

United Nations Development Programme

Country: Republic of Moldova

Project Document

UNPF Outcome(s):

Outcome 2.1 - Economic Opportunities and Regional Development: People have access to more sustainable regional development, economic opportunities - innovation and agriculture in particular - and decent work

Expected CP Outcome(s):

3.3. Empowered communities and civil society organizations (CSOs) participate in local development planning

Expected CPAP Output(s):

3.3.2. Capacities of local NGOs in targeted areas are strengthened to influence local decision making, and implement and monitor development activities

(Those that will result from the project and extracted from the CPAP)

Implementing partner:

UNDP

The overall objective of the programme is to facilitate the settlement of the Transnistrian issue through ensuring economic and social development of local communities and increasing confidence between both banks of the Nistru River by involving local authorities, civil society organisations, business community and other stakeholders.

Specific objectives:

- To enhance economic development in the Transnistria region and the security zone and contribute to economic rapprochement between the two banks of the Nistru River by promoting cross-river exchanges and expanding the range of catalytic business support services;
- To empower local communities and actors from both sides to participate in collaborative projects addressing pressing development needs and ensure the delivery of essential public services;
- To address common environmental development concerns by creating opportunities and platforms for joint collaboration from both banks;
- To foster civil society development by enhancing the capacity of NGOs to generate activities which promote cross-river collaboration and addressing key development needs.

Estimated results:

- Catalytic development of the SME sector in the Transnistrian region and security zone; at least 200 SMEs benefiting from better business support services and improved management skills; at least 50 cross-river exchanges promoted
- Communities empowered to participate in addressing local development needs with least 40 small social infrastructure projects implemented; at least 40 cross-river exchanges supported.
- Capacity of national, sub-national and local institutions in the environmental sector enhanced to address environmental priorities.
- Capacity of civil society organisations strengthened to address pressing social and community needs; at least 40 cross-river NGO partnerships supported
- Increased contacts between actors on both banks in the social, cultural, economic and environmental sectors
- Increased trust and confidence between citizens on both sides of the Nistru River

Programme Period:	<u>2012 - 2014</u>
CPAP Programme Component:	<u>Local&Regional Development</u>
Project Title:	Support to Confidence Building Measures
Atlas Award ID:	59196
Project ID:	80868, 81369
Start date:	1 April 2012
End Date:	31 March 2014
PAC Meeting Date:	<u>22 March 2012</u>

Estimated annualized budget:	
Total resources required	14,130,000.00 USD
Total allocated resources:	14,130,000.00 USD
• Regular	1,460,000 USD
• Other:	
o EC	12,670,000 USD
Unfunded budget:	0.00 USD

Kaarina Immonen

Resident Representative _____

Agreed by Government of the Republic of Moldova:

Eugen Carpov

Deputy Prime-Minister _____

I. SITUATION ANALYSIS

Overall background

Transnistria, the eastern region of Republic of Moldova situated on the left bank of the Nistru River, proclaimed its independence from the rest of Moldova in September 1990. An armed conflict followed in 1992, and the so-called "Transnistrian Moldovan Republic" has developed separately from Moldova ever since. The Transnistrian conflict substantially hinders Moldova's socio-economic development. Settlement of the conflict and reintegration of the Transnistria region is a national priority and is included among the main objectives of the Government of Moldova's National Development Strategy.

Efforts to reach a settlement to the Transnistria are being conducted at two levels. At the political level, Chisinau and Tiraspol have conducted both formal and informal talks on a settlement assisted by three international mediators (the OSCE, Russia and Ukraine) and two observers (the EU and the USA) forming the so-called "5+2 format." At the technical level, a number of Working Groups have been formed involving institutions and experts from both banks aimed at joint cooperation and technical approximation of the two distinct socio-economic, institutional and legal systems in order to facilitate the development of the entire Republic of Moldova.

Formal settlement talks have been on hold since 2006 until September 2011. However, the informal talks held in the 5+2 format in 2010 and the appearance of Transnistrian conflict settlement on the international agenda, also in 2010, are an encouraging sign. While a political settlement has remained elusive, the developmental challenges facing both sides present an opportunity for practical cooperation between the two banks. Authorities on both sides agree that activities outside the existing political (5+2 talks) and technical (Working Groups) formats which reduce mistrust and increase confidence between both banks are acceptable and necessary.

Currently, a Deputy Prime Minister is mandated to represent Moldova in the formal 5+2 talks to negotiate a settlement. The Deputy Prime Minister is also supported by a Bureau for Reintegration which was established to spearhead reintegration efforts and coordinate the reintegration activities of ministries and departments. The Bureau for Reintegration is the national partner representing the interests of the Government of Moldova for the current programme.

EU Involvement

EU engagement with Moldova and the Transnistria conflict has grown steadily in recent years, including through the appointment of a European Union Special Representative (EUSR), the establishment of a European Union Border Assistance Mission (EUBAM) and the implementation of the EU-Moldova Action Plan. As a participant in the "5+2" format, the EU continues its high-level engagement to improve the overall political atmosphere for dialogue and cooperation between Chisinau and Tiraspol. As Moldova benefits from its participation in the European Neighbourhood Policy and the Eastern Partnership, significant opportunities for assistance in terms of political and economic reforms (trade preferences, participation in educational, scientific and cultural community programmes, visa liberalization, etc.) appear which can potentially be exploited for the benefit of the whole population of Moldova, including the Transnistria region. EU engagement reinforces Chisinau and Tiraspol's mutual interest to address shared developmental challenges and to improve the livelihoods of all citizens.

Economic and social context

The numerous economic opportunities and challenges facing both sides of the Nistru River are shared. The challenges which both banks face include a deficit in skilled labour;

underdeveloped business infrastructure, low competitiveness of products, poor diversification of industry; and high regional competition in attracting foreign investment. Both banks have a mutual interest in addressing these economic challenges and supporting activities which contribute to the economic stability of the country as a whole.

The global financial and economic crisis has negatively impacted socio-economic development in Republic of Moldova, including its Transnistrian region. Exports earnings in Transnistria have fallen, industrial production is down, and unemployment continues to rise. According to the Moldovan Ministry of Reintegration, the total value of exports by Transnistria registered companies in the first five months of 2009 was 37% of the figure for the same period in 2008. The Transnistrian authorities reported that during the first four months of 2009, the Transnistria regional budget received only 68% of its planned revenues.

Moldova's participation in the European Neighbourhood Policy, the Eastern Partnership, Autonomous Trade Preferences (ATP) granted in 2008, the prospect of a Deep and Comprehensive Free Trade Agreement (DCFTA) and other benefits associated with a potential EU-Moldova Association Agreement present opportunities for joint economic cooperation and integration between the two sides. Interest in greater access to the EU market will continue to serve as a powerful driver on both banks. However, the EU market remains largely unexploited by SMEs from both banks.

In the Transnistria region, key economic actors may be the most interested stakeholders in normalisation of the Transnistria region's status since the economic benefits of enhanced trade and access to international markets would be significant. Economic stagnation, particularly on the left bank, may fuel the potential for social unrest and might be manipulated by the authorities for political purposes. The historical isolation of Transnistria combined with the lack of donor support, has resulted in an economic stratification of Transnistrian business in which SMEs have been ignored and are not able to serve as an engine of growth. It is therefore critical that economic, particularly SMEs in the Transnistria region have access to information about new opportunities and are supported by activities which contribute to sustainable economic development.

The last decades in the TN region, have been characterized by a decrease in standards of life of the population of the region. The provision of a certain social safety-net by the region's local authorities was beyond budgetary limits. This situation is exacerbated by the fact that Transnistrian region has not been part of comprehensive programs of assistance provided to Moldova in the social field by the international donors. The social infrastructure as well as public health provision remained a hostage of obsolete policies and lack of budgetary support, which contributes to a continuous depopulation of the region as well decreasing health indicators and quality of life in general. Another worrying problem across the health system in Transnistria is the decreasing rate of immunization, which stands below 80% for the main childhood vaccines (around the same level as Burundi, Cameroon and Guinea Bissau). After being eradicated from Europe, polio has reappeared in the region and a case was detected in neighbouring Ukraine.

The current political and economic instability in Transnistria is generating a social tension, which can decrease the influence outcomes of joint EU-UNDP confidence-building efforts in the region. Thus, it is of utmost importance to contribute to a rehabilitation of the social sector on the region, through provision of a universal access to better social services.

Civil Society Organizations

Civil society in Transnistria¹ is small, underdeveloped and generally weaker than in the rest of Moldova. This is due to a lack of capacity, poor resources and the limited room for

¹ *Catalogue of Non-Governmental Organizations in Transnistria-2007*, a survey conducted by the NGO Centre for Support and Development of Civic Initiatives "Resonance", financed by OSCE.

manoeuvre allowed by the authorities. There are officially over 2,000 civil society organizations registered in Transnistria, but only a few dozens are considered properly functioning NGOs. NGO activity is centred in the main cities (Tiraspol, Bender and Dubasari) and remains rather limited in rural areas. Allowed to operate in areas which pose no threat to the authorities, like (youth, civic education, health, environment, community development and business) these NGOs work with inconsistent support from foreign donors. There have been positive recent signs of successful cooperation between civil society organizations and local authorities in tackling community issues, created mostly with support from international donors and Moldovan counterparts. Despite limited capacity and resources, NGOs on both banks have demonstrated a willingness to cooperate in joint projects which aim to reduce mistrust and increase confidence in areas of common interest, reaffirming the need to support these types of activities.

International Assistance and Donor Coordination

To date, most assistance to the Transnistrian region has provided for humanitarian aid and social projects. Only a small number of donors are working with Transnistrian civil society. Their focus is primarily in the following areas: support to NGOs and independent media, support to civil initiatives and assistance with legal rights, increased contact between Transnistrians and both the rest of Moldova and the outside world.

A number of UN agencies are working in TN, implementing in recent years among others: the UN Drought Response Programme², a small grants programme on environment and sustainable management of natural resources, a reproductive health centre in the Transnistrian town of Camenca, capacity building of all primary health workers on Integrated Management of Childhood Illnesses, youth Friendly Services in Tiraspol and Ribnita, de-institutionalisation of children, juvenile justice and programmes on anti-trafficking. Projects have also being implemented by bilateral donors and foundations including USAID, the Soros Moldova Foundation, Swiss Development Cooperation, Embassy of the Czech Republic, National Endowment for Democracy, Norwegian Embassy to Bucharest and the UK Embassy in Moldova and DFID These initiatives have reported a number of successes and achievements, and have plentifully demonstrated the peace building value of donor engagement with the region's civil society and the media, through non-political building of confidence and trust between the two banks of the river.

The World Bank recently provided EUR 4.5MM through the Moldovan Social Investment Fund (MSIF), a semi-governmental organization, to implement community development projects (which, at the time of writing, are experiencing difficulties in implementation). Funded mostly through voluntary contributions, the Council of Europe's activities include small scale projects to increase confidence between banks by organizing competitions for journalists, exchanges for students etc.

The EU remains the largest donor in the Transnistria region given the current and previous two phases of confidence building programming. The EUR 1.7M first phase programme (ENPI "Support to Civil Society in Transnistria") facilitated the implementation of approximately 12 confidence-building proposals in the health, social and environmental areas while the EUR 2.0M second phase programme ("Building Confidence between Chisinau and Tiraspol") package supported business development, social infrastructure and community rehabilitation as well as civil society development. Activities in these first two phases have created significant opportunities for building and strengthening links between the two banks. It is crucial to build on the momentum which has already been generated.

The Donor Coordination meeting on Transnistria is organised once every two months and brings together all donors active in the region for the purposes of sharing information. Following UNDP chairmanship in 2010, as of 2011 these meetings are chaired by the EU.

² <http://www.un.md/drought/>

Increased coordination efforts will be pursued through regular donor coordination meetings, bilateral meetings with relevant donors and a potential mapping exercise to be carried out under the technical assistance provided by the EU to the Bureau for Reintegration of the Republic of Moldova.

II. SCOPE AND STRATEGY

The **overall objective** of the programme is to facilitate the settlement of the Transnistrian issue through ensuring economic and social development of local communities and increasing confidence between both banks of the Nistru River by involving local authorities, civil society organisations, business community and other stakeholders.

The UNDP-Government of Moldova 2007-2011 Country Programme Action Plan foresees development interventions aimed at empowering communities and CSOs to participate in local development, planning, implementation and monitoring. More specifically, the programme directly contributes to the following Country Programme output: *Capacities of local NGOs in targeted areas are strengthened to influence local decision-making, and implement and monitor development activities.*

The programme aims to ensure that ongoing efforts at settlement at the political level (5+2 informal and formal talks) and technical levels (confidence building working groups) are supported by development and confidence building initiatives at the community level that seek to create a general atmosphere conducive to dialogue and cooperation at all levels. The programme aims to reduce misperceptions and mistrust and increase confidence between programme participants and the population at large on both banks. Activities target individuals, communities, institutions, civil society and other stakeholders who demonstrate a willingness to engage in cross-river partnerships and platforms which contribute directly to greater socio-economic development.

The action will build on successes achieved during 2009-2011 when the first two confidence building interventions were pioneered, an important scale-up and expansion of the confidence building measures being proposed. The programme will aim at enhancing socio-economic development of the Transnistria region, bringing the sides closer as well as promoting and strengthening cooperation between Chisinau and Tiraspol in such fields as health, social support, environment protection, education, SME development etc., involving in this process specialists, entrepreneurs, civil society leaders as well as the general population on the two banks of the Nistru River.

Reducing vulnerability to economic and social instability, as well as increasing access to basic public services, while engaging communities across the river, will be pursued. Creating the connectedness between the two sides and benefits for the people of Moldova, including its Transnistria region, will remain at the core of the programme.

Strategic Approach

Given the isolation of Transnistria, its authoritarian system, and its relative lack of exposure to working with international donors, the first and second phases of programming have served to build trust in the EU and UNDP as credible partners implementing programming that is viewed as non-threatening and benefiting the population at large. This has planted the seeds for further cooperation, and the current phase of programming will build on successes and take advantage of entry points created from previous phases to contribute the development of the Transnistria region and increase confidence between banks. While activities will focus on the Transnistria region and the security zone, they will impact the entire country. Projects will be framed in the

context of promoting European integration and European values for all Moldova's population.

Programme activities will increase confidence between both banks of the Nistru river while addressing concrete development needs by promoting cross-river NGO partnerships, linking NGOs and communities across banks, transferring specialist knowledge from bank to bank and creating platforms for interaction between stakeholders (people-to-people contacts in the form of workshops, seminars, study visits, etc).

Key principles for programming include ownership, transparency, continuity, gradualism, flexibility, responsiveness and a conflict-sensitive and win-win approach. Projects will have the buy-in of key actors on both sides from the earliest stages (**ownership and transparency**). Projects will build on the momentum and entry points created by in previous phases of programming (**continuity**). Activities will be implemented and scaled up with gradually introduced elements of joint work (**gradualism**). Projects will be implemented during a time when political developments may affect implementation or the environment in which implementation is occurring. Projects will be designed in a way to take advantage of breakthroughs in relations between Chisinau and Tiraspol and to protect against setbacks. When planned activities for joint cooperation cannot be implemented, then other collaborative opportunities will be explored (**responsiveness and flexibility**). Although activities will tend to focus on reducing the isolation of Transnistria, they will serve to balance the benefits received (or perceived) by both sides, so as not to generate resentment or exacerbate tensions on either side (**win-win and conflict-sensitive approach**). In their design and implementation, projects will also take into consideration the unique and sensitive operating environment of the Transnistria region.

Programme activities will give due consideration to incorporating a human right-based approach and gender-based approach to activities. In particular, the role of women in contributing to an atmosphere of increased confidence between banks will be explored.

Component activities are interconnected. Activities in the community development component will help at building NGOs capacity while civil society platforms will be created, where NGOs can contribute to business development and environmental improvements.

The implementation will ensure that gender equality is integrated throughout all programme components, aiming to make positive and transformative contribution to the achievement of gender equality and women's empowerment. The programme will advocate, whenever possible, that equal opportunity, equal access and equal rights for men and women are taken into consideration when initiatives are implemented at the community level, as well as integrated into projects implemented by NGOs. In addition, the programme will facilitate the collection of gender-disaggregated data and gender statistics in order to obtain a minimum picture of the development challenge in the areas covered by the programme: social, health, environment, and infrastructure (gender-disaggregated socio-economic data). Such data will be used to 1) identify gender disparities relevant to the scope of the programme; and 2) design and implement activities eliminate those gender disparities.

The programme will also seek to expand to the Transnistria region other successful interventions which are under implementation in other regions of Moldova, such as disaster risks reduction and gender mainstreaming into local development and energy efficiency (Biomass Project, supported by EU and Disaster Risks Reduction Project).

The programme will support activities in the following areas:

Component 1: Business Development

- a) Assessments and feasibility studies
- b) Training and Business Advisory Services
- c) Business incubator

Component 2: Infrastructure, community and social projects

- a) Community infrastructure rehabilitation
- b) Integration of specialist care in the field of health care and social projects
- c) Environmental projects

Component 3: Support to civil society

- a) Dialogues programme
- b) Foster civil society development in Transnistrian region and cooperation between civil society actors on both banks.

Component 1: Business Development

The goal of business development projects is to stimulate economic development in Transnistria while promoting cooperation between economic actors from both banks of the river and creating platforms for stakeholders from both sides to interact. The business development component of the project will aim at continuing to support local economic development by addressing the key constraints to SME development in the Transnistria region. The project will build on and expand successful business sector activities which were introduced in the second phase of confidence building programming. Projects will include continuation of the activities of business education services, the establishment of business incubators to promote advisory services for entrepreneurs and research into mechanisms which increase access to investment capital and loans for SMEs. Supported cooperation formats will also provide consulting services for businesses from both Moldova and Transnistria on export/import operations, trade between the two banks, EU quality systems, trade certificates and all other business and trade related areas. Greater access to EU markets, in the context of a prospective EU-Moldova Association Agreement and an EU-Moldova Deep and Comprehensive Free Trade Agreement (DCFTA), will provide an opportunity to raise awareness on the benefits of economic cooperation and integration and may serve as a powerful driver for cross-river cooperation and partnership among business actors.

Activities in this component will continue to create a comprehensive set of interventions for business development. Synergies between activities will be created as entrepreneurs who complete coursework in the business schools may be strong candidates for inclusion in business incubators and may be able to access credit and capital through micro-financing mechanisms which may be established at a later stage.

The programme will contribute to diversifying the range of economic interests in the Transnistria region by helping to introduce economic actors to a wider regional market. It will expand opportunities for economic growth in the Transnistria region and Moldova as a whole and contribute to generating employment and alleviating poverty.

The proposed initiative will continue to promote cooperation between institutions and actors from both banks and will include:

- ◆ Continued cooperation with the Tiraspol Chamber of Commerce and its regional branches (in Bender town, Rybnitsa and Dubasari) and initiatives to promote greater cross-river cooperation
- ◆ Support to activities of right bank local business associations to extend their activities and build partnerships in the Transnistrian region; and
- ◆ Support for the creation and strengthening of capacities of local business associations in the Transnistria region.

Indicative Activities:

1.1 Business School Project

The project will entail the support for business education activities in the Transnistrian region, in order to develop a pool of business trainers and to provide training to beginner entrepreneurs, managers of existing SMEs, CEOs and managers of large companies. The project will create a sustainable business education system to enhance the contribution of SMEs to economic growth and development by stimulating entrepreneurship and competition. The program will improve the management capacity of businesses, particularly in the Transnistria region. The project will be implemented in partnership with local business associations, regional Chambers of Commerce and Industry with the aim to bring in Moldovan and international expertise.

The project will continue to provide support for the institutionalization and improvement of quality of the trainings delivered by the *Business School* and aim to contribute to creation of consultancy market. The project will promote partnerships and knowledge exchange among key business associations including the Organization for SME Sector Development (ODIMM), Moldovan Chamber of Commerce, Tiraspol Chamber of Commerce. Links with other business association shall be explored further for this purpose.

Indicative activities under this component will include, but not limited to:

- ◆ Further development and refinement of curricula and training materials
- ◆ Development of business consultancy market/services in the region
- ◆ Continued provision of training in the area of business development, specifically: regulatory and legislative issues, management, business planning, financial management, access to funding and market access among others
- ◆ Continuing education to keep trainers' skill and knowledge relevant and current and to ensure long-term sustainability
- ◆ Provision of support for Business Associations (their establishment and/or strengthening)
- ◆ Assistance in the identification of potential business opportunities, technical development of business proposals and provision of consultancy in the business start-up process

1.2 Research and Analysis into SME Access to Finance

The feasibility study undertaken in the previous phase identified limited access to finance as one of key constraints which hinders business development in the Transnistria region. Access to finance enables SMEs to generate productive capacity, compete and sustain growth. A roadmap for establishing a feasible mechanism to increase access to financing for SMEs in Transnistria will be developed. This could ostensibly take the form of a micro-

finance fund. Additional assessments and research will review and assess best and most current practices in the region and will be conducted by a professional organization with experience doing similar studies for micro-financing in the region.

Support will also be envisaged for specific feasibility studies in areas or sectors with potential business investment and development opportunities which, at the same time, benefit the two sides jointly.

1.3 Development of Business Incubators

The feasibility study undertaken in the previous phase identified the lack of business support infrastructure as another key constraint which hinders business development in the Transnistria region. The establishment of business incubators, with the capacity to host and provide in-house advisory services to individual SMEs, will address this gap. Business incubators will be established in at least one of the three locations in Transnistria where the business schools have been established (Tiraspol, Ribnitsa, Bendery). The business schools may serve as feeders for the business incubators, supporting entrepreneurs who have completed coursework and would like to refine their skills and develop their businesses further. The activity will build and expand on an ongoing pilot project from the previous phase of the project.

1.4 Business consulting services

The project will support provision of consulting services for businesses from both Moldova and Transnistria on export/import operations, trade between the two banks, EU quality systems, trade certificates and all other business and trade related areas. There's currently a dearth of practical, results-oriented consultancy/support services for Transnistrian businesses (both SMEs and large companies) seeking access to EU and Moldovan markets and there's a very limited number of Moldovan companies operating on the Transnistrian market. Consultancies by professionals from both sides will help to eliminate this gap and provide a range of quality services strengthening the links between businesses from both banks and promoting their trade with each other and international partners.

Component 2: Community infrastructure, health care and environment projects

2.1 Rehabilitation of social institutions in the Transnistrian region and the security zone.

Community-driven infrastructure rehabilitation projects in Transnistria and the security zone have addressed pressing community needs while providing an opportunity for people-to-people contacts across the banks. Community development projects in this component will continue the kind of programming begun in the first phase and will build on UNDP's pioneering work in community development in Transnistria (through the Joint Integrated Local Development Programme). A range of community-led projects will be implemented in Transnistria and the security zone to improve the delivery of essential public services. Projects will focus on the rehabilitation of key social institutions, such as educational and health facilities, and improvements to critical physical infrastructure, such as water supply and sewage networks. Each project will promote people-to-people contacts and cross-river exchanges, including by engaging NGOs and experts from one bank to assist communities on the other bank identify, design and implement development projects.

The programme will enhance the capacities of rural community members to effectively participate in and benefit from the development initiatives. Regional and local development priorities will be identified in a participatory manner with local authorities and local communities in the context of local socio-economic development plans. Communities will be assisted in social mobilisation, formation and support of community-based organisation mechanisms. Capacities among community members will be developed for sustainable and local development processes such as identifying and prioritizing community development needs, developing strategies for addressing identified problems, mobilising resources to implement community development projects and managing and sustaining the outputs. Communities will be requested to contribute to the project through financial and/or in-kind contributions.

The list of specific communities to be included in this component will be determined by the Programme Board. Selection will be based, in part, on a socio-economic analysis to be conducted in a number of districts on both banks. The component initially foresees the provision of support to a total of 40 communities located in these districts, with the implementation of 40 individual community development projects.

Technical and financial assistance for community-led development projects will be provided to communities. Grant support for community development project proposals will be made available on the basis of transparent and competitive selection procedures. A Committee will be established in charge with project selection. The members of the Committee and selection criteria will be decided by the Programme Board.

Given the challenges of implementing traditional community mobilization projects in Transnistria, community projects will be designed and implemented according to a Standard Operating Procedure (SOP) specifically tailored for the Transnistrian context. The SOP will be based on UNDP experience implementing community projects in Transnistria and will include key selection criteria as approved by the Programme Board.

2.2 Integration of health specialist care (continuation of previous activities based on the principle of exchange of expertise between both banks of the river).

This component will build on results from the first phase project in which perinatal centres in Tiraspol and Bender were rehabilitated. That involved successful cross-river exchanges as Moldovan experts trained their counterparts in Transnistria to establish and manage a perinatal health system based on international standards. This programme will encompass further knowledge exchanges and training for medical personnel in order to build a comprehensive system of perinatal care in Transnistria region. The component will be implemented in partnership with other specialized UN Agencies, and thus rely on the extensive experience of the agencies in the specific areas.

Activities under this component will aim at improving access to a quality of mother and child health care, including perinatal care and immunization in the region. The following specific objectives will be pursued:

1. To improve the quality of medical care around pregnancy, delivery and postnatal care and immunization, including by providing proper equipment;
2. To improve the skills of at least 60% of physicians and 50% of medium-level medical staff of out-patient and in-patient healthcare units in the region in pregnancy, postnatal care and immunization, including on the use of new equipment;
3. To strengthen the management of the maternity hospitals and assure extensive implementation of the cost-effective and evidence-based interventions recommended by UN agencies in perinatal care at all care levels;

4. To increase the awareness and knowledge of pregnant women and their families, and care-givers on care during pregnancy and postpartum period and about immunization of babies and young children.

To achieve the above-mentioned objectives, the following strategies will be employed:

- **Capacity building** of health professionals through the provision of training, technical assistance and supervision on antenatal, intranatal and postnatal high quality interventions for health care providers and on the planning, implementation and evaluation in the area of perinatal services for managers;
- **Empowerment of pregnant women, care givers and families** through communication for development at the individual and family level in the area of perinatal care and immunization.
- **Improvement of the quality of health equipment** for perinatal care and immunization in line with international quality standards;
- **Sustainability** through the incorporation of perinatal care into the Medical College and University Curricula and into supervision system at the regional level;
- **In all interventions**, professionals from both banks of the river will be brought together (particularly in training activities) and the health standards and practices in the region of Transnistria will be progressively brought in line with those already adopted on the left bank of the river.

2.3 Environmental Projects

First phase projects to link communities and specialists from both banks in the environmental spheres have succeeded due to the development nature of the work and the tangible benefits provided to communities and specialists who share common interests. This component will build on those smaller first phase successes by continuing ongoing joint activities and expanding the range and scope of collaboration across banks.

Indicative activities:

- ◆ Increase of solid waste management projects which will build on successful efforts to transfer knowledge from other regions of Moldova proper to Transnistria region for the purposes of establishing a sound municipal waste management system.
- ◆ Increase of water/sanitation projects which will build on successful initiatives to transfer knowledge between banks for the purposes of building or upgrading community water distribution networks or sewage systems in several communities throughout Transnistria, with a focus on community health and educational facilities in urgent need.
- ◆ Activities aimed at the elimination of pesticides in Transnistria will extend successful activities to transfer knowledge between environmental specialists on both banks in order to catalogue, repackage and remove obsolete pesticides in Transnistria. Specialists in Transnistria will continue to be trained in storing, managing and raising awareness about obsolete pesticides. The programme will support the functioning of an existing platform on pesticides management which has brought together specialists from both banks.
- ◆ Activities to facilitate joint management of the lower Nistru River will build on first phase programming which brought together specialists from both banks and from Ukraine. Activities will include further joint collaboration for tourist development of

this internationally recognized region. The programme will contribute to the development of a common vision for managing the Lower Nistru.

- ♦ Activities to facilitate further cooperation in the hydro-meteorological field will build on ongoing initiatives to share data between and link specialists from Chisinau and Tiraspol. The programme will facilitate the establishment and functioning of joint water quality monitoring groups and common flood prevention systems.

The programme will also explore the framework of regional cooperation in the form of a Euroregion, to include northern districts of Moldova, western districts of Ukraine, as well as some districts of the Transnistrian region, that can give a significant impetus to the reintegration of Moldova and will enhance the confidence between the two banks of Nistru river, also taking into account the confidence-building potential of the non-political cooperative efforts by Moldovan and Ukrainian central authorities. Expansion to the Transnistria region of other successful interventions which are under implementation in other regions of Moldova such as disaster risks reduction and gender mainstreaming into local development and energy efficiency (Biomass Project, supported by EU and Disaster Risks Reduction Project) will as well be considered.

Back in December 2010, a feasibility study on the creation of Euro-region Nistru was conducted, representing an in depth analysis of the political, legal and socio-economic context in the participating regions (Soroca, Floresti, Soldanesti from right bank and Camenca, Ribnitsa districts from Transnistrian region of Moldova as well as Vinnitsa, Yampil and Mogilev oblast of Ukraine). Identifying the needs and opportunities for the future Dniester-Nistru Euroregion, the following areas can be highlighted:

- Cooperation in tourism development
- Environmental cooperation and conservation
- Cooperation in the development of infrastructure and transportation
- Cooperation between communities, institutions and individuals
- Economic development cooperation

More specific activities will be identified for implementation, political willingness and overall environment to be first carefully considered.

Component 3: Support to civil society

Support to civil society is interconnected with the other components as NGO capacity will be enhanced through their participation in business development, community development and environmental projects. Projects will build NGO capacity on and harness NGO expertise from both banks. The Transnistria region's relatively nascent civil society sector will receive focussed support given their limited capacities and resources. NGOs on both banks will contribute to generating activities to enhance confidence with a view that they will be the engines for such initiatives in the medium- and long-term.

3.1 Dialogues programme between experts, opinion leaders etc.

This flagship project will be a key mechanism to convene actors from both banks of the Nistru, promote cooperation and encourage the development of joint solutions. It will succeed the pioneering Transnistrian Dialogues project (2006-11) which established informal platforms (workshops, seminars, study visits, etc.) for linking top-level decision makers, members of the technical working groups and professionals and experts from the

economic and social sectors on both sides of the Nistru. The project will continue working with groups who have participated in Transnistrian Dialogues and will also expand to capture other segments of society who may be interested in joint collaboration in a range of different sectors. The project will draw lessons from similar interventions such as IMPACT project (2007-09).

Given the sensibility of the programme and in view of maintaining the necessary flexibility, the specific activities will be closely coordinated with representatives from the EU Delegation. Special attention will be paid to reflecting the activities in the media and ensuring EU visibility. All visibility actions for this component will be carefully considered on a case by case basis and agreed beforehand with the EU Delegation representatives.

3.2 Foster civil society development in the Transnistria

An updated assessment of the NGO sector, particularly in Transnistria, will assist in mapping NGOs active in Transnistria by sector; identify new and existing NGO partners and determining capacity/resource gaps, needs and interests.

The programme will facilitate people-to-people links and joint cooperation by building or enhancing the capacity of NGOs to develop, deliver and participate in projects which enhance confidence between the two banks. Grants will support NGOs whose proposals promote cooperation between key actors in Moldova and Transnistria, establish or reinforce cross-river NGO partnerships, involve the transfer of knowledge and expertise across banks and/or address pressing social and community needs.

This programme will continue to support NGOs (local and international) active in implementing confidence building projects as well as newer, less established NGOs who demonstrate potential. The programme will also expand into the sports and culture sectors which present new opportunities for joint collaboration.

A strategic and flexible mechanism designed to provide rapid early support to confidence building opportunities will be used. The grant programme will be established as an early response mechanism to support immediate and concrete initiatives, which seek to have a demonstrable impact on confidence building within and across divided communities. Following the successful implementation of the grant programme in 2010 and 2011, the concept will not change significantly. The detailed adjustments of the grant scheme (including selection criteria) will be elaborated in the first quarter of programme implementation and approved by the Programme Board. Specific documentation for the call for proposals (guide for applicants including rules for submission, evaluation and selection criteria, sample application form, as well as other documents that may be required) will be developed/ adjusted during the first month of programme implementation.

The programme will be proactive in identifying confidence building opportunities. Information about the mechanism will be disseminated widely to encourage ideas from the grassroots – community interlocutors, community-based and international NGOs, UN and other actors. The projects will be selected in a participatory manner by a special Evaluation and Selection Committee, which will include representatives of the Programme Board, including EU Delegation, UNDP and other donor agencies active in the Transnistrian region. The project proposals will be checked against clear criteria, including but not limited to:

- Address the actual needs of communities (i.e. basic human needs are given priority);
- Enhance social cohesion through community mobilization;

- Serve as a pilot/demonstration project that can be replicated by other beneficiary groups;
- Contribute to enhancing citizen participation in the life of the communities;
- Include a confidence-building component and joint activities between the two banks;
- Sustainable, where the beneficiaries can and will maintain the project's continuation;

Projects facilitating direct people-to-people contacts will be prioritized. However, opportunities will be also sought to support the enhancement of an enabling environment within the divided communities. A particular focus will be maintained on projects that help to: promote culture of tolerance, facilitate dialogue within and between the divided communities including civil society-government contacts, address security and safety concerns of marginalized communities, contribute to good governance and media, and strengthen community capacities including empowerment of women to play a more prominent role.

Projects should pay particular attention to engaging with and supporting local stakeholders and activities. They should also seek to reach out to wider society (including grass roots organizations, local government and academia), official and unofficial opinion formers and public figures.

III. MANAGEMENT ARRANGEMENTS

The project will be under the Direct Execution modality (DEX) in accordance with UNDP rules and regulations. Under the close supervision and guidance of a UNDP Portfolio Manager, the daily running of the project will be exercised by a local personnel contracted by UNDP. UNDP follows in the implementation of project and programmes internationally recognized standards (<http://content.undp.org/go/userguide/results>).

Management Structures

A new, expanded programme management structure will be created given the increase in scale and budget relative to the previous phases of programming. The current team (Project Manager, Socio-Economic Officer, Grants Coordinator and Admin/Finance Officer, Civil Engineer) will be revised. The team will be upgraded and strengthened with additional staff, including senior project officers and technical experts for each component. A selection process will be launched for the entire team. The team will be led by a Programme Manager, who will be responsible for day-to-day management, supervision of implementation as well as strategic planning, ensuring efficiencies and synergies across components and liaison with the donor, ministries, governmental institutions (and participating UN organizations). The Programme Manager will also be responsible for reporting, monitoring and evaluation and communication/visibility, as well as preparation of the Programme Board meetings. A strengthened operations unit will handle finance, administration, procurement and logistics for all four components. Expertise of international and national consultants (short and long term) will be sought to advice and support the implementation, as required.

The programme will be managed at the highest level by a Programme Board. The Board will consist of representatives of the EU Delegation, UNDP, and the Bureau for Reintegration. The Programme Board may decide inviting other stakeholders to take part

in the meetings and/or establishing a mechanism involving other stakeholders (OSCE, WB, Embassies, NGOs from both sides of Nistru River) for consultations. Formal minutes shall be prepared and adopted for each meeting of the Programme Board, detailing any proposals made and decisions taken.

The Programme Board will be responsible for approving quarterly and annual work plans, assessing progress, discussing lessons learned, and taking decisions on proposals and recommendations put before it by any of its members. It shall discuss and decide upon specific Programme implementation issues, ensuring optimal transformation of activities into outputs through appropriate monitoring and evaluation actions pertaining to the relevance, performance, and progress towards each outcome, facilitating cooperation between relevant partners and stakeholders (public and private), and ensuring continuous and effective communication and coordination between the Programme and its beneficiaries. The Programme Board will also provide a forum for sharing the key results of the Programme, as well as discussing changes or challenges in the sector and proposing solutions.

Specific Responsibilities of the Programme Board:

- Provide overall guidance and direction to the Programme, ensuring it remains within any specified constraints;
- Address issues as raised by the Programme Manager;
- Provide guidance and agree on possible countermeasures/management actions to address specific risks;
- Agree on Programme Manager's tolerances as required;
- Review the Programme Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Appraise the Programme Annual Review Report, make recommendations for the next AWP;
- Provide ad-hoc direction and advice for exception situations when Programme manager's tolerances are exceeded;
- Assess and decide on Programme changes through revisions.
- Decide on the Selection Committee composition and selection criteria. Approve the list of communities and projects to be supported.

Selection Committee: As the Programme envisages grant components, the Programme Board will decide on the composition of the Selection Committee and criteria for locations and projects selection. The responsibility of the Selection Committee will be to evaluate projects proposals against the selection criteria and make recommendations to the Programme Board for financing.

The programme will use a flexible mechanism for identification of communities and projects: ongoing collection of expression of interest, identification of projects by partners and/or assign experts and Call for Proposals. All mechanisms will be approved by the Programme Board. The Selection Committee will evaluate all proposals and make recommendations to the Programme Board. The Programme Board will make the final decision.

Project Assurance is a key element of the PRINCE2 project management method, upon which the Programme Management Arrangements are based. 'Assurance' is essentially an independent audit function, whereby the Programme Board is able to monitor progress against agreed work plans. On behalf of UNDP, the function is delegated to a UNDP Portfolio Manager. Specific 'Assurance' tasks are to:

Ensure that funds are made available to the programme;

Ensure that risks and issues are properly managed and monitored, and that the logs are regularly updated;

Ensure that Programme Progress/Financial Reports are prepared and submitted on time, and according to standards in terms of format and content quality and submitted to the Programme Board;

Duration

The programme duration is of 36 months from the date of signing of the Special Conditions by the last party.

Funding

The programme is funded by the European Commission and UNDP. The budget breakdown is provided in the Annex 3 "Budget".

IV. MONITORING FRAMEWORK AND EVALUATION

Monitoring and Evaluation

Monitoring and evaluation will follow the UNDP guidelines on Monitoring and Evaluating for Results.

The Monitoring and Evaluation Plan (M&E Plan) will be elaborated and approved by the Programme Board at early stage of programme 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 Program. The M&E Plan will also contribute to ensuring regular reporting to donor(s) on the effective use of all funding.

Gender mainstreaming has been taken into account in designing and formulating this Program, and it will continue to be an important factor in planning, monitoring, and evaluating activities and operational strategies.

The Program's M&E Plan will include the implementation of a Monitoring and Information System, which will serve as a tool for planning and managing the collection of disaggregated data and statistics and performance of activities, as well as for analysing and reporting on the same. 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 Program 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 Program is of

particular importance since it feeds the future evaluation with information and data on effectiveness, efficiency, coherence, and management and coordination.

Collection of data and information in a disaggregated by sex, age, region and, where relevant, other grounds, to the extent possible will be an on-going process and will be integrated into the activities, with coordination support provided by the Program Manager and Monitoring Officer. Details of the process, including actions, tasks, and responsibilities, will be described in the M&E Plan (including establishment and regular update of a Monitoring and Information System).

The results of monitoring activities will be presented on a quarterly basis to the Programme Board.

Within the annual cycle:

Quality Log: Progress and quality of the deliverables being produced will be assessed based on the quality criteria established in the indicators and deliverable Description and planned schedule and recorded in the Quality Log. If changes are required, the Deliverable Description and/or schedule will be updated.

Issues Log: Any programme issues will be recorded in the Issues Log to facilitate tracking and resolution.

Risks Log: The Risks Log will be updated by reviewing the external environment that effects the programme implementation, and associated risk management plans.

Programme Quarterly Progress Report: Quarterly monitoring progress reports will be submitted by the Programme Manager to Programme Assurance and to the Programme Board.

Lessons Learnt Log: Programme lessons learned should be actively captured to ensure ongoing learning and adaptation within the organisation.

Annually:

Annual Review: An annual programme review will be conducted by the UNDP during the fourth quarter of year as a basis for assessing the performance of each programme. Such review is done in the context of the UNPF Annual Review. This review will involve all key stakeholders and the Implementing Partner, and focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes. All evaluations of the programme, or related outcomes should be considered, along with their respective management responses and action plans. Findings from these should inform the review. The review will be structured by a set of common standards, and will be subject to spot external quality assurance assessments. This review should update output targets and results achieved. All relevant information shall be shared with the EU Delegation.

Evaluation: A final programme review will be commissioned by the UNDP at the end of programme implementation. This will focus on relevance, efficiency, non-contentiousness and appropriateness of delivered activities. In addition to that, evaluation will be conducted for the sub-projects implemented. Lessons learned and the experience gained throughout the implementation of the programme will be disseminated and shared as widely as possible with the donor community.

V. RISK LOG AND RISK MANAGEMENT

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.

Risk Log

Description of risk	Type and Category	Risk management actions
Volatile political and security environment, subject to unforeseen and sudden changes	Political/ High	The programme will take into account the specific political setting that will exist in the region at the moment of implementation. The implementation of the activities will be planned and approached with caution, including the timing, visibility and presentation issues.
Activities may be delayed due to the regional context	Operational / Medium	The programme team will ensure that the local administration is informed on an on-going basis about the aims and the activities planned, including inviting them to the events. All activities have to remain non-political. Formalization of the participation of Transnistrian organizations should be kept to a minimum in order to avoid potential problems and remain non-contentious.
Lack of engagement on behalf of TN stakeholders	Operational/ Medium	Prior consultations were in place to guarantee a buy-in on behalf of TN beneficiaries. Continuous engagement with key stakeholders will be ensured, as well as mobilisation of local resources to promote the local ownership of the results of the implemented action.
Different financial systems in the Transnistrian region	Operational / Medium	Financial flows to Transnistrian banks for TN NGOs and social institutions have facilitated delivery of activities. UNDP will continue to further explore the issue of higher incurred costs for transfers and currency exchanges.
Low capacity of civil society in the Transnistrian region to implement and absorb the assistance	Operational / High	To avoid this risk, a mixed approach towards implementation of activities is taken. The grants programmes will include different capacity development activities.

VI. LEGAL CONTEXT

This document together with the CPAP signed by the Government and UNDP which is incorporated by reference constitute together a Project Document as referred to in the Standard Basic Assistance Agreement between the Government of the Republic of Moldova and the United Nations Development Programme, signed by the parties on October 2, 1992 and all CPAP provisions apply to this document.

Consistent with the Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner 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 implementing partner'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 implementing partner 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".



Annex I: Description of the Action

Title of the action:	Support to Confidence Building Measures
Location(s) of the action:	Republic of Moldova
Name of the applicant	UNDP Moldova

EuropeAid ID		
Legal status	<i>International Organization</i>	
Partner(s)	<i>Name, EuropeAid ID, Nationality</i>	
Total eligible cost of the action (A)	Amount requested from the Contracting Authority (B)	% of total eligible cost of action (B/Ax100)
10,600,000 EUR	9,500,000 EUR	89.62%
Total duration of the action:	<i>36 months</i>	

Contact details for the purpose of this action:	
Postal address:	131, Street 31 August 1989, UN House 2012 Chisinau, Moldova
Telephone number: Country code + city code + number	373-22-22.00.45
Fax number: Country code + city code + number	+373-22-22.00.41
Contact person for this action:	Kaarina Immonen
Contact person's email address:	kaarina.immonen@undp.org
Website of the Organisation	www.undp.org

Any change in the addresses, phone numbers, fax numbers and in particular e-mail, must be notified in writing to the Contracting Authority. The Contracting Authority will not be held responsible in case it cannot contact an applicant.

VII. FULL APPLICATION FORM

I. THE ACTION

1. DESCRIPTION

Title

Support to Confidence Building Measures

Location(s)

Republic of Moldova, Transnistrian Region

Cost of the action and amount requested from the Contracting Authority

Total cost of the action (A)	Amount requested from the Contracting Authority (B)	% of total eligible cost of action (B/Ax100)
10,600,000 EUR	9,500,000 EUR	89,62 %

Summary (max 1 page)

Total duration of the action	36 months
Objectives of the action	<p>The <u>overall objective</u> of the programme is to facilitate the settlement of the Transnistrian issue through ensuring economic and social development of local communities and increasing confidence between both banks of the Nistru River by involving local authorities, civil society organisations, business community and other stakeholders.</p> <p><u>Specific objectives:</u></p> <ul style="list-style-type: none">- To enhance economic development in the Transnistria region and the security zone and contribute to economic rapprochement between the two banks of the Nistru River by promoting cross-river exchanges and expanding the range of catalytic business support services;- To empower local communities and actors from both sides to participate in collaborative projects addressing pressing development needs and ensure the delivery of essential public services;- To address common environmental development concerns by creating opportunities and platforms for joint collaboration from both banks;- To foster civil society development by enhancing the capacity of NGOs to generate activities which promote cross-river collaboration and addressing key development needs.

Partner(s)	The Government of Moldova, the Bureau for Reintegration, relevant line ministries, regional and municipal authorities, community-based organizations, international, national and local NGOs active in the Transnistrian region and the security zone.
Target group(s)	<ul style="list-style-type: none"> • Economic actors including SMEs, Chambers of Commerce, business associations, etc. from both banks of Nistru River; • Communities and community-based organizations in the Transnistria region and the security zone; • Health specialists on both banks as well as beneficiaries of health institutions on both banks; • Environmental actors, including specialists and affected communities; • Civil society organizations in the Republic of Moldova including the Transnistria region;
Final beneficiaries	<ul style="list-style-type: none"> • Citizens in the Republic of Moldova including the Transnistrian region
Estimated results	<ul style="list-style-type: none"> • Catalytic development of the SME sector in the Transnistrian region and security zone; at least 200 SMEs benefiting from better business support services and improved management skills; at least 50 cross-river exchanges promoted • Communities empowered to participate in addressing local development needs with least 40 small social infrastructure projects implemented; at least 40 cross-river exchanges supported. • Capacity of national, sub-national and local institutions in the environmental sector enhanced to address environmental priorities. • Capacity of civil society organisations strengthened to address pressing social and community needs; at least 30 cross-river NGO partnerships supported • Increased contacts between actors on both banks in the social, cultural, economic and environmental sectors • Increased trust and confidence between citizens on both sides of the Nistru River
Main activities	<p>The above will be tackled through the following programme components:</p> <p>1. Business Development – Projects which promote the common interests of business actors from both banks in the context of EU integration will be implemented. The SME sector will be supported through continued business education activities; establishment of a business incubator and other facilities and formats to provide support services to entrepreneurs; and a road map for micro-financing will be defined.</p> <p>2. Community Development – Projects will be implemented which enable and empower citizens on both banks to jointly participate in tackling community development needs, particularly the rehabilitation of social institutions and basic infrastructure as well as improve access to and quality of mother and child health care, including</p>

	<p>perinatal care and immunization in the region. Small grants will be provided to community-based organizations to encourage community mobilization.</p> <p>Joint environmental projects will also be implemented, as part of this component. These will provide an opportunity for the development of joint solutions in addressing common environmental concerns, building on successful cooperation between authorities, civil society organizations, specialists and communities.</p> <p>3. Support to Civil Society – Grants will be provided to NGOs to enhance NGO capacity for generating activities which reduce mistrust and increase confidence; to harness NGO expertise for producing practical improvements in areas relevant to the population; and to encourage cross-river NGO partnerships.</p>
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Objectives (max 1 page)

The overall objective of the programme is to facilitate the settlement of the Transnistrian issue through ensuring economic and social development of local communities and increasing confidence between both banks of the Nistru River by involving local authorities, civil society organisations, business community and other stakeholders.

The programme aims to ensure that ongoing efforts at settlement at the political level (5+2 informal and formal talks) and technical levels (confidence building working groups) are supported by development and confidence building initiatives at the community level that seek to create a general atmosphere conducive to dialogue and cooperation at all levels. The programme aims to reduce misperceptions and mistrust and increase confidence between programme participants and the population at large on both banks. Activities target individuals, communities, institutions, civil society and other stakeholders who demonstrate a willingness to engage in cross-river partnerships and platforms which contribute directly to greater socio-economic development.

The action will build on successes achieved during 2009-2011 when the first two confidence building interventions were pioneered, an important scale-up and expansion of the confidence building measures being proposed. The programme will aim at enhancing socio-economic development of the Transnistria region, bringing the sides closer as well as promoting and strengthening cooperation between Chisinau and Tiraspol in such fields as health, social support, environment protection, education, SME development etc., involving in this process specialists, entrepreneurs, civil society leaders as well as the general population on the two banks of the Nistru River.

Reducing vulnerability to economic and social instability, as well as increasing access to basic public services, while engaging communities across the river, will be pursued. Creating the connectedness between the two sides and benefits for the people of Moldova, including its Transnistria region, will remain at the core of the programme.

Programme specific objectives:

- To enhance economic development in the Transnistria region and the security zone and contribute to economic rapprochement between the two banks of the Nistru River by promoting cross-river exchanges and expanding the range of catalytic business support services;
- To empower local communities and actors from both sides to participate in collaborative projects which address pressing development needs and ensure the delivery of essential public services;
- To address common environmental development concerns by creating opportunities and platforms for joint collaboration from both banks;

- To foster civil society development by enhancing the capacity of NGOs to generate activities which promote cross-river collaboration and addressing key development needs.

These objectives will be tackled through the following three components.

1. Business Development Component – Activities which promote the common interests of business actors from both banks in the context of EU integration will be implemented. The projects will contribute to stimulating the SME sector in Transnistria and encouraging cross-river cooperation among business actors. Projects will build on programming initiated in the previous phase to address the key constraints to business development in the Transnistria region. These projects include the continuation of business education through the Transnistria business school project, the establishment of a business incubator to provide support services for entrepreneurs and a road map for micro-financing opportunities as well as consulting services for businesses from both Moldova and Transnistria on export/import operations, trade between the two banks, EU quality systems, trade certificates and all other business and trade related areas.

2. Community Development Component

Building on pioneering UNDP experience in working with communities in the Transnistria region, projects will be implemented which enable and empower citizens on both banks to jointly participate in tackling community development needs in the Transnistria region and the Security Zone. These will include particularly the rehabilitation of social institutions and basic infrastructure, responding to common environmental concern, as well as improve access to and quality of mother and child health care, including perinatal care and immunization in the region. Environmental projects will continue previous successful programming and expand the range and scope of collaboration across banks.

3. Support to Civil Society Component

Through the provision of grants, projects will enhance the capacity of civil society organizations to generate activities which reduce mistrust and increase confidence. Platforms will be created to link specialists from both banks who share common interests. Expanding on programming from previous phases, the programme will encourage cross-river NGO-to-NGO partnerships. Harnessing NGO expertise to produce practical improvements in areas relevant to the population, cross-river NGO-to-community links will be promoted. The programme will increase support to a broader range of NGOs, including in the sports and culture sectors.

Relevance of the action (max 3 pages)

1.6.1. Overall background

Transnistria, the eastern region of Republic of Moldova situated on the left bank of the Nistru River, proclaimed its independence from the rest of Moldova in September 1990. An armed conflict followed in 1992, and the so-called “Transnistrian Moldovan Republic” has developed separately from Moldova ever since. The Transnistrian conflict substantially hinders Moldova’s socio-economic development. Settlement of the conflict and reintegration of the Transnistria region is a national priority and is included among the main objectives of the Government of Moldova’s National Development Strategy.

Efforts to reach a settlement to the Transnistria are being conducted at two levels. At the political level, Chisinau and Tiraspol have conducted both formal and informal talks on a settlement assisted by three international mediators (the OSCE, Russia and Ukraine) and two observers (the EU and the USA) forming the so-called “5+2 format.” At the technical level, a number of Working Groups have been formed involving institutions and experts from both banks aimed at joint cooperation and technical approximation of the two distinct socio-economic, institutional and legal systems in order to facilitate the development of the entire Republic of Moldova.

Formal settlement talks have been on hold since 2006 until September 2011. However, the informal talks held in the 5+2 format in 2010 and the appearance of Transnistrian conflict settlement on the international agenda, also in 2010, are an encouraging sign. While a political

settlement has remained elusive, the developmental challenges facing both sides present an opportunity for practical cooperation between the two banks. Authorities on both sides agree that activities outside the existing political (5+2 talks) and technical (Working Groups) formats which reduce mistrust and increase confidence between both banks are acceptable and necessary.

Currently, a Deputy Prime Minister is mandated to represent Moldova in the formal 5+2 talks to negotiate a settlement. The Deputy Prime Minister is also supported by a Bureau for Reintegration which was established to spearhead reintegration efforts and coordinate the reintegration activities of ministries and departments. The Bureau for Reintegration is the national partner representing the interests of the Government of Moldova for the current programme.

1.6.2. EU Involvement

EU engagement with Moldova and the Transnistria conflict has grown steadily in recent years, including through the appointment of a European Union Special Representative (EUSR), the establishment of a European Union Border Assistance Mission (EUBAM) and the implementation of the EU-Moldova Action Plan. As a participant in the "5+2" format, the EU continues its high-level engagement to improve the overall political atmosphere for dialogue and cooperation between Chisinau and Tiraspol. As Moldova benefits from its participation in the European Neighbourhood Policy and the Eastern Partnership, significant opportunities for assistance in terms of political and economic reforms (trade preferences, participation in educational, scientific and cultural community programmes, visa liberalization, etc.) appear which can potentially be exploited for the benefit of the whole population of Moldova, including the Transnistria region. EU engagement reinforces Chisinau and Tiraspol's mutual interest to address shared developmental challenges and to improve the livelihoods of all citizens.

1.6.3. Economic and social context

The numerous economic opportunities and challenges facing both sides of the Nistru River are shared. The challenges which both banks face include a deficit in skilled labour; underdeveloped business infrastructure, low competitiveness of products, poor diversification of industry; and high regional competition in attracting foreign investment. Both banks have a mutual interest in addressing these economic challenges and supporting activities which contribute to the economic stability of the country as a whole.

The global financial and economic crisis has negatively impacted socio-economic development in Republic of Moldova, including its Transnistrian region. Exports earnings in Transnistria have fallen, industrial production is down, and unemployment continues to rise. According to the Moldovan Ministry of Reintegration, the total value of exports by Transnistria registered companies in the first five months of 2009 was 37% of the figure for the same period in 2008. The Transnistrian authorities reported that during the first four months of 2009, the Transnistria regional budget received only 68% of its planned revenues.

Moldova's participation in the European Neighbourhood Policy, the Eastern Partnership, Autonomous Trade Preferences (ATP) granted in 2008, the prospect of a Deep and Comprehensive Free Trade Agreement (DCFTA) and other benefits associated with a potential EU-Moldova Association Agreement present opportunities for joint economic cooperation and integration between the two sides. Interest in greater access to the EU market will continue to serve as a powerful driver on both banks. However, the EU market remains largely unexploited by SMEs from both banks.

In the Transnistria region, key economic actors may be the most interested stakeholders in normalisation of the Transnistria region's status since the economic benefits of enhanced trade and access to international markets would be significant. Economic stagnation, particularly on the left bank, may fuel the potential for social unrest and might be manipulated by the authorities for political purposes. The historical isolation of Transnistria combined with the lack of donor support,

has resulted in an economic stratification of Transnistrian business in which SMEs have been ignored and are not able to serve as an engine of growth.

It is therefore critical that economic, particularly SMEs in the Transnistria region have access to information about new opportunities and are supported by activities which contribute to sustainable economic development.

The last decades in the TN region, have been characterized by a decrease in standards of life of the population of the region. The provision of a certain social safety-net by the region's local authorities was beyond budgetary limits. This situation is exacerbated by the fact that Transnistrian region has not been part of comprehensive programs of assistance provided to Moldova in the social field by the international donors. The social infrastructure as well as public health provision remained a hostage of obsolete policies and lack of budgetary support, which contributes to a continuous depopulation of the region as well decreasing health indicators and quality of life in general. Another worrying problem across the health system in Transnistria is the decreasing rate of immunization, which stands below 80% for the main childhood vaccines (around the same level as Burundi, Cameroon and Guinea Bissau). After being eradicated from Europe, polio has reappeared in the region and a case was detected in neighbouring Ukraine.

The current political and economic instability in Transnistria is generating a social tension, which can decrease the influence outcomes of joint EU-UNDP confidence-building efforts in the region. Thus, it is of utmost importance to contribute to a rehabilitation of the social sector on the region, through provision of a universal access to better social services.

1.6.4. Civil Society Organizations

Civil society in Transnistria³ is small, underdeveloped and generally weaker than in the rest of Moldova. This is due to a lack of capacity, poor resources and the limited room for manoeuvre allowed by the authorities. There are officially over 2,000 civil society organizations registered in Transnistria, but only a few dozens are considered properly functioning NGOs. NGO activity is centred in the main cities (Tiraspol, Bender and Dubasari) and remains rather limited in rural areas. Allowed to operate in areas which pose no threat to the authorities, like (youth, civic education, health, environment, community development and business) these NGOs work with inconsistent support from foreign donors. There have been positive recent signs of successful cooperation between civil society organizations and local authorities in tackling community issues, created mostly with support from international donors and Moldovan counterparts. Despite limited capacity and resources, NGOs on both banks have demonstrated a willingness to cooperate in joint projects which aim to reduce mistrust and increase confidence in areas of common interest, reaffirming the need to support these types of activities.

1.6.5. International Assistance and Donor Coordination

To date, most assistance to the Transnistrian region has provided for humanitarian aid and social projects. Only a small number of donors are working with Transnistrian civil society. Their focus is primarily in the following areas: support to NGOs and independent media, support to civil initiatives and assistance with legal rights, increased contact between Transnistrians and both the rest of Moldova and the outside world.

A number of UN agencies are working in TN, implementing in recent years among others: the UN Drought Response Programme⁴, a small grants programme on environment and sustainable management of natural resources, a reproductive health centre in the Transnistrian town of Camenca, capacity building of all primary health workers on Integrated Management of

³*Catalogue of Non-Governmental Organizations in Transnistria-2007*, a survey conducted by the NGO Centre for Support and Development of Civic Initiatives "Resonance", financed by OSCE.

⁴ <http://www.un.md/drought/>

Childhood Illnesses, youth Friendly Services in Tiraspol and Ribnita, de-institutionalisation of children, juvenile justice and programmes on anti-trafficking. Projects have also been implemented by bilateral donors and foundations including USAID, the Soros Moldova Foundation, Swiss Development Cooperation, Embassy of the Czech Republic, National Endowment for Democracy, Norwegian Embassy to Bucharest and the UK Embassy in Moldova and DFID. These initiatives have reported a number of successes and achievements, and have plentifully demonstrated the peace building value of donor engagement with the region's civil society and the media, through non-political building of confidence and trust between the two banks of the river.

The World Bank recently provided EUR 4.5MM through the Moldovan Social Investment Fund (MSIF), a semi-governmental organization, to implement community development projects (which, at the time of writing, are experiencing difficulties in implementation). Funded mostly through voluntary contributions, the Council of Europe's activities include small scale projects to increase confidence between banks by organizing competitions for journalists, exchanges for students etc.

The EU remains the largest donor in the Transnistria region given the current and previous two phases of confidence building programming. The EUR 1.7M first phase programme (ENPI "Support to Civil Society in Transnistria") facilitated the implementation of approximately 12 confidence-building proposals in the health, social and environmental areas while the EUR 2.0M second phase programme ("Building Confidence between Chisinau and Tiraspol") package supported business development, social infrastructure and community rehabilitation as well as civil society development. Activities in these first two phases have created significant opportunities for building and strengthening links between the two banks. It is crucial to build on the momentum which has already been generated.

The Donor Coordination meeting on Transnistria is organised once every two months and brings together all donors active in the region for the purposes of sharing information. Following UNDP chairmanship in 2010, as of 2011 these meetings are chaired by the EU.

Increased coordination efforts will be pursued through regular donor coordination meetings, bilateral meetings with relevant donors and a potential mapping exercise to be carried out under the technical assistance provided by the EU to the Bureau for Reintegration of the Republic of Moldova.

Description of the action and its effectiveness (max 14 pages)

Strategic Approach

Given the isolation of Transnistria, its authoritarian system, and its relative lack of exposure to working with international donors, the first and second phases of programming have served to build trust in the EU and UNDP as credible partners implementing programming that is viewed as non-threatening and benefiting the population at large. This has planted the seeds for further cooperation, and the current phase of programming will build on successes and take advantage of entry points created from previous phases to contribute to the development of the Transnistria region and increase confidence between banks. While activities will focus on the Transnistria region and the security zone, they will impact the entire country. Projects will be framed in the context of promoting European integration and European values for all Moldova's population.

Programme activities will increase confidence between both banks of the Nistru river while addressing concrete development needs by promoting cross-river NGO partnerships, linking NGOs and communities across banks, transferring specialist knowledge from bank to bank and creating platforms for interaction between stakeholders (people-to-people contacts in the form of workshops, seminars, study visits, etc).

Key principles for programming include ownership, transparency, continuity, gradualism, flexibility, responsiveness and a conflict-sensitive and win-win approach. Projects will have the buy-in of key actors on both sides from the earliest stages (**ownership** and **transparency**). Projects will build

on the momentum and entry points created by in previous phases of programming (**continuity**). Activities will be implemented and scaled up with gradually introduced elements of joint work (**gradualism**). Projects will be implemented during a time when political developments may affect implementation or the environment in which implementation is occurring. Projects will be designed in a way to take advantage of breakthroughs in relations between Chisinau and Tiraspol and to protect against setbacks. When planned activities for joint cooperation cannot be implemented, then other collaborative opportunities will be explored (**responsiveness and flexibility**). Although activities will tend to focus on reducing the isolation of Transnistria, they will serve to balance the benefits received (or perceived) by both sides, so as not to generate resentment or exacerbate tensions on either side (**win-win and conflict-sensitive approach**). In their design and implementation, projects will also take into consideration the unique and sensitive operating environment of the Transnistria region.

Programme activities will give due consideration to incorporating a human right-based approach and gender-based approach to activities. In particular, the role of women in contributing to an atmosphere of increased confidence between banks will be explored.

Component activities are interconnected. Activities in the community development component will help at building NGOs capacity while civil society platforms will be created, where NGOs can contribute to business development and environmental improvements.

The implementation will ensure that gender equality is integrated throughout all programme components, aiming to make positive and transformative contribution to the achievement of gender equality and women's empowerment. The programme will advocate, whenever possible, that equal opportunity, equal access and equal rights for men and women are taken into consideration when initiatives are implemented at the community level, as well as integrated into projects implemented by NGOs. In addition, the programme will facilitate the collection of gender-disaggregated data and gender statistics in order to obtain a minimum picture of the development challenge in the areas covered by the programme: social, health, environment, and infrastructure (gender-disaggregated socio-economic data). Such data will be used to 1) identify gender disparities relevant to the scope of the programme; and 2) design and implement activities eliminate those gender disparities.

The programme will also seek to expand to the Transnistria region other successful interventions which are under implementation in other regions of Moldova, such as disaster risks reduction and gender mainstreaming into local development and energy efficiency (Biomass Project, supported by EU and Disaster Risks Reduction Project).

The above will be tackled through the following programme components:

Component 1: Business Development

- a) Assessments and feasibility studies
- b) Training and Business Advisory Services
- c) Business incubator

Component 2: Infrastructure, community and social projects

- a) Community infrastructure rehabilitation
- b) Integration of specialist care in the field of health care and social projects
- c) Environmental projects

Component 3: Support to civil society

- a) Dialogues programme
- b) Foster civil society development in Transnistrian region and cooperation between civil society actors on both banks.

Component 1: Business Development

The goal of business development projects is to stimulate economic development in Transnistria while promoting cooperation between economic actors from both banks of the river and creating platforms for stakeholders from both sides to interact. The business development component of the project will aim at continuing to support local economic development by addressing the key constraints to SME development in the Transnistria region. The project will build on and expand successful business sector activities which were introduced in the second phase of confidence building programming. Projects will include continuation of the activities of business education services, the establishment of business incubators to promote advisory services for entrepreneurs and research into mechanisms which increase access to investment capital and loans for SMEs. Supported cooperation formats will also provide consulting services for businesses from both Moldova and Transnistria on export/import operations, trade between the two banks, EU quality systems, trade certificates and all other business and trade related areas. Greater access to EU markets, in the context of a prospective EU-Moldova Association Agreement and an EU-Moldova Deep and Comprehensive Free Trade Agreement (DCFTA), will provide an opportunity to raise awareness on the benefits of economic cooperation and integration and may serve as a powerful driver for cross-river cooperation and partnership among business actors.

Activities in this component will continue to create a comprehensive set of interventions for business development. Synergies between activities will be created as entrepreneurs who complete coursework in the business schools may be strong candidates for inclusion in business incubators and may be able to access credit and capital through micro-financing mechanisms which may be established at a later stage.

The programme will contribute to **diversifying the range of economic interests in the Transnistria region by helping to introduce economic actors to a wider regional market. It will expand** opportunities for economic growth in the Transnistria region and Moldova as a whole and contribute to generating employment and alleviating poverty.

The proposed initiative will continue to promote cooperation between institutions and actors from both banks and will include:

- ◆ Continued cooperation with the Tiraspol Chamber of Commerce and its regional branches (in Bender town, Rybnitsa and Dubasari) and initiatives to promote greater cross-river cooperation
- ◆ Support to activities of right bank local business associations to extend their activities and build partnerships in the Transnistrian region; and
- ◆ Support for the creation and strengthening of capacities of local business associations in the Transnistria region.

Indicative Activities:

1.1 Business School Project

The project will entail the support for business education activities in the Transnistrian region, in order to develop a pool of business trainers and to provide training to beginner entrepreneurs, managers of existing SMEs, CEOs and managers of large companies. **The project will** create a sustainable business education system to enhance the contribution of SMEs to economic growth and development by stimulating entrepreneurship and competition. The program will improve the management capacity of businesses, particularly in the Transnistria region. The project will be implemented in partnership with local business associations, regional Chambers of Commerce and Industry with the aim to bring in Moldovan and international expertise.

The project will continue to provide support for the institutionalization and improvement of quality of the trainings delivered by the *Business School* and aim to contribute to creation of consultancy market. The project will promote partnerships and knowledge exchange among key business associations including the Organization for SME Sector Development (ODIMM), Moldovan Chamber of Commerce, Tiraspol Chamber of Commerce. Links with other business association shall be explored further for this purpose.

Indicative activities under this component will include, but not limited to:

- ◆ Further development and refinement of curricula and training materials
- ◆ Development of business consultancy market/services in the region
- ◆ Continued provision of training in the area of business development, specifically: regulatory and legislative issues, management, business planning, financial management, access to funding and market access among others
- ◆ Continuing education to keep trainers' skill and knowledge relevant and current and to ensure long-term sustainability
- ◆ Provision of support for Business Associations (their establishment and/or strengthening)
- ◆ Assistance in the identification of potential business opportunities, technical development of business proposals and provision of consultancy in the business start-up process

1.2 Research and Analysis into SME Access to Finance

The feasibility study undertaken in the previous phase identified limited access to finance as one of key constraints which hinders **business development in the Transnistria region**. Access to finance enables SMEs to generate productive capacity, compete and sustain growth. A roadmap for establishing a feasible mechanism **to increase access to financing for SMEs in Transnistria will be developed. This could ostensibly take the form of a micro-finance fund. Additional assessments and research will review and assess best and most current practices in the region and will be conducted by a professional organization with experience doing similar studies for micro-financing in the region.**

Support will also be envisaged for specific feasibility studies in areas or sectors with potential business investment and development opportunities which, at the same time, benefit the two sides jointly.

1.3 Development of Business Incubators

The feasibility study undertaken in the previous phase identified the lack of business support infrastructure as another key constraint which hinders **business development in the Transnistria region**. The establishment of business incubators, with the capacity to host and provide in-house advisory services to individual SMEs, **will address this gap. Business incubators will be established** in at least one of the three locations in Transnistria where the business schools have been established (Tiraspol, Ribnitsa, Bendery). **The business schools may serve as feeders for the business incubators, supporting entrepreneurs who have completed coursework and would like to refine their skills and develop their businesses further. The activity will build and expand on an ongoing pilot project from the previous phase of the project.**

1.4 Business consulting services

The project will support provision of consulting services for businesses from both Moldova and Transnistria on export/import operations, trade between the two banks, EU quality systems, trade certificates and all other business and trade related areas. There's currently a dearth of practical, results-oriented consultancy/support services for Transnistrian businesses (both SMEs and large companies) seeking access to EU and Moldovan markets and there's a very limited number of Moldovan companies operating on the Transnistrian market. Consultancies by professionals from both sides will help to eliminate this gap and provide a range of quality services strengthening the

links between businesses from both banks and promoting their trade with each other and international partners.

Component 2: Community infrastructure, health care and environment projects

2.1 Rehabilitation of social institutions in the Transnistrian region and the security zone (schools, kindergartens, centres for socially vulnerable).

Community-driven infrastructure rehabilitation projects in Transnistria and the security zone have addressed pressing community needs while providing an opportunity for people-to-people contacts across the banks. Community development projects in this component will continue the kind of programming begun in the first phase and will build on UNDP's pioneering work in community development in Transnistria (through the Joint Integrated Local Development Programme). A range of community-led projects will be implemented in Transnistria and the security zone to improve the delivery of essential public services. Projects will focus on the rehabilitation of key social institutions, such as educational and health facilities, and improvements to critical physical infrastructure, such as water supply and sewage networks. Each project will promote people-to-people contacts and cross-river exchanges, including by engaging NGOs and experts from one bank to assist communities on the other bank identify, design and implement development projects.

The programme will enhance the capacities of rural community members to effectively participate in and benefit from the development initiatives. Regional and local development priorities will be identified in a participatory manner with local authorities and local communities in the context of local socio-economic development plans. Communities will be assisted in social mobilisation, formation and support of community-based organisation mechanisms. Capacities among community members will be developed for sustainable and local development processes such as identifying and prioritizing community development needs, developing strategies for addressing identified problems, mobilising resources to implement community development projects and managing and sustaining the outputs. Communities will be requested to contribute to the project through financial and/or in-kind contributions.

The list of specific communities to be included in this component will be determined by the Programme Board. Selection will be based, in part, on a socio-economic analysis to be conducted in a number of districts on both banks. The component initially foresees the provision of support to at least 30 communities located in these districts, with the implementation of 40 individual community development projects.

Technical and financial assistance for community-led development projects will be provided to communities. Grant support for community development project proposals will be made available on the basis of transparent and competitive selection procedures. A Committee will be established in charge with project selection. The members of the Committee and selection criteria will be decided by the Programme Board.

Given the challenges of implementing traditional community mobilization projects in Transnistria, community projects will be designed and implemented according to a Standard Operating Procedure (SOP) specifically tailored for the Transnistrian context. The SOP will be based on UNDP experience implementing community projects in Transnistria and will include key selection criteria as approved by the Programme Board.

2.2 Integration of health specialist care (continuation of previous activities based on the principle of exchange of expertise between both banks of the river).

This component will build on results from the first phase project in which perinatal centres in Tiraspol and Bender were rehabilitated. That involved successful cross-river exchanges as

Moldovan experts trained their counterparts in Transnistria to establish and manage a perinatal health system based on international standards. This programme will encompass further knowledge exchanges and training for medical personnel in order to build a comprehensive system of perinatal care in Transnistria region. The component will be implemented in partnership with other specialized UN Agencies, and thus rely on the extensive experience of the agencies in the specific areas.

Activities under this component will aim at improving access to a quality of mother and child health care, including perinatal care and immunization in the region. The following specific objectives will be pursued:

1. To improve the quality of medical care around pregnancy, delivery and postnatal care and immunization, including by providing proper equipment;
2. To improve the skills of at least 60% of physicians and 50% of medium-level medical staff of out-patient and in-patient healthcare units in the region in pregnancy, postnatal care and immunization, including on the use of new equipment;
3. To strengthen the management of the maternity hospitals and assure extensive implementation of the cost-effective and evidence-based interventions recommended by UN agencies in perinatal care at all care levels;
4. To increase the awareness and knowledge of pregnant women and their families, and care-givers on care during pregnancy and postpartum period and about immunization of babies and young children.

To achieve the above-mentioned objectives, the following strategies will be employed:

- **Capacity building** of health professionals through the provision of training, technical assistance and supervision on antenatal, intranatal and postnatal high quality interventions for health care providers and on the planning, implementation and evaluation in the area of perinatal services for managers;
- **Empowerment of pregnant women, care givers and families** through communication for development at the individual and family level in the area of perinatal care and immunization.
- **Improvement of the quality of health equipment** for perinatal care and immunization in line with international quality standards;
- **Sustainability** through the incorporation of perinatal care into the Medical College and University Curricula and into supervision system at the regional level;
- **In all interventions**, professionals from both banks of the river will be brought together (particularly in training activities) and the health standards and practices in the region of Transnistria will be progressively brought in line with those already adopted on the left bank of the river.

2.3 Environmental Projects

First phase projects to link communities and specialists from both banks in the environmental spheres have succeeded due to the development nature of the work and the tangible benefits provided to communities and specialists who share common interests. This component will build on those smaller first phase successes by continuing ongoing joint activities and expanding the range and scope of collaboration across banks.

Indicative activities:

- ◆ Increase of solid waste management projects which will build on successful efforts to transfer knowledge from other regions of Moldova proper to Transnistria region for the purposes of establishing a sound municipal waste management system.
- ◆ Increase of water/sanitation projects which will build on successful initiatives to transfer knowledge between banks for the purposes of building or upgrading community water distribution networks or sewage systems in several communities throughout Transnistria, with a focus on community health and educational facilities in urgent need.
- ◆ Activities aimed at the elimination of pesticides in Transnistria will extend successful activities to transfer knowledge between environmental specialists on both banks in order to catalogue, repackage and remove obsolete pesticides in Transnistria. Specialists in Transnistria will continue to be trained in storing, managing and raising awareness about obsolete pesticides. The programme will support the functioning of an existing platform on pesticides management which has brought together specialists from both banks.
- ◆ Activities to facilitate joint management of the lower Nistru River will build on first phase programming which brought together specialists from both banks and from Ukraine. Activities will include further joint collaboration for tourist development of this internationally recognized region. The programme will contribute to the development of a common vision for managing the Lower Nistru.
- ◆ Activities to facilitate further cooperation in the hydro-meteorological field will build on ongoing initiatives to share data between and link specialists from Chisinau and Tiraspol. The programme will facilitate the establishment and functioning of joint water quality monitoring groups and common flood prevention systems.

The programme will also explore the framework of regional cooperation in the form of a Euroregion, to include northern districts of Moldova, western districts of Ukraine, as well as some districts of the Transnistrian region, that can give a significant impetus to the reintegration of Moldova and will enhance the confidence between the two banks of Nistru river, also taking into account the confidence-building potential of the non-political cooperative efforts by Moldovan and Ukrainian central authorities. Expansion to the Transnistria region of other successful interventions which are under implementation in other regions of Moldova such as disaster risks reduction and gender mainstreaming into local development and energy efficiency (Biomass Project, supported by EU and Disaster Risks Reduction Project) will as well be considered.

Back in December 2010, a feasibility study on the creation of Euro-region Nistru was conducted, representing an in depth analysis of the political, legal and socio-economic context in the participating regions (Soroca, Floresti, Soldanesti from right bank and Camenca, Ribnitsa districts from Transnistrian region of Moldova as well as Vinnitsa, Yampil and Mogilev oblast of Ukraine). Identifying the needs and opportunities for the future Dniester-Nistru Euroregion, the following areas can be highlighted:

- Cooperation in tourism development
- Environmental cooperation and conservation
- Cooperation in the development of infrastructure and transportation
- Cooperation between communities, institutions and individuals
- Economic development cooperation

More specific activities will be identified for implementation, political willingness and overall environment to be first carefully considered.

Component 3: Support to civil society

Support to civil society is interconnected with the other components as NGO capacity will be enhanced through their participation in business development, community development and environmental projects. Projects will build NGO capacity on and harness NGO expertise from both banks. The Transnistria region's relatively nascent civil society sector will receive focussed support given their limited capacities and resources. NGOs on both banks will contribute to generating activities to enhance confidence with a view that they will be the engines for such initiatives in the medium- and long-term.

3.1 Dialogues programme between experts, opinion leaders etc.

This flagship project will be a key mechanism to convene actors from both banks of the Nistru, promote cooperation and encourage the development of joint solutions. It will succeed the pioneering Transnistrian Dialogues project (2006-11) which established informal platforms (workshops, seminars, study visits, etc.) for linking top-level decision makers, members of the technical working groups and professionals and experts from the economic and social sectors on both sides of the Nistru. The project will continue working with groups who have participated in Transnistrian Dialogues and will also expand to capture other segments of society who may be interested in joint collaboration in a range of different sectors. The project will draw lessons from similar interventions such as IMPACT project (2007-09).

Given the sensibility of the programme and in view of maintaining the necessary flexibility, the specific activities will be closely coordinated with representatives from the EU Delegation. Special attention will be paid to reflecting the activities in the media and ensuring EU visibility. All visibility actions for this component will be carefully considered on a case by case basis and agreed beforehand with the EU Delegation representatives.

3.2 Foster civil society development in the Transnistria

An updated assessment of the NGO sector, particularly in Transnistria, will assist in mapping NGOs active in Transnistria by sector; identify new and existing NGO partners and determining capacity/resource gaps, needs and interests.

The programme will facilitate people-to-people links and joint cooperation by building or enhancing the capacity of NGOs to develop, deliver and participate in projects which enhance confidence between the two banks. Grants will support NGOs whose proposals promote cooperation between key actors in Moldova and Transnistria, establish or reinforce cross-river NGO partnerships, involve the transfer of knowledge and expertise across banks and/or address pressing social and community needs.

This programme will continue to support NGOs (local and international) active in implementing confidence building projects as well as newer, less established NGOs who demonstrate potential. The programme will also expand into the sports and culture sectors which present new opportunities for joint collaboration.

A strategic and flexible mechanism designed to provide rapid early support to confidence building opportunities will be used. The grant programme will be established as an early response mechanism to support immediate and concrete initiatives, which seek to have a demonstrable impact on confidence building within and across divided communities. Following the successful implementation of the grant programme in 2010 and 2011, the concept will not change significantly. The detailed adjustments of the grant scheme (including selection criteria) will be elaborated in the first quarter of programme implementation and approved by the Programme Board. Specific documentation for the call for proposals (guide for applicants including rules for submission, evaluation and selection criteria, sample application form, as well as other documents that may be required) will be developed/ adjusted during the first month of programme implementation.

The programme will be proactive in identifying confidence building opportunities. Information about the mechanism will be disseminated widely to encourage ideas from the grassroots – community interlocutors, community-based and international NGOs, UN and other actors. The projects will be selected in a participatory manner by a special Evaluation and Selection Committee, which will include representatives of

the Programme Board, including EU Delegation, UNDP and other donor agencies active in the Transnistrian region. The project proposals will be checked against clear criteria, including but not limited to:

- Address the actual needs of communities (i.e. basic human needs are given priority);
- Enhance social cohesion through community mobilization;
- Serve as a pilot/demonstration project that can be replicated by other beneficiary groups;
- Contribute to enhancing citizen participation in the life of the communities;
- Include a confidence-building component and joint activities between the two banks;
- Sustainable, where the beneficiaries can and will maintain the project's continuation;

Projects facilitating direct people-to-people contacts will be prioritized. However, opportunities will be also sought to support the enhancement of an enabling environment within the divided communities. A particular focus will be maintained on projects that help to: promote culture of tolerance, facilitate dialogue within and between the divided communities including civil society-government contacts, address security and safety concerns of marginalized communities, contribute to good governance and media, and strengthen community capacities including empowerment of women to play a more prominent role.

Projects should pay particular attention to engaging with and supporting local stakeholders and activities. They should also seek to reach out to wider society (including grass roots organizations, local government and academia), official and unofficial opinion formers and public figures.

Methodology

Overall programme management

UNDP Country Office in Moldova (UNDP CO) will be the Implementing Partner of this programme and will be responsible for producing outputs and use of resources. As such, it will bear the overall accountability for delivering the programme in accordance with its applicable regulations, rules, policies and procedures (<http://content.undp.org/go/userguide/results>). As required, implementation of different components will also benefit from the technical expertise of other UN agencies that will be invited to take part into programme implementation as responsible parties. While UN Agencies may be responsible for the implementation of specific components and/or activities, the overall responsibility for programme implementation, monitoring and reporting will remain with UNDP Moldova.

The EU Delegation to Moldova will be closely associated and consulted as regard to any major decisions taken in the framework of the programme.

Management Structures

A new, expanded programme management structure will be created given the increase in scale and budget relative to the previous phases of programming. The current team (Project Manager, Socio-Economic Officer, Grants Coordinator and Admin/Finance Officer, Civil Engineer) will be revised. The team will be upgraded and strengthened with additional staff, including senior project officers and technical experts for each component. A selection process will be launched for the entire team. The team will be led by a Programme Manager, who will be responsible for day-to-day management, supervision of implementation as well as strategic planning, ensuring efficiencies and synergies across components and liaison with the donor, ministries, governmental institutions (and participating UN organizations). The Programme Manager will also be responsible for reporting, monitoring and evaluation and communication/visibility, as well as preparation of the Programme Board meetings. A strengthened operations unit will handle finance, administration, procurement and logistics for all four components. Expertise of international and national consultants (short and long term) will be sought to advice and support the implementation, as required.

The programme will be managed at the highest level by a Programme Board. The Board will consist of representatives of the EU Delegation, UNDP, and the Bureau for Reintegration. The Programme Board may decide inviting other stakeholders to take part in the meetings and/or establishing a mechanism involving other stakeholders (OSCE, WB, Embassies, NGOs from both sides of Nistru River) for consultations. Formal minutes shall be prepared and adopted for each meeting of the Programme Board, detailing any proposals made and decisions taken.

The Programme Board will be responsible for approving quarterly and annual work plans, assessing progress, discussing lessons learned, and taking decisions on proposals and recommendations put before it by any of its members. It shall discuss and decide upon specific Programme implementation issues, ensuring optimal transformation of activities into outputs through appropriate monitoring and evaluation actions pertaining to the relevance, performance, and progress towards each outcome, facilitating cooperation between relevant partners and stakeholders (public and private), and ensuring continuous and effective communication and coordination between the Programme and its beneficiaries. The Programme Board will also provide a forum for sharing the key results of the Programme, as well as discussing changes or challenges in the sector and proposing solutions.

Specific Responsibilities of the Programme Board:

- ◆ Provide overall guidance and direction to the Programme, ensuring it remains within any specified constraints;
- ◆ Address issues as raised by the Programme Manager;
- ◆ Provide guidance and agree on possible countermeasures/management actions to address specific risks;
- ◆ Agree on Programme Manager's tolerances as required;
- ◆ Review the Programme Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- ◆ Appraise the Programme Annual Review Report, make recommendations for the next AWP;
- ◆ Provide ad-hoc direction and advice for exception situations when Programme manager's tolerances are exceeded;
- ◆ Assess and decide on Programme changes through revisions.
- ◆ Decide on the Selection Committee composition and selection criteria. Approve the list of communities and projects to be supported.

Selection Committee: As the Programme envisages grant components, the Programme Board will decide on the composition of the Selection Committee and criteria for locations and projects selection. The responsibility of the Selection Committee will be to evaluate projects proposals against the selection criteria and make recommendations to the Programme Board for financing.

The programme will use a flexible mechanism for identification of communities and projects: ongoing collection of expression of interest, identification of projects by partners and/or assign experts and Call for Proposals. All mechanisms will be approved by the Programme Board. The Selection Committee will evaluate all proposals and make recommendations to the Programme Board. The Programme Board will make the final decision.

Project Assurance is a key element of the PRINCE2 project management method, upon which the Programme Management Arrangements are based. 'Assurance' is essentially an independent audit function, whereby the Programme Board is able to monitor progress against agreed work plans. On behalf of UNDP, the function is delegated to a UNDP Portfolio Manager. Specific 'Assurance' tasks are to:

- ◆ Ensure that funds are made available to the programme;
- ◆ Ensure that risks and issues are properly managed and monitored, and that the logs are regularly updated;

- ◆ Ensure that Programme Progress/Financial Reports are prepared and submitted on time, and according to standards in terms of format and content quality and submitted to the Programme Board;

Duration

The programme duration is of 36 months from the date of signing of the Special Conditions by the last party.

Funding

The programme is funded by the European Commission and UNDP. The budget breakdown is provided in the Annex 3 "Budget" and in the Draft Multi-Year Workplan 2012-2014.

Monitoring and Evaluation

Monitoring and evaluation will follow the UNDP guidelines on Monitoring and Evaluating for Results.

The Monitoring and Evaluation Plan (M&E Plan) will be elaborated and approved by the Programme Board at early stage of programme 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 Program. The M&E Plan will also contribute to ensuring regular reporting to donor(s) on the effective use of all funding.

Gender mainstreaming has been taken into account in designing and formulating this Program, and it will continue to be an important factor in planning, monitoring, and evaluating activities and operational strategies.

The Program's M&E Plan will include the implementation of a Monitoring and Information System, which will serve as a tool for planning and managing the collection of disaggregated data and statistics and performance of activities, as well as for analysing and reporting on the same. 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 Program 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 Program is of particular importance since it feeds the future evaluation with information and data on effectiveness, efficiency, coherence, and management and coordination.

Collection of data and information in a disaggregated by sex, age, region and, where relevant, other grounds, to the extent possible will be an on-going process and will be integrated into the activities, with coordination support provided by the Program Manager and Monitoring Officer. Details of the process, including actions, tasks, and responsibilities, will be described in the M&E Plan (including establishment and regular update of a Monitoring and Information System).

The results of monitoring activities will be presented on a quarterly basis to the Programme Board.

Within the annual cycle:

Quality Log: Progress and quality of the deliverables being produced will be assessed based on the quality criteria established in the indicators and deliverable Description and planned schedule and recorded in the Quality Log. If changes are required, the Deliverable Description and/or schedule will be updated.

Issues Log: Any programme issues will be recorded in the Issues Log to facilitate tracking and resolution.

Risks Log: The Risks Log will be updated by reviewing the external environment that effects the programme implementation, and associated risk management plans.

Programme Quarterly Progress Report: Quarterly monitoring progress reports will be submitted by the Programme Manager to Programme Assurance and to the Programme Board.

Lessons Learnt Log: Programme lessons learned should be actively captured to ensure ongoing learning and adaptation within the organisation.

Annually:

Annual Review: An annual programme review will be conducted by the UNDP during the fourth quarter of year as a basis for assessing the performance of each programme. Such review is done in the context of the UNDAF Annual Review. This review will involve all key stakeholders and the Implementing Partner, and focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes. All evaluations of the programme, or related outcomes should be considered, along with their respective management responses and action plans. Findings from these should inform the review. The review will be structured by a set of common standards, and will be subject to spot external quality assurance assessments. This review should update output targets and results achieved. All relevant information shall be shared with the EU Delegation.

Evaluation: A final programme review will be commissioned by the UNDP at the end of programme implementation. This will focus on relevance, efficiency, non-contentiousness and appropriateness of delivered activities. In addition to that, evaluation will be conducted for the sub-projects implemented. Lessons learned and the experience gained throughout the implementation of the programme will be disseminated and shared as widely as possible with the donor community.

Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNDP, as set out in Art. 16.2 of the General Conditions constituting Annex 2 to the present Contribution Agreement.

Communication and Visibility

All programme activities will adhere to the European Union's requirements for visibility on EU funded activities, as described in the FAFA, and by referring to the *Joint Visibility Guidelines for EC UN Actions in the field* (see http://ec.europa.eu/comm/europeaid/visibility/index_en.htm for guidance).

Duration and indicative action plan for implementing the action

The duration of the action will be 36 months. A detailed Action Plan will be developed and provided to the EUD during the first month of the implementation of the action.

Sustainability (max 3 pages)

The situation in the Transnistrian region will require substantial and constant assistance to address the needs and challenges of consolidating the society and the region. As mentioned above, priorities still remain not firmly established, but, nonetheless, in the opinion of both Chisinau and Tiraspol authorities, areas such as environment, health care, education, as well as economic and infrastructure development could be of high relevance.

In order to ensure the sustainability of the current action, specific aspects will be built-in in all the activities. The grants provided to community based organisations or local public authorities responding to infrastructure needs will facilitate the sustainability of the programme, contributing to

services' further improvement and maintenance by the relevant institutions. Sustainability will be ensured through the capacity development of local NGOs.

The same applies for the Business Development Component, as the issue of sustainability will be addressed from the beginning of the programme and ensured through training and capacity development for a core team of local consultants that shall continue to provide business development services after the programme end.

Risk Log and Risk Management

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

Risk Log

Description of risk	Type and Category	Risk management actions
Volatile political and security environment, subject to unforeseen and sudden changes	Political/ High	The programme will take into account the specific political setting that will exist in the region at the moment of implementation. The implementation of the activities will be planned and approached with caution, including the timing, visibility and presentation issues.
Activities may be delayed due to the regional context	Operational / Medium	The programme team will ensure that the local administration is informed on an on-going basis about the aims and the activities planned, including inviting them to the events. All activities have to remain non-political. Formalization of the participation of Transnistrian organizations should be kept to a minimum in order to avoid potential problems and remain non-contentious.
Lack of engagement on behalf of TN stakeholders	Operational/ Medium	Prior consultations were in place to guarantee a buy-in on behalf of TN beneficiaries. Continuous engagement with key stakeholders will be ensured, as well as mobilisation of local resources to promote the local ownership of the results of the implemented action.
Different financial systems in the Transnistrian region	Operational / Medium	Financial flows to Transnistrian banks for TN NGOs and social institutions have facilitated delivery of activities. UNDP will continue to further explore the issue of higher incurred costs for transfers and currency exchanges.
Low capacity of civil society in the Transnistrian region to implement and absorb the assistance	Operational / High	To avoid this risk, a mixed approach towards implementation of activities is taken. The grants programmes will include different capacity development activities.