United Nations Development Programme

Country: Republic of Moldova
Project Document

Project Title: Innovative Entrepreneurship for Sustainable Employment

UNPF Pillar 2 – Human Development and Social Inclusion

UNPF Outcome: 2.1 – Economic Opportunities and Regional Development: People have access to more sustainable economic opportunities and decent work.

Executing Agency: UNDP Moldova
Implementing Partner: Ministry of Economy

Brief Description

The project is implemented jointly with the Ministry of Economy of Moldova and has the goal to establish career centers in several locations, training and assisting qualified unemployed and graduates in obtaining relevant employment in Moldova, preventing brain-drain and supporting economic growth. The creation of career centers is based on the SYSLAB (Systems Laboratory for Innovation and Employment) concept. The concept includes modern job-seeking methods, entrepreneurship, systematic business and person-to-person networks, modern sales techniques etc. The project envisages establishment of four training centers for employment, entrepreneurship and SME-development based on this innovative concept.

<table>
<thead>
<tr>
<th>Programme Period:</th>
<th>2013 - 2015</th>
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</thead>
<tbody>
<tr>
<td>Key Result Area (Strategic Plan)Regional and Local Dev./ Human and Social Inclusion</td>
<td></td>
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<tr>
<td>Atlas Award ID:</td>
<td></td>
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<tr>
<td>Start date:</td>
<td>01/01/2013</td>
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<tr>
<td>End Date:</td>
<td>31/12/2015</td>
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<tr>
<td>PAC Meeting Date Management Arrangements</td>
<td>NIM</td>
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</tbody>
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Total resources required: 871,568 USD
Total allocated resources:
- Regular: 120,000 USD
- Other:
  - SYSLAB/NMFA: 751,568 USD

Unfunded budget: N/A
In-kind Contributions: N/A

Agreed by (Government):
Valeriu Lazar, Deputy Prime Minister/ Minister of Economy

Agreed by (UNDP):
Narine Sahakyan, UNDP Deputy Resident Representative
I. **Situation Analysis**

The development of human capital is viewed as a prerequisite for an inclusive and sustainable economic growth. Moreover, it is increasingly seen at the cornerstone for both advanced and emerging economies seeking to speed up economic development and address the challenges posed by the global economic crisis.

From the development perspective, the labor plays critical role for Moldova’s socio-economic modernization, as it is one of the few resources available in the country. Indeed, with very limited natural resources available, this is people and land on which any modernization-minded government has to base its development strategy.

However, long hailed as a country with abundant labor resources, Moldova has increasingly found that labor (mostly as quality, but also quantity) has become its major development constraint. Indeed, Moldova’s labor endowment suffered considerably in the last two decades. On quantity side, in 1991-2007 Moldova’s workforce shrank by 30% (excluding labor force losses due to separation of Transnistrian region). The prospects for the quantity of labor force available in the future are not necessarily brighter given continuous outward migration and dire demographic outlook.

This loss in the labor force was only partly offset by the improvements in the labor productivity, which remained the lowest in the CEE and Western CIS region. Capital and skill endowments are amongst chief determinants of the labor productivity. In their turn, the skill endowment is largely dependent not only on the quality of the country’s education system, but also on training programs provided by various institutions.

On the other side, the successful labor market reforms should lead to sustainable and innovative employment. The recent economic recovery of Moldova has not been translated into sustainable employment creation. Even if unemployment rate decreased from 7.4% in 2010 to 6.7% in 2011, an increase to 7.2% has been registered in the 1st quarter of 2012, emphasizing the necessity for concrete actions to create sustainable and innovative employment in the country. The Government of Moldova committed to undertake concrete actions in the field and this is reflected in Moldova 2020 Strategy, Priority 1 - “Aligning the education system to labor market needs in order to enhance labor productivity and increase employment in the economy”.

SYSLAB method of employment is based on learning by doing, by teaching new communications and networking expertise. The courses offered to unemployed people are organized as knowledge enterprise, where the focus is on self-development through collaboration, teamwork, entrepreneurship and active contact with existing companies in the local area. Thus, SYSLAB’s aim is to create motivated knowledge workers and entrepreneurs with a professional approach to their role in society. This approach is proposed to be transferred to Moldova in order to create opportunities for skilled unemployed, willing to obtain a decent and desirable place on the labor market.

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1 Alex Oprunenco, Policy Brief 01/2012, UNDP Policy Unit
2 Alex Oprunenco, Ana Popa, Report on Analysis of Constraints to Economic Growth, Government of Moldova, 2010
3 Constraints to Growth Analysis, 2010
4 Ibidem
5 Alex Oprunenco, Policy Brief 01/2012, UNDP Policy Unit
6 National Bureau of Statistics
II. Strategy

The Project is designed to establish career centers in four most important regions of Moldova with the goal to train and assist qualified unemployed and graduates in obtaining relevant employment in Moldova, preventing brain-waste, as well as brain-drain, and supporting economic growth. One training center will be established in Chisinau and three centers will be established in the regions of Moldova. The three regional centers will potentially be placed in the areas of regional economic development centers of Moldova, seeking to consolidate country’s regional economic development and contributing to the alleviation of rural-urban division.

The Project will achieve the following objectives:

1. Provide new technologies to labor market authorities;
2. Provide motivated labor force to private and public sectors;
3. Give graduates a better chance for relevant employment in Moldova;
4. Give unemployed improved employability.

Overall, the project shall contribute to the development, adaptation and implementation of new tools (technology and methods) for career development, job search and entrepreneurship in Moldova.

The Career Centers will focus on:

- new graduates, in order to prevent them from unemployment and to create job opportunities, and hence reduce/prevent brain-drain;
- unemployed irrespective of age, gender, ethnic background or education or work experience;
- Returning migrants.

In achieving the project goals, the gender balance aspect will be taken into consideration, offering equal opportunities to both women and men to benefit from the Centers’ services.

The first center will be established in Chisinau and will have 5 people as permanent staff. The center will focus on highly qualified unemployed and young graduates. It will offer a classic SYSLAB Center, entrepreneurship training, job-seeking courses and individual career guidance.

Estimated number of annual beneficiaries for Chisinau center:

- SYSLAB-training: 120
- Job training: 200
- Entrepreneurship training: 60
- Simple subject courses: 120
- Individual programs: 150-300

Other three regional centers will be established following the establishment of Chisinau center. Each will have 3 persons as permanent staff and in addition to individual career guidance each will have a capacity of operating adapted training schemes for groups of 20 persons. There may be dedicated resources to entrepreneurship training/incubator.

Through the activities of the regional centers, the Project will contribute to supporting the economic development of Moldova’s regions and to creating work places outside Chisinau, thus diversifying the economic growth of the country.

All centers will be equipped with modern computers, infrastructure and office facilities for the participants. A newly developed computer based support tool – Career Navigator – will be available in all centers.

The estimated annual number of beneficiaries of each center is about 300 persons in training and about 100 persons in individual consultations.

When all centers are operative, with local staff and resources in place, the project knowledge, resources, assets, and management responsibilities will be transferred to Moldovan authorities.
The technology, competence and methodology resulted from project implementation will be also transferred to Moldovan authorities and their staff.

Employment of training centers' staff (head of units, career advisors, assistants) will be done by UNDP, who will also coordinate and supervise the work of the staff. Ministry of Economy and SYSLAB will participate to the selection process.

The main activities envisaged by the project are as follows:

**ACTIVITY1: Setting up and running of the training centre in Chisinau**

It will include the following sub-activities:

- Select and prepare premises for the Chisinau training centre - the suitable premises will be provided by the Government and will have a surface of about 300-400 square meters, (the premises will be renovated, if needed, from the project funds);
- Purchase of necessary equipment, furniture, informational support for the training centre;
- Engage the head of the unit, career advisors, and assistants for the training centre;
- Select and train unemployed people;
- Analyse lessons learnt from the implemented activity; transfer the administration authority and property rights over the purchased equipment to the Ministry of Economy (ODIMM).

**ACTIVITY2: Setting up and running of the training centres in 3 regions of Moldova**

It will include the following sub-activities:

- Select and prepare premises for training centres in 3 regions of Moldova - the suitable premises will be provided by the Government and will have a surface of about 150-200 square meters each centre, (the premises will be renovated, if needed, from the project funds);
- Purchase of necessary equipment and furniture for the training centres;
- Engage the heads of the units, career advisors, and assistants for the training centres and provide the necessary training;
- Select and train unemployed people in each training centre;
- Analyse lessons learnt from the implemented activity; transfer the administration authority and property rights over the purchased equipment to the Ministry of Economy (ODIMM).

**ACTIVITY3: Project Management**

Within this activity, timely and results oriented management and implementation of the core project's activities are to be ensured.

It will include the following sub-activities:

- Project Management Team: Project Manager and Project Associate – a UNDP Project Implementation Unit will assume responsibility for overall management of the project;
- Translate and adapt SYSLAB Quality Assurance -manual to be used for further guidance.

**Project Tools**

1. SYSLAB

This concept is based on individual training in groups of 20 or 40 participants in business like environments. It is "learning by doing" and building "relation competence" which are relevant for actual jobs in both private and public sectors. About 6,000-7,000 persons have participated in SYSLB-centers in Europe and Asia since 1992, out of which 80 % obtained relevant new jobs.
2. Career Navigator (CN)
This is a software tool based on compiled empirical and theoretical studies over many years. Individuals can, by using CN, strengthen their career development, provide competence map and up-to-date Curriculum Vitae for job applications.

3. Entrepreneurship training
This is a module based stand-alone course, or it is built into SYSLAB. It consists of idea-development, business plan, market assessment and finance/microcredit. If possible we may consider small incubators in career centers.

4. Job seeking course
These are 3 weeks courses for groups of 5-20 persons. A separate program is developed for this purpose.

5. Projects
Project development is an effective way of training, motivating and preparing individuals for work in business environments.

6. Economic awareness and budgeting
Both in private and public sectors economic awareness is important not only for the employer but for the employees, as well. Basic economic elements will be presented in 3-day seminars including project work and start-up business budgets.

Basic ICT-training is an integral part in all project tools.
The project will be implemented under National Implementation Mechanism (NIM). This means that the Government of Moldova will be responsible for decision-making and implementation of Project activities, while UNDP will provide quality assurance, project inputs and support services. The Minister of Economy (MoE) will act as the Senior Executive (National Coordinator) and will represent the interests of the Government of Moldova and be responsible for the overall implementation of the Project. A Project Management Team will be engaged to assist the MoE as well as other responsible institutions in the implementation of the project at the national level.

UNDP Moldova will support the Ministry of Economy with implementation support services according to the Agreement between the Government of Moldova and UNDP for provision of support services of 27 May 2003. UNDP will provide narrative and financial reporting to the project donors on a regular basis as determined by specific cost-sharing agreements. UNDP follows the implementation of project and programmes internationally recognized standards (http://content.undp.org/go/userguide/results).

The main project decision making structure will be its Executive Board with the overall authority for the project and responsibility for project initiation, direction, review and eventual closure. Within the confines of the Project, the Board is the highest authority. The Board is appointed to provide overall direction and project management and is responsible for ensuring that the project remains on course to deliver products of the required quality to meet the expected outcomes defined in the Project Document. It will be chaired by the Minister of Economy (the Senior Executive and main beneficiary), and will be composed of UNDP, Ministry of Economy, and SYSLAB International. The Project Executive Board will meet on a quarterly basis and/or upon request of the Board member/s and its main functions will be evaluation of the progress, making necessary amendments and operational planning.
In addition to the Executive Board, an Advisory Committee is also created to provide guidance and advice on the implementation of project activities, facilitate the coordination among the Ministries and provide strategic guidance within the Project. The Advisory Committee will be composed of key stakeholders’ representatives: UNDP, Government (MoE, MLSPF, Ministry of Education), representatives of donor community and private sector, as well as representatives of civil society (National Participation Council). The Committee will meet at least once per year, and/or upon request of the Executive Board, to review the annual reports and work plans.

The Project Executive Board approves all major plans and authorizes any major deviation from agreed Project work plans. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and any parties beyond the scope of the project.

**Project Assurance:** Assurance is a key element of the PRINCE2 management method, upon which the Project Management Arrangements are based. ‘Assurance’ is essentially an independent audit function, whereby the Project Executive Board is able to monitor progress against agreed work plans. The Project Assurance role supports the Project Executive Board by carrying out objective and independent project oversight and monitoring functions. This role ensures appropriate project management milestones are managed and completed. The Project Assurance is the responsibility of each Project Executive Board member. On behalf of UNDP, as senior project supplier, the function is delegated to a UNDP Programme Manager. The National Coordinator may appoint a representative (delegated authority) of the implementing partner to carry out the project assurance role on behalf of the project executive.
IV. MONITORING FRAMEWORK AND EVALUATION

The Monitoring and Evaluation Plan (M&E Plan) will be elaborated and approved by the Project Executive Board at early stage of project implementation. Its main goals will be to ensure continuous feedback on implementation, early identification of potential problems to facilitate timely adjustments and implementation in accordance with the overall strategic plan for the Project. The M&E Plan will also contribute to ensuring regular reporting to donor(s) on the effective use of all funding.

The M&E Plan will be a flexible document, which can be changed with a full understanding of the reasons for any necessary deviations. Monitoring, having its emphasis on systematic assessment at the Project level, provides the basis for making decisions and taking actions, and it is indispensable in providing information and data for evaluations. This process is based on data collection, and it is essential that such data and information is accumulated in an organized, planned, and routine way in accordance with the M&E Plan. Monitoring within the Project is of particular importance since it feeds the future evaluation with information and data on effectiveness, efficiency, coherence, and management and coordination.

The Project Executive Board will meet on a quarterly basis to review progress on the Project, and more often, as requested by the Board’s member/s. Members will provide regular feedback on implementation of the Project and propose any necessary corrective actions to resolve problems, ensure accountability, and make recommendations on how to improve the quality and impact of current and future interventions.

Annually:

The Project will be subject to an Annual Review in accordance with UNDP regulations. This review will involve all key stakeholders and the Implementing Partner, and focus on the results achieved against pre-defined annual targets at the output level. This review should update output targets and results achieved.

Project Evaluation:

Prior to the completion of the project one final independent project evaluation will be carried out.

V. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the SBAA between the Government of the Republic of Moldova and UNDP, signed on by the parties on 2 October 1992. The host country executing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government cooperating agency described in that Agreement. Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the executing agency and its personnel and property, and of UNDP’s property in the executing agency’s custody, rests with the executing agency.

The executing agency shall:

a) put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;

b) assume all risks and liabilities related to the executing agency’s security, and the full implementation of the security plan.

UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of this agreement.
The executing agency agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999).

The list can be accessed via http://www.un.org/Docs/sc/committees/1267/1267ListEng.htm. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
VI. ANNEXES

ANNEX I

Risk Analysis.
Risks have been identified as part of the formulation process and captured in the risk log below. The project Risk Log is maintained throughout the project implementation to capture potential risks to the project and associated measures to mitigate risk. The Project Manager is the main role player who maintains and updates the Risk Log, and ensures that risks are identified, communicated, and managed effectively.

A number of potential risks which could occur in the project implementation period are listed below.

<table>
<thead>
<tr>
<th>Risk</th>
<th>Probability</th>
<th>Impact</th>
<th>Risk mitigation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Difficulty in finding the appropriate premises for the training centres</td>
<td>Medium</td>
<td>Medium</td>
<td>Offer a more detailed description of the premises to the Government who is to offer the premises</td>
</tr>
<tr>
<td>Slow communication /collaboration among Governmental Agencies involved in project implementation</td>
<td>Medium</td>
<td>Medium</td>
<td>Organization of periodic roundtables to present and discuss on-going activities</td>
</tr>
<tr>
<td>Difficulty in ensuring project sustainability as of 2015</td>
<td>Medium to High</td>
<td>Medium</td>
<td>- Set a motivational salary level for the permanent Centres' staff; -Approach funding sources within and outside Moldova</td>
</tr>
</tbody>
</table>