UNIDO Country Programme for ISID in the Republic of Moldova 2019-2023

Donors Coordination Meeting
Chisinau
28 February 2019

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UNIDO Regional Division - Europe & Central Asia
UNIDO and its Mandate

- The UNIDO Constitution (1979-1985):
  UNIDO reviews and promotes the co-ordination of all activities of the United Nations system in the field of industrial development

- Lima Declaration of 2013:
  Member States endorsed UNIDO’s mandate to promote inclusive and sustainable industrial development (ISID)

- SDG 9 of the Agenda 2030 is central to UNIDO’s mandate

**UNIDO’s Strategic Priorities:**
- Creating shared prosperity
- Advancing economic competitiveness
- Safeguarding the environment
- Strengthening knowledge and institutions
UNIDO Operational modalities

PCPs (Programme for Country Partnership)

- Innovative model to accelerate ISID, aligned with national development agenda
  - Government ownership
  - Priority sectors/areas
  - Multi-stakeholder partnership
  - Facilitation of public and private finance

CPs (Country Programme)

- Framework for partnership between national government and UNIDO
  - Defines scope of UNIDO’s interventions
  - Steers delivery of programmes and projects in key thematic areas
  - Based on in-depth consultations with government
  - Provides practical guiding instrument for potential donors

Stand-alone projects

Example in Moldova:

GEF-financed project on reducing greenhouse gas emissions in industry through energy efficiency
Cooperation between UNIDO and Moldova

1994-1995
Policy support to SMEs

1996
- Formulation of industrial strategy in cooperation with the Government,
- Assistance in formulating the national industrial development strategy
- Drafting laws on innovation and technological transfer, technological and industrial parks

1996
Support in establishing an investment promotion agency

1996 and 2005
Assistance to industrial sectors

1995-1996
Support to the Government on industrial transformation process

2000
Formulation of energy efficiency strategy and identification of energy efficiency needs in 2007;

2009
Resource efficient and cleaner production

2010
Reduction of greenhouse gas emissions through improved energy efficiency

2012
Trade capacity-building through support to quality infrastructure development

2011-2017
Reducing Greenhouse Gas Emissions through Improved Energy Efficiency in the Industrial Sector in Moldova
# UNIDO in Moldova: selected national projects

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<td><strong>Enhancing local manufacturing capacity of solar thermal energy systems in the Republic of Moldova</strong></td>
<td><strong>Reducing Greenhouse Gas Emissions through Improved Energy Efficiency in the Industrial Sector in Moldova</strong></td>
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**2016-2018**
- JSC Raut, formerly a large factory for metal processing and manufacturing of military equipment in the Soviet Union, has been modernized and local engineers have been retrained in order to produce solar thermal collectors.
- Strengthened local expertise and technological knowledge on solar thermal energy to build production capacities.
- Increased competitiveness of the country’s industrial sector.
- Reduced Greenhouse Gas (GHG) emissions and heat produced from fossil fuels.

**2011-2017**
- Successfully introduced Energy management system into the operations of Termoelectrica JSC, which provides the municipality of Chisinau with heat and electricity.
- Reduction of leakages by replacement of existing equipment with new, high-performance seals.
- Modernization of regenerative air preheaters.
- Optimization of the operation and starting time reduction of generating units, which led to immediate savings of 6,100 MWh.

**2011-2015**
- Savings in electricity use of 3,015,000 kWh per year.
- Reduction in water consumption of 148,000 m³ water per year.
- Reduction in material consumption of 52,3 tonnes per year.
- Economic savings estimated at € 290,000 annually.
- A total of € 870,000 monitored savings can be reported over the period of 2012-2014.
Greening Economies in the Eastern Neighbourhood (EaP GREEN) regional project:
Resource Efficient and Cleaner Production (RECP) Demonstration Component

Goal:
to achieve a sector-level shift to green economy through the adaptation and adoption of sustainable consumption and production practices and techniques in selected economic manufacturing sector, including food, construction materials and chemicals production

Results in Moldova:

• Thanks to EU support, 81 enterprises in different regions of the country applied the RECP methodology to their business processes

• Detailed RECP assessments have been completed for 17 enterprises from the chemical, agri-food and construction materials sectors

• A total of 118 RECP measures have been identified for them enabling annual savings of about 290 000 EUR after implementing only a first set of low cost measures

• The average payback period for the investments is less than 2 years

• 48 national experts have been identified, trained and coached in basic and advanced RECP methods and their application
Government ownership
- The Government provides leadership and guides through a Steering Committee
- CPF is aligned with key national development strategies and UNDAF

Multi-stakeholder partnership from design through implementation to M&E
- Donors (bilateral and DFIs)
- UN system
- Private sector
- Academia
- Other development partners

UNIDO’s role
- UNIDO’s multidisciplinary team provides technical assistance
- UNIDO facilitates overall coordination, incl. within UNDAF and reporting, is responsible for delivering results and funds administration

Joint resource mobilization
All partners join hands to leverage financing to enable the CPF implementation, under the leadership of the Government

RESOURCES
CP is developed in close correlation with:

### National strategies
- “Moldova 2020”
- The Strategy of Attraction of Investments and Promotion of Exports 2016 – 2020
- The Strategy of Innovation for the period 2013 – 2020 “Innovation for competitiveness”
- The National Strategy for Agricultural and Rural Development 2014 – 2020
- The Strategy for the Development of Tourism
- The Energy Strategy of the Republic of Moldova until 2030
- The Environmental Strategy of the Republic of Moldova 2014 - 2023
- The Waste Management Strategy of the Republic of Moldova 2013-2027
- The Economic Development Priority Measures 2017-2019

### The United Nations Partnership for Sustainable Development (UNPSD) 2018-2022
- **Sustainable, inclusive and equitable economic growth**
  - **Outcome 2**: the most vulnerable people in Moldova will have access to enhanced livelihood opportunities, decent work and productive employment generated by sustainable, inclusive and equitable economic growth
- **Environment, sustainability and resilience**
  - **Outcome 3**: the people of Moldova, in particular the most vulnerable, benefit from enhanced environmental governance, energy security, sustainable management of natural resources and climate and disaster resilient development

### Potential Donors
- **Bilateral donors**
  - Austria
  - Czech Republic
  - Denmark
  - Estonia
  - Germany
  - Japan
  - Poland
  - Romania
  - Sweden
  - Switzerland
  - Turkey
  - USA
  - others
- **Multilateral donors**
  - European Union (EU)
  - Global environment Facility (GEF)
  - World Bank
  - European Bank for Reconstruction and Development (EBRD)
  - International Monetary Fund (IMF)
  - Others
Why UNIDO CP for Moldova?

Government request

Official letter of request from H.E. Mr Valeriu Lazar, former Deputy Prime Minister and Minister of Economy of Moldova in 2014 asking for UNIDO’s support in strengthening cooperation and facilitating the promotion of industrial and entrepreneurial development of the country through the CP

Moldova’s social and economic challenges

- Persistent unemployment, migration, skills mismatch and inequality
- Low competitiveness, investment in R&D and innovations
- Insufficient productivity, quality and capacity to compete in agriculture
- High energy inefficiency, high energy intensities and missed opportunities in renewable energy sources.
- Low environmental practices
Duration

2019-2023

CP for Moldova in a nutshell

Total indicative budget

€28,980,000

• Component 1 – Enhanced industrial competitiveness, market access, innovation and investment promotion
  Budget € 5,750,000

• Component 2 – Productive employment for rural communities and entrepreneurship development
  Budget € 7,250,000

• Component 3 – Sustainable energy and environmental management
  Budget € 15,800,000

Target Indicators:

• Increasing share of industry in GDP, target: 20% by 2023
• Volume of exports of manufactured products
• Volume of SME production
• Reduction of trade deficit in GDP by 4% by 2023
• Increased employment rate

Main goal: To support the Government of Moldova to increase industrial productivity, stimulate entrepreneurship and encourage knowledge and innovation

VIENNA, 21 December 2018 - Director General LI Yong and Victor Osipov, Permanent Representative of the Republic of Moldova to UNIDO signed the Country Programme for the Republic of Moldova
Component I
Enhanced industrial competitiveness, market access, innovation and investment promotion

In focus:
• Mobilizing ISID investments and partnerships to industrial parks
• Industrial upgrading and modernization of manufacturing sector
• Enhancing the competitiveness of local SMEs in manufacturing/agro-processing sector in Moldova through cluster development
• Strengthening linkages between research and industry
• Implementation of a Subcontracting and Partnership Exchange Centre for developing Moldovan supplier SMEs and linking them to multinational companies investors in the automotive sector

Indicators:
• Increased manufacturing value added
• Increased share of medium and high-tech activities in total manufacturing value added
• Increased FDI stock per capita
Component II
Productive employment for rural communities and entrepreneurship development

In focus:
- Empowering Moldova’s youth through entrepreneurship
- Livestock-sector development programme – revival of the milk and meat production in Moldova
- Linking agricultural producers and handicrafts makers with the tourism sector in Moldova

Indicators:
- Average 5% annual increase in the turnover of MSMEs and agro-food clusters
- Number of locally produced and processed agro-food products
- Number of jobs in the food processing industry
- Employment rate at the local level
- Increased average monthly wage in rural area
Component III
Sustainable Energy and Environmental Management

In focus:
• UNIDO clean-tech innovation programme for Moldova
• Promoting small-scale renewable energy applications in agriculture (hydropower, solar, wind, biomass and biogas)
• Wastewater management programme for Moldova
• Industrial energy efficiency 4.0
• Industrial insulation for climate protection and market development in Moldova
• PCB (Polychlorinated Biphenyl) management programme for Moldova

Indicators:
• Absolute contribution made to different environmental agreements
• % of water, CO2, energy and material reduction in companies
• % increase in environmentally compliant companies
Next Steps

CP INCEPTION PHASE (January 2019 – July 2019)

• Promotion of the newly signed CP among donors and partners
• Liaison with CP Focal Point at the MEI of Moldova and other Ministries
• **CP launch event** and first CP Steering Committee Meeting (SCM) April – May 2019
  - Bilateral follow-up meetings with national counterparts, potential donors, and UNRC/UNCT
  - Delivering on the commitments made and agreements reached at the first SCM
  - Continued funds mobilization activities

CP IMPLEMENTATION PHASE 2019 (July 2019 – December 2019)

• Continuation of funds mobilization activities
• Launching of the Preparatory Assistance for individual CP projects that have high potential for perspective funding / provided expression of donor commitment
• Second CP Steering Committee Meeting
Donor Opportunities with new UNIDO CP:

Why?
• To support the Government’s efforts to achieve the national targets in the area of ISID defined in the CP
• To become a part of a well structured programme through supporting concrete projects within the CP

What?
• Project /activities already identified based on in-depth consultations with Government and in line with Government priorities and strategies
• New projects under the established thematic components could be identified and added as per evolving needs

How to get involved?
• Bilateral consultations with the Government and UNIDO
• Regular information exchanges on evolving priorities and new goals
Thank you for your attention!