.4.2.4 Constructions

Production halls for 9 residents with a total area of about 48 600 m² and the premises of the Administrator-enterprise with an area of cca 400 m² will be built within the industrial park. The constructions will be metallic (sandwich panels).

On the international market, such constructions are erected for an average price of 250 USD per 1 m² depending on the configuration, technical characteristics, materials, etc.

Thus, 48 600 m² will require investments amount to approximately **12 150,0 thousand USD**, and the building of the Administrator-enterprise with an area of cca 400 m² will require about **100 thousand USD**.

4.4.2.5 Total investments

The cost of the main works is shown in Table 15. The share of internal infrastructure amounts to 12% of the capital costs. The most important are the capital costs for the construction of production halls, which make a total of 63%.

<table>
<thead>
<tr>
<th>Capital costs</th>
<th>Estimated investments, thousand MDL</th>
<th>Share, %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land improvement</td>
<td>8462,4</td>
<td>4</td>
</tr>
<tr>
<td>Internal infrastructure</td>
<td>28664,6</td>
<td>12</td>
</tr>
<tr>
<td>External infrastructure</td>
<td>48880,0</td>
<td>21</td>
</tr>
<tr>
<td><strong>Construction (production halls, office building, etc.), 49 000 m²</strong></td>
<td>147000,0</td>
<td>63</td>
</tr>
<tr>
<td><strong>Total capital costs</strong></td>
<td><strong>233007,0</strong></td>
<td><strong>100</strong></td>
</tr>
</tbody>
</table>
### 4.4.2.6 Legal Action Plan for the construction of the technical and production infrastructure

<table>
<thead>
<tr>
<th>no.</th>
<th>Stage and activity</th>
<th>3</th>
<th>6</th>
<th>9</th>
<th>12</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Obtaining the documents and authorizations necessary for planning</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Obtaining the town planning certificate (art. 3, Law on Authorization of Construction No.163 of July 9, 2010)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>With the help of the town planning certificate the applicant/beneficiary will obtain (art.10, p.1, Law on Authorization of Construction No. 163 of July 9, 2010):</td>
<td></td>
<td></td>
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</tr>
<tr>
<td></td>
<td>- permits for connection to the municipal networks</td>
<td></td>
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</tr>
<tr>
<td></td>
<td>- network tracing plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- topographic study</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>- geotechnical prospecting</td>
<td></td>
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</tr>
<tr>
<td>II.</td>
<td>Prospecting, planning, expert examinations, authorization, and designer control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Execution of project documents (art. 13, Law on Quality of Construction No. 721 of February 2, 1996)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Submitting the project documentation to the chief architect of the city (art. 11, p.a, 3, Law on Authorization of Construction No.163 of July 9, 2010);</td>
<td></td>
<td></td>
<td></td>
<td></td>
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</tr>
<tr>
<td>3.</td>
<td>Verification of project documents by authorized inspectors or institutions (art.11, p.b, Act no. 549);</td>
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<td></td>
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<td></td>
</tr>
<tr>
<td>4.</td>
<td>Approval of project documents by the beneficiary (art.11, p.5, Law on Authorization of Construction No.163 of July 9, 2010).</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>III.</td>
<td>Building and erection works</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1.</td>
<td>Signing of the field supervision agreement by the beneficiary and the designer (art.12, p.1, f), Law on Authorization of Construction No.163 of July 9, 2010);</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2.</td>
<td>Obtaining a construction authorization (art.12, Law on Authorization of Construction No.163 of July 9, 2010);</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>Registering the construction authorization with the State Building Inspection (art.12, Law on Authorization of Construction No.163 of July 9, 2010);</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4.</td>
<td>Signing of the construction verification agreement by the beneficiary and the technical manager (Chapter. IV, art. 42 of the Annex to the Government Decision No. 361 of June 25, 1996 on construction quality assurance</td>
<td></td>
<td></td>
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<td></td>
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</tr>
<tr>
<td>5.</td>
<td>Informing the State Building Inspection of the beginning of construction works (art.23, p.1, Law on Authorization of Construction No.163 of July 9, 2010);</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Carrying out the construction with the execution of technical certificates of the construction (Chapter III, art.22, g, Law on Quality of Construction no. 721 as of February 2, 1996)</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IV.</td>
<td>Acceptance of finished works and execution of documents</td>
<td></td>
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<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Final acceptance (Government Decision no. 285 of May 23, 1996 on the approval of the Regulations on acceptance of constructions and adjacent installations)</td>
<td></td>
<td></td>
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<td></td>
<td></td>
</tr>
</tbody>
</table>
v. DESCRIPTION OF INVESTMENT PROJECTS

5.1 Investment projects in Bălți FEZ

In 2010 seven free economic zones operated on the territory of the Republic of Moldova, including Bălți FEZ, the activity of which started in May 2010.

As for 1 October 2010, 157 residents have already been registered in the free zones, 7 of which are businesses operating in Bălți FEZ.

The activity carried out the FEZ shows that the investors are already interested in this region. This enables us to suppose that the enterprises already operating here will show interest in the newly created park or will attract new interested investors.

Below are the main indicators of the activity of Bălți FEZ for 5 months (data as of 31 January 2010):

- Average number of employees – 1592;
- Total volume of investments - 7,8 million USD;
- Total volume of net sales of industrial production – 98,8 million MDL.

Generally speaking, the activity of the FEZ is mainly oriented towards industrial production for export. Thus, the share of industrial production in the total volume of activity of residents is 81,3%, which represents 100% of the industrial production exported.

It should be mentioned that, according to the data of 01.10.2010, the volume of products manufactured and services provided within FEZ calculated per 1 ha of the zone, amounted to 4,0 million MDL, placing 4th among the 7 zones.

Thus, from the very date of opening, an active development of the zone has been observed. The private strategic investor of the zone is DRAEXLMAIER AUTOMOTIVE SRL (limited liability company) with investments amounting to 6,4 million USD (82% of the total value of investments in Bălți FEZ). The other residents are satellite companies servicing the investor.

Below is a short description of Bălți FEZ.
DRAEXLMAIER AUTOMOTIVE SRL (limited liability company) carries out its activity in subzone no. 1 and leases the entire office building and the production areas.

In may 2010 it started to build a new plant of Draexlmaier Automotive SRL investing 25 million euro. The plant is situated on an area of 40 thousand square meters, which represents about 40% of the area of subzone no. 2, and the rest of the area will shortly be developed by its suppliers.

DRAEXLMAIER AUTOMOTIVE SRL is the first company with 100% foreign capital. It manufactures electrical cable for automotive industry in FEZ.

The company plans to have sales amounting to about 8 million euro per year at the first stage. The number of employees at the initial stage is 1500 people.

UNGER STEEL SRL (limited liability company) – a building company.

UNGER STEEL SRL plans to have sales amounting to circa 12 million euro and is the general entrepreneur involved in the building of the plant for ICS DRAEXLMAIER AUTOMOTIVE SRL. Later other residents may benefit from the services of this company. On the initial stage there are 6 employees.

KLAMPFER BUILDING SERVICES SRL (limited liability company) – a company with 100% foreign capital delivering engineering networks building and mounting services. At the beginning it renders its services to DRA DRAEXLMAIER AUTOMOTIVE SRL by contributing to the construction of the new plant. Later other residents will be able to benefit from the services of the company.

On the initial stage there are 5 employees.

KLAMPFER BUILDING SERVICES SRL plans to have sales amounting to about 3 million euro on the initial stage.

MAGIC V.S. SRL (limited liability company) holds domestic capital. The company also provides building services to the general entrepreneur DRA DRAEXLMAIER AUTOMOTIVE SRL.

On the initial stage there are 50 employees. MAGIC V.S. SRL Company plans sales amounting to cca 1 million euro.
ADMINISTRARE IMOBILIARA SRL (limited liability company) – this company renders leasing services to DRAEXLMAIER AUTOMOTIVE SRL and to other residents of the FEZ.

Administrare Imobiliara SRL plans sales amounting to circa 850 thousand euro per year. On the initial stage there are 23 employees.

NICA-R SRL (limited liability company) – within the FEZ this company provides catering services to the employees of DRAEXLMAIER AUTOMOTIVE SRL.

On the initial stage there are 6 employees. The company plans annual sales amounting to circa 100 thousand euro.

CLARITATE JSC – holds domestic capital and renders leasing services to DRAEXLMAIER AUTOMOTIVE SRL

The company plans sales amounting to cca 60 thousand euro per year.

5.2 Description of potential investors

In the period September-October 2010 Bălți FEZ Administration met with the representatives of foreign companies who visited the FEZ in order to find out the investment possibilities in the IP and FEZ.

HIRSCHMANN Automotive GmbH Concern. Meeting with the representatives Mr. Volker BUTH (General Director) and Thomas MAYER (Managing Director). The purpose of the visit was to get acquainted with the situation of Bălți FEZ in order to build a plant for the manufacture of vehicle components, with investments amounting to 20 million euro.

Note:

HIRSCHMANN Automotive GmbH is a company manufacturing electronic components for vehicles (sensors, cables, and connectors) since 1959. At present, the company carries out its activity in four European countries – Austria (Main seat), Czech republic, Romania, and Italy – and has a distribution representation in the USA.
**Telephone conference with a group of businessmen from Estonia.** The purpose of the conference was to inform of the investment opportunities offered by Bălți FEZ with a view to building a plant for the manufacture of LED bulbs.

**NHK Concern.** A meeting with representatives from Russia, Mr. Veaceslav VOYTENKO (General Director) and Mr. Oleg NAPOLSKYH (Sales Manager). The purpose of the visit was to get acquainted with the situation of Bălți FEZ, in order to develop the manufacture of abrasive fabric for kitchen sponges, with a value of investments of cca 3 million Euro.

*Note:*

*NHK Company manufactures household materials and items (sponges, dusters, etc.) since 1997, and in 2001 it entered the PRIVATE LABEL sector and manufactures products for the distribution networks under their brands. At present it operates in Russia and the target market is the European Union.*

**A group of businessmen from the Italian autonomous region Friuli-Venezia Giulia.** The purpose of the visit was to get acquainted with the situation of Bălți in order to develop here a bioenergetics production. Investment opportunities and physical possibilities of product positioning were presented.

**VI. CONCLUSIONS**

The feasibility study on the development of an industrial park in subzone no.3 of Bălți FEZ is an opportunity for Bălți municipality and NDR due to its social and economic benefits, on the one hand, and for the private strategic investor (Administrator-enterprise) and residents of the park due to the conditions the park offers for efficient development of production, on the other hand.

The conditions of the IP represent a unique set of legal facilities jointly granted by the IP and FEZ and the favorable geographical position of the park as well.

The concept of creating an industrial park is based on the funding scenario selected for the technical and production infrastructure and for establishing of the
Administrator-enterprise of the industrial park. This scenario, determined as an optimistic one, provides for the following:

- Attracting a private strategic investor is an essential opportunity for the development of the industrial park.
- Establishing a legal entity to operate as the Administrator-enterprise of the industrial park. The private strategic investor will become the IP Administrator and may also obtain the IP resident title.
  - The Administrator-enterprise will take on lease the lot allocated for the establishing of the IP.
  - The financing of technical and production infrastructure shall be provided in full by the private strategic investor, which provides for financial independence from the Administrator-enterprise during the process of IP establishing.
  - The investments necessary for creation of the technical and production infrastructure amount to **233,0 million MDL**.

The implementation of this scenario of IP establishing offers the private strategic investor the main facility – the right to privatize the public property land adjacent to the constructions at a normative price in accordance with the Law on Industrial Parks.

**The initiative of establishing an industrial park in subzone no. 3 of Bălți FEZ represents a new method of organizing the economic development efforts for, which do not confine themselves to the traditional efforts of general business environment improvement.**

**The main purpose of establishing the industrial park is to give an investment and technological boost to the industry development not only in Bălți and NDR, but also throughout the country, since there are not only favorable economic conditions created for this, but also there exist all the premises for the revival of a formerly developed sector. Such a boost will be the attraction of large private investments to the efficient development of advanced technologies in machine-building, which will contribute to the development of related industries and to the development of regional infrastructure and continuing increase of investment appeal of the municipality and region.**
VII. ANNEXES

1. Annex A. Regional position of the industrial park
2. Annex B. Driveway network
3. Annex C. Configuration of the industrial park
4. Annex D. Location of the industrial park within subzone no. 3
Annex A. Regional position of the industrial park
Annex B. Driveway network
Annex C. Configuration of the industrial park

- Aerodromului Str.
- Ştefan cel mare Str.
- Internal roads
- Production halls
- Land lot
- Fencing
- 5000 m²
- 1.0 ha

Hale de producere
Loturi de teren
Drum interior str. Aerodromului
str. Ştefan cel mare
Anexa nr. C
Configuraţia parcului industrial
Gard
Subzone no.2
4 Industriala Str. (12 ha)

Industrial Park (30 ha)

Subzone no.3
1 Aerodromului Str, (136 ha)