

PROJECT DOCUMENT

Project Title: Advanced cross-river capacities for trade/AdTrade

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Implementation Mechanism: Direct Implementation Modality

Donor contributions:

Requested contribution from Sweden:

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UK contribution (confirmed):

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Brief Description

The “**frozen conflict**” situation in Transnistrian region, an area that accounts for one third of the country’s total industrial production and almost the entire energy production, has led to a **decrease in living standard** and its **economy has not being able to fully benefit from the opportunities provided by the assistance offered to Republic of Moldova**. For instance, the development opportunities offered by the Association Agreement, signed by Republic of Moldova with the EU, as well as the DCFTA arrangements, are significantly out of reach for the region’s economy. Years after violent clashes and the ceasefire agreement from 1992, the official peace process is still unstable, based on a rudimentary consensus on the broad parameters for negotiations. Hence, the region remains **isolated** and **undergoes gradual erosion of social cohesion**. Currently, most small and medium enterprises from the left bank are not yet fully equipped to trade and their share in the external regional trade is negligible, so far. Despite this negative scenario, the Transnistrian’s region MSME community, be it in traditional agricultural sector or in other emerging industries (IT, tourism, crafts), has the potential to grow, launch new products and services and expand exports once they are ready. There is a stringent need to build on existent efforts, adapt to new emerging trends, contexts and opportunities, and finally, strengthen and equip left bank trade actors to deliver.

The *Advanced Capacities for Trade* project (first phase) has been uniquely designed to respond to these challenges by contributing to a host of complex and inter-linked goals, aiming at **supporting an environment of trust and cooperation** across the post-conflict divide through capitalizing on the opportunities offered by the DCFTA and consolidating trade ties across the river and with the EU, while **supporting economic growth that benefits the most vulnerable**. To this end, the project facilitated the integration of Transnistrian businesses into the export promotion mechanisms on the right bank through reducing the information gap on DCFTA, enhancing the MSME competitiveness and supporting the development of the entrepreneurship culture, with a particular **focus on the vulnerable**.

The proposed second phase of the initiative will support the development of the enabling environment (including capacity development and regulatory measures) for **cross-river cooperation and integration of exporters**, will continue **expanding access of Transnistrian region’s enterprises (particularly SMEs)** to export promotion mechanisms on the right bank, as well as provide tailored support and build necessary skills, taking into account specific needs of current and future exporters from the region.

The **focus of the proposed initiative will be given to the SMEs** as the development in the region is inseparably linked to this sector. As such it requires targeted investments in human capital development, lower costs for capital in the entire region, market intelligence aid and a support in marketing and promotion activities.

The overall objective and expected outcome of this project is to secure that men and women on both banks of the Nistru River have **better livelihoods and living conditions**, due to an **improved cross-river cooperation** to access the opportunities offered by **Moldova’s external trade arrangements**, **contributing to an environment of trust and cooperation** across the post-conflict divide.

Expected results:

- An improved regulatory and institutional framework for cross-river trade and integration of Transnistrian region’s exporters into the Moldovan external trade
- Increased awareness among companies and business associations in the Transnistrian region on the opportunities provided by DCFTA, as well as the technical steps needed to access EU markets
- Improved capacities of business associations on both banks (at least 10 in Transnistrian region) to advocate for, cooperate and support the interests of the business communities across the river
- Improved business environment due to effective advocacy/lobby measures on reduction of barriers to trade and economic cooperation;
- Over 70 companies from the Transnistrian region received consultancy/certification support from cross river business development services institutions/networks to promote their exports, resulting in at least 20 partnerships or contracts signed
- At least 40 companies improved their competitiveness due to the assured infrastructure through 4 clusters created.
- More than 200 jobs created on both banks as a result of the support provided
- 40 start-ups initiated/new companies accelerated, with at least 60% led by women.

<p>Contributing Outcome (UNDAF/CPD, RPD or GPD):</p> <p>UNDAF 2018-2022 Outcome 2: “The people of Moldova, in particular the most vulnerable, have access to enhanced livelihood opportunities, decent work and productive employment generated by sustainable, inclusive and equitable economic growth”</p> <p>UNDP CPD outcome: Growth and development are inclusive and sustainable, incorporating productive capacities that create employment and livelihoods for the poor and excluded.</p> <p>GEN marker: 2</p>		Total resources required:	50,000,000 Swedish Kronor equivalent of approx.4,567,044 USD	
		Total resources allocated:		
			Sweden:	\$ 4,567,044
			UK	\$ 1,320,000

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I. DEVELOPMENT CHALLENGE

The **breakaway region of Transnistrian region** poses a silent threat to the stability of Republic of Moldova. Located in a strip between the Nistru River and the eastern Moldovan border with Ukraine, the region has historically accounted for one third of the country's total industrial production and almost the entire energy production. After violent clashes and a ceasefire agreement signed on July 21, 1992, the official peace process had been unstable, based on a rudimentary consensus on the broad parameters for negotiations.

In this **"frozen conflict" situation**, where the political negotiations have not yet led to a comprehensive settlement, the protracted divide is further creating obstacles for cooperation, in particular on pressing policy and development issues. The Transnistrian region remains isolated and is affected by a **steady decrease in living standards**. This leads to a **gradual erosion of social cohesion** and constant decrease of local capacities for reconciliation and ensuring sustainable development, thus negatively affecting prospects for a high-level political compromise between Chisinau and Tiraspol.

Trade has traditionally been one of the key connectors which united both banks. Under the legislation adopted in 2001, Transnistrian region companies registered in Republic of Moldova on a temporary or permanent basis have benefitted from tax-free exports and imports regime. Republic of Moldova has had a preferential trade regime with the EU from 2006 and Autonomous Trade Preferences (ATP) from 2008. Transnistrian region companies fully benefitted from them, becoming linked closer to the right bank in terms of certification and quality assurance, as well as other technical aspects of trade, ex. compliance. In 2014 Republic of Moldova and the EU signed the Association Agreement (AA), including its constituent part, a Deep and Comprehensive Free Trade Agreement (DCFTA), which replaced the ATP trade regime. At the end of 2015, Chisinau and Tiraspol, as well as the EU, agreed on a set of "trade facilitation" measures that enable Transnistrian companies to benefit from DCFTA provisions, thus extending its application to the whole territory of Republic of Moldova. Tiraspol undertook to implement certain measures, such as opening up its market to EU goods. As a result, Transnistrian region's economy today largely depends on trade with the EU and right-bank Moldova. EU and the right bank of the Nistru River are a crucial market for Transnistrian region's exporters, accounting for 75% of its total exports, and the volumes have been consistently growing.

The war in Ukraine has brought **fundamental changes to trade flows and patterns**. First, Ukraine has shut down crossing points on the Transnistrian segment of the Moldova-Ukraine border, and all of Transnistrian region's trade flows, including exports and imports, now go through Moldovan-controlled customs checkpoints. Compliance has been an issue, as a number of imported items which the Transnistrian region routinely imported through the now-closed crossing points are now banned. Exports has also been an issue, as companies from Transnistrian region can no longer export products through the uncontrolled segment of the Moldovan-Ukrainian border. This situation is likely to be a game changer, and will last for a while, for as long as Ukraine will seal off crossing points on the Transnistrian segment.

Under these circumstances, trade, which has traditionally been a uniting factor, can lead to potential escalations unless the new situation – which will likely last for years – does not receive a proper technical response. To continue trading with right-bank Moldova and the European Union, Transnistrian region companies will now require double the assistance which they received in the past, as the number and complexity of compliance procedures for both its exports and imports will increase exponentially. For these to be addressed, technical procedures - implemented, compliance - ensured, proper work with the Transnistrian region companies is to be carried out to help them adjust to the new realities. This is also because trade may become blocked and living standards in the Transnistrian region – which heavily depend on both exports and imports functioning smoothly – will further deteriorate. Therefore, helping Transnistrian region companies and the Moldovan authorities to adjust to new conditions, prepare companies for trade, compliance, quality assurance standards will make an important contribution to stability and continuation of peaceful, political resolution of the conflict once the crisis situation is over.

A host of technical issues need to be addressed. De facto structures have to ensure their companies' compliance with standards and certification of quality for exported goods via a set of comprehensive

regulations. Systemic mechanisms to certify the origin and quality of goods will have to be developed. The region will have to revise its internal regulations to eliminate all non-tariff barriers that could obstruct mutual access to markets. Changes to imports procedures and mechanisms will also need to be implemented.

UNDP has a broad experience of implementing confidence building measures, particularly through the Swedish and British-funded "Support to confidence building across the Nistru river through advanced cross-river capacities for trade". This project has helped to address a number of these tasks, enhancing the capacities of Business Associations to advocate for improved regulations, supporting MSMEs to comply with the standards and enhance their competitiveness, while expanding the MSME sector in the Transnistrian region. However, the new challenges, which appeared in the new situation, require continuing and expanding the work, delivering comprehensive solutions.

II. STRATEGY

Continuation and expansion of the previous work and its results remain relevant even more in today's circumstances, as trade remains the key factor which links both banks – or may have a significant escalation potential if previously established links and practices are discontinued or interrupted, as may be the case due to changing flows of imports and exports for the region. This proposed project will address these issues, as well as continue expanding trade opportunities offered by DCFTA for Transnistrian region enterprises and will therefore support economic growth that benefits the most vulnerable in particular, reducing regional development gap

Improving access to EU market, regularizing imports/exports operations, helping companies adjust to new conditions can **create momentum for more systemic reform** in the region, generating new trade and cross-river cooperation opportunities, boosting investment, economic growth, jobs creation, as well as leverage for conflict settlement and cross-river cooperation.

There is now a unique opportunity for joint work of companies, as the region doesn't have – and will likely not have – other exports/imports routes than through the Moldovan authorities. Helping producers and companies from both banks improve their competitiveness together is an important outcome which this second phase of the project will achieve. The extension of the project will include new components – imports, compliance, joint work and advocacy, regulatory framework, adjustment to operations and direction support to companies to ensure uninterrupted trade flows.

Theory of Change

The Theory of Change of the intervention strategy relies on the assumption that, as previous CBM experience shows, **cross-river initiatives of this type have a synergetic positive effect**. First, they bring enabling assistance to vulnerable groups and second, due to their reliance on joint efforts, they contribute to rebuilding channels for communication and cooperation between the both banks, creating an atmosphere conducive to social cohesion and reconciliation. To this end, the project facilitated the integration of Transnistrian region businesses into the export promotion mechanisms on the right bank through reducing the information gap on DCFTA, enhancing the MSME competitiveness and supporting the development of the entrepreneurship culture, with a particular **focus on the vulnerable**.

Lessons Learned

The project strategy and ToC has been based on some of the lessons learned by UNDP from previous interventions, such as AdTrade and Confidence Building Programme, the main lessons learnt are as follows:

Conflict sensitivity:

- to ensure that the **assistance is demand-driven**, i.e. building on shared needs and priorities with ideas and projects not imposed but initiated, developed and coordinated jointly by both banks;
- to follow a **"step by step" approach** by ensuring that the assistance focuses primarily on non-politically sensitive topics, while progressively opening new fields for cooperation;

- to make sure **projects' needs are very practical**, not theoretical. The applied nature of these projects is a crucial ingredient of success, since stakeholders are more interested in practical and useful activities. The idea is to support Chisinau and Tiraspol in the identification of their development priorities and, then, suggest and offer creative implementation scenarios that would **stay away from difficult political issues** leading to deadlocks;

Programmatic:

- with a view to **ensure sustainability**, continue supporting trade capacities along the existing directions, building the capacity of business associations and business development service providers, fostering cooperation, and establishing sustainable partnerships between organizations on both banks;
- a **complex, integrated approach** to fostering cross-river cooperation and promoting trade is needed: the *support provided to the business community* on complying with trade rules and standards, on enhancing competitiveness and identifying markets and partners needs to be combined with *policy work to create a conducive environment on both banks* and eliminate barriers to trade and economic cooperation;
- support to MSMEs should also focus on ensuring a **higher added value of their products** through their *association* and *clustering*, as well as involvement in *value chains*;
- on its turn, *policy work* should be done **taping on the collective development potential**: through working directly with the decision-makers and through supporting advocacy efforts of business associations;
- **focus on vulnerable**, present in the current and to be included in the future work, not only *contributes to the socio-economic inclusion*, but also *taps into the potential* of those otherwise left behind;

Organizational:

- To accommodate the complex development approach, there is a need for an **additional component** to be added, namely policy support, focused on supporting the nationalization of the lessons learnt in the previous phase through the adoption of relevant policies and norms benefitting producers from both riverbanks;
- The current *Support to export capacities* component would have to be **complemented** with scope and activities referring to high-value production support, particularly **cluster and value chain development** support;
- Timeframe for a complex confidence building project supporting cross-river economic cooperation should be adapted to its scope. Creation of an enabling environment through policy work, building the capacities of service providers and producers, developing the entrepreneurship culture, LNOB, imply change management requiring significant efforts and a timespan. A project implementation timeline of five years fits best these purposes.

Key principles in the Implementation approach:

In practical terms, UNDP will cooperate with Business associations from both banks of the Nistru river to smoothen the project implementation. Sectorial membership-based Associations, as well as Business Service Providers will be involved in the capacity building and coaching and mentorship activities. This will also build their capacities and will enable them to continue offering these services after the project closure as well as to advocate for an improved business climate. A special role will have the Chambers of Commerce and Industry from Chisinau and Tiraspol, who have the best outreach, project management arrangements, and capacity to advocate for reforms. The project will seek to support Moldovan authorities in charge of ensuring fair competition and enhanced competitiveness in achieving good outcomes for the MSMEs from both banks. **The target groups e.g. project beneficiaries will be micro, small and medium-sized companies, mainly operating in the agri-food, services and ICT areas.**

Key principles that would be at the base of the intervention strategy include ownership, transparency, continuity, flexibility, responsiveness and a conflict-sensitive and win-win approach. Initiatives and activities within the project will have the buy-in of key actors on both sides from the earliest stages (**ownership** and **transparency**). They will build on the momentum and entry points created in other/previous interventions (**continuity and synergy**). Projects will be implemented during a time when political developments may affect implementation or the environment in which implementation is occurring. Therefore, 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**).

The capacity development activities foresee at least the following two techniques:

- Mobilization, Empowerment & Consolidation of the supported actors, bringing together women and men, including from most vulnerable groups, around basic gender and human rights concerns;
- Capacity assessments of the supported companies/sectors/organisations, with disaggregation by gender and vulnerability criteria of employees/beneficiaries (such as age, disability, ethnic origin, religious affiliation, etc) along major gender and human rights concerns (rights to water, education, health care, employment, participation, etc.), as well as current organizational and functional capacities (where feasible).

The confidence building potential will be emphasized throughout the whole programme. Dialogue and information sharing mechanisms will be established to help connect institutions across the river, and support creation of platforms for communication and exchange of practices. Support will be provided for joint events and participation of mixed groups to national and international events, facilitating peer-to-peer learning and review; connecting communities across the river etc. Grants awarded within the programme will be selected in a participatory manner by a special Evaluation and Selection Committee, which will include representatives of relevant stakeholders. The project proposals will be checked against clear criteria, including, besides regular business criteria, those related to impact on vulnerable groups, etc. Activities 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**.

The project will encourage **transferability of positive practice and skills** from the right bank and elsewhere. Capacity-building of companies, associations and other relevant actors is a key approach of the project. Only by building sustainable capacities, actors in the region will be able to effect change.

The intervention would also follow the **Human Rights Based Approach**. Guided by the United Nations General Assembly Resolution 48/141, which is about protection of all human rights for all, the project will work with the de facto structures (duty bearers) in the Transnistrian region to reach out to people in need. The action will emphasize the responsibility of the duty bearers to respect, protect and fulfil human rights and cooperate with international human rights mechanisms. An equally important consideration will be given to ensuring that rights-holders are capacitated to know and claim their rights. It would also seek to advance **gender equality**, by mainstreaming gender concerns within the project, targeting specifically women beneficiaries, collecting and monitoring sex-disaggregated data, etc. A dedicated Gender Analysis will be conducted as part of project activities, after the initiation of the project, thus facilitating the gender mainstreaming across the project, identification of gender sensitive indicators and enriching the Results and Resources Framework.

It would also seek to promote **environmental sustainability** within its activities, as well as within beneficiary companies and organisations. The project will pass the Environmental and Social Screening Procedure standard for UNDP projects, and be implemented in conformity with UNDP policies to ensure environmental sustainability, as well as ensure that there is a minimal negative impact on the environment. The principles of **corporate social responsibility** (CSR) practices will be promoted at the business enterprise level, based on the promotion of economic, social and environmental approaches. From the foundation of a small business, besides profits, beneficiaries will be oriented towards the importance and the need to embed sustainability, accountability and transparency into the 'way off doing business'.

General and Specific Objectives:

The initiative will follow the general Project Objective as follows:

Men and women on both banks of the Nistru River have **improved livelihoods and living conditions**, due to **enhanced cross-river cooperation** to access the opportunities offered by **Moldova's external trade arrangements, contributing to an environment of trust and cooperation** across the post-conflict divide

To achieve this, the proposed intervention focuses on delivering the following **specific outputs**:

Output 1. Improved cross-river exchange of information, knowledge and experience on the export promotion mechanisms on the right bank, and awareness-raising on the opportunities provided by external trade agreements.

Output 2. Enhanced competitiveness and joint exports of business communities from both riverbanks with a particular focus on cluster and value chain development and export promotion.

Output 3. Enhanced capacities for policy formulation leading to a conducive environment on both banks and reduction of barriers to trade and economic cooperation

Output 4. Micro, small and medium-sized enterprises across the Nistru river, in particular those led by women and benefitting vulnerable groups, are enabled to produce more competitive products

III. PROJECT ACTIVITIES, RESULTS AND PARTNERSHIPS

The proposed intervention seeks to comprehensively address the issues identified in the 1st phase of AdTrade Project and described above, by focusing efforts in four directions. The estimated timeframe for their implementation is 38 months

Output 1:

Improved cross-river exchange of information, knowledge and experience on the export promotion mechanisms on the right bank, and awareness-raising on the opportunities provided by external trade agreements

Tentative activities include:

Enhance cross-river exchange of information, knowledge, experience and awareness-raising on the opportunities provided by DCFTA and SPTCA in the region

- Sustain dedicated **awareness-raising** activities within the business community and Business Associations (BAs), as well as relevant officials and CSO representatives, on general and technical issues related to DCFTA and SPTCA, to improve the understanding of the opportunities in place, as well as of needs to adjust business strategies and processes to make the most of it. Customized trade intelligence will be developed and provided to support on priority sectors and access to European markets for local MSMEs. Tentative planned activities include various types of communication events, such as **targeted trainings for relevant business representatives**, publishing of relevant materials, including online and in Russian, study visits, across the river and to EU countries, masterclasses, webinars. A series of information sessions and debates would engage stakeholders from both banks to tackle issues related to reorienting exports from contracting traditional markets in the East towards new markets in the EU. Support to **increase the access to external sources of trade information for business community on both banks**, especially for online trade information portals will be provided, ensuring that customized, sector specific trade information products and services are available on demand to MSMEs from both banks. A special emphasis will be put on informing market players about the requirements for compliance with export rules, including customs, food safety, quality and other aspects. **Success stories** of the project beneficiaries, including results from first project phase, as well as of export champions of various industry, will be largely communicated to dedicated audience as well as to the general public, to motivate others.
- Inform the business community about the trade information services available (e.g. reports from Trade map, EU Access2markets database, market profiles, export guides to foreign markets, other client tailored information, etc.), and assist exporters in making good use of them.
- Strengthen the capacity of BSOs to manage trade information (trade intelligence) and creation of **info-points regarding DCFTA**, including the Transnistrian region
- Support in developing export promotion services, including access to legal requirements, sectorial databases, for excellence in export management.

Strengthen the capacities of the business community in the region to support the improvement of the business operating environment, including through advocacy

Business Support Organizations will be assisted to advocate the interests of the private sector, helping them to design new policies that will remove the barriers to trade. Assistance will be provided on competitive basis for on-the-job **capacitation of business service providers from both banks** to offer a wider variety of quality services, as well as to support the improvement of the business operating environment through advocacy. This would include capacity building work with existing Business Associations to improve their strategic planning and technical understanding related to external trade and DCFTA and SPTCA, so that they could develop and provide strong arguments on both banks related to technical regulations and adjustments needed. As a result, specific advocacy papers and actions will be developed, within dedicated events on both banks, including within Economic Council. Dedicated advocacy campaigns around the advocacy issues will be conducted by the capacitated BSOs.

- Priority will be given to BSOs and BAs that were created/ supported in the first phase of the AdTrade Project, aiming at ensuring continuity and greater sustainability of results. The activity would also rely on cross-river transfer of knowledge and skills.

Expected results:

- Increased awareness among companies and business associations in the Transnistrian region on the opportunities provided by DCFTA and SPTCA, as well as the technical steps needed to access European markets
- Improved capacities of 15 business associations on both banks (at least 8 in Transnistrian region) to advocate for, cooperate and support the interests of the business communities across the river
- About 2000 representatives of the business community have better understanding about cross-river trade and export opportunities
- At least 8 new partnerships created between Business Associations (BAs) and relevant CSOs from both banks.
- Three International Trade Forums organised with the participation of local producers from both banks and international buyers and distributors
- General purpose trade information available on-line, including links giving access to external sources of trade information for business community on both banks;
- Customised, sector specific trade information products and services available on demand to MSMEs from both banks;
- Information provided to MSMEs about trade information and its use.

Output 2:

Enhanced competitiveness and joint exports of business communities from both riverbanks through improved companies' exporting capacities and cluster and value chain development.

Tentative activities include:

Development of clusters and value chains

- Development of clusters and value chains in up to 4 priority sectors – agriculture, textile, creative industries and tourism sectors – will be explored, with existing export activities or with the potential to enter export markets (mapping, identification of cross river potential suppliers and processors, business association, R&D). Support will be delivered combining capacity building activities with infrastructure and logistic support.

Capacity building activity with infrastructure and logistic support for up to 4 clusters

- Through cross-river and sectorial confidence building approaches, companies will be enabled to comply with new sanitary, phytosanitary, technical and quality standards, as well as with environmental protection measures, thereby benefiting local customers and boosting exports to the EU and beyond.
- Aiming at tackling the barriers limiting the capacity to trade, companies will receive target support to facilitate certification of products, adjust business processes, carry out market and partner

research, brand promotion and other marketing activities, needed to enhance their competitiveness and to adjust to the conditions of the EU markets. The main target in this regard will be MSMEs, but also larger companies in strategic sectors, that can have a demonstrative positive effect on vulnerable groups (e.g. textile companies), would also be involved. Such instruments, as Export Acceleration, successfully piloted in the first phase of the AdTrade project will be used. SMEs that received support for competitiveness and productivity improvement in the first phase of the AdTrade Project, will be supported to expand their export capacity and access new markets, aiming at greater sustainability of the results.

Support up to 30 companies to facilitate certification of products, adjust business processes, carry out product branding and other marketing activities

- Support producers' association around clusters and value chains in selected sectors (with a focus on the ones otherwise left behind), with the potential to expand on existing or enter new export markets.

- Expected results:

- up to 4 clusters created, institutionalized and supported through 4 established logistic/business support infrastructure (hub);
- About 40 enterprises from both banks (10 from Transnistrian region) supported as part of cluster initiatives receiving more in-depth supplier development support.
- Improved skills, quality and productivity of participating enterprises, increasing export opportunities due to new and improved trade linkages among enterprises from both banks and international buyers;
-
- At least 20 new partnerships established/contracts signed between companies from the TN region with partners from the right bank/abroad;
- at least 10 export deals ensured, including partnerships with retail chains abroad established enabling to increase exports;
- 30 companies from both banks received consultancy/certification support from cross river business development services institutions/networks to promote their exports

Output 3

Enhanced capacities for policy formulation leading to a conducive business environment on both banks and reduction of barriers to trade and economic cooperation

Tentative activities will be focused on adapting to new trade conditions, and will include

3.1. Enhanced capacities for policy formulation at national level and improved regulatory environment

- At the initial stage, an expert evaluation of the current export promotion policies and procedures on both banks will be conducted, including a mapping of existing assessments/analysis at the national level. In order to have a common view and a comprehensive update of the private sector needs, a survey of private sector enterprises from both banks which (ex. 200-300 companies) which are already exporting or with export potential will be conducted. As a next step will be drafted an assessment of the export potential on both riverbanks, in order to identify sectors/sub-sectors and markets that have high potential and gaps in the provision of trade support services. As a result, will be developed export development plans for 3-5 most promising sectors.
- Based on the above-mentioned analysis, will be offered support to formulation of the new national export promotion policies. National public consultations involving different stakeholders involving different collaboration advocacy platforms will be ensured.
- Support for the institutionalization of export promotion modules – transfer of knowledge to major universities and other educational entities across the country to deliver the export promotion/trade courses to students.

3.2. Comprehensive regulations reducing the barriers to trade, promoted on the left bank through advocacy work, ex. Advocacy support programme

- Support to Moldovan authorities in charge of improving the business environment will complement the regulatory and advocacy support.
- Support will be provided to business advocacy work through facilitated public-private dialogue, involving business support organizations from both banks of the Nistru river. The dialogue will aim at reducing the regulatory and non-tariff barriers to trade, as well as supporting the conditions for the companies' compliance with standards and certification of quality for exported goods

Expected results:

- Ex-post evaluation of export promotion policies performed;
- Survey on gaps and needs of export-oriented companies from both banks presented and used for further project support;
- Minimum 3 sectors with high potential for export are identified and sector export development plans prepared;
- New national export promotion policies developed, including RBM framework;
- Institutional capacities for improving the regulatory environment, contributing to a fair competition and an improved competitiveness, enhanced;
- Advocacy support programme implemented on the left bank taking over the good practices in the formulation and implementation of policies meant to promote exports. At least 3 partnerships created between BSO from both banks (6 BSO involved);
- A set of comprehensive regulations reducing the barriers to trade, promoted on the left bank through advocacy work.

Output 4:

Expand the MSME sector in the Transnistrian region and security zone via support to new or emerging businesses, in particular women-led and with impact on the most vulnerable (migrants, young people including minorities representatives, elderly people etc.).

- Tentative activities include:

4.1. Mentoring and coaching for women and vulnerable groups to initiate a business

- Support to the development of new businesses in the region, especially those led-by or having a positive impact on women, young people and migrants returned home with focus on those from rural area in the following area: circular economy (fashion, agri-food, electrical and electronic waste, construction, winery industry waste); renewable energy (geothermal, solar, wind, biomass, etc.); promotion of eco-products; innovation practices involving young people, implemented in partnership with R&D institutions.

4.2. Small grant program for new businesses or acceleration of young companies

- A dedicated programme to support the MSMEs which received previously support from AdTrade, namely by creating networking products (consortia composed of at least 3 micro-, small or medium-sized enterprises (preferences given to those from different banks) will be supported for the creation of an innovative network product. The network product has to have a common brand name for a set of products and/or services). A particular focus will be paid to supporting businesses creating additional jobs for the refugees. SMEs which received support in the first phase of AdTrade Project, will be supported to operate on other markets than the domestic one, and access external markets, do export and cross-river trade, aiming at greater sustainability of results.

Expected results:

- 20 start-ups initiated/new companies accelerated, with at least 60% led by women;
- 20 young companies accelerated;
- At least 50 jobs created on both banks as a result of the support provided.

Stakeholder Engagement

The initiative, following the recommendation of the study, will focus on several large target groups. It would provide consultancy/advisory and other technical support to already exporting companies

in “traditional” sectors, to help them streamline their processes, as well as reach out to new clients and opportunities. It will also provide grants and advice to SMEs who are not yet exporting, in particular in the emerging sectors mentioned above, and who are benefitting vulnerable groups and/or are led by women. To ensure sustainability, it will also work with business associations and business development service providers, to enable them to provide improved services, knowledge, as well as advocacy support to companies on both banks. The initiative will seek to both empower local structures, as well as improve the capacities of right bank associations and service providers to work with left bank companies

At the same time, the initiative will rely on strong coordination and partnership with national and local authorities, including the Bureau for Reintegration Policies, Ministry of Economy, as presented below:

Bureau for Reintegration Policies of the Republic of Moldova: The mandate of the Bureau is to promote the Government's policy of territorial, political, economic and social reintegration of the Republic of Moldova, under the leadership of a Deputy Prime-minister for Reintegration, who is also representing Chisinau as chief negotiator. The Bureau, as the main institution in charge with reintegration policies, is conducting consultations and negotiations to resolve the Transnistrian conflict, to develop the legislative framework and provides the necessary assistance to the Deputy Prime Minister. Additionally, it deals with social, economic and other policies and projects in the localities on the left bank and the Security Zone.

Ministry of Economy is the coordinator of structural components of the economic policy (including business regulation, domestic and foreign trade policy, quality infrastructure, etc.) It has the main role in the design, promotion and coordination of industrial/competitiveness policy in the Republic of Moldova. However, responsibilities for defining economic policy in Moldova are divided among several institutions. The Ministry of Economy is responsible for the structural and trade policies; The Ministry of Finance is responsible for fiscal policy; the Ministry of Agriculture and Food Industry, the Ministry of Infrastructure and Regional Development and the Ministry of Labour and Social Protection also contribute to the structural policies to the extent pertaining to economic sectors under their responsibilities. The Ministry of Economy elaborates and implements strategies and programs in the field of SMEs development; and coordinates the implementation of national financial and technical assistance programs for the development of the SME sector. The implementation of the state policy on supporting the development of the SME sector is carried out by the Organization Entrepreneurship Development (ODA). The Ministry of Economy develops and implements through ODA several tools and measures in order to support enterprises with advisory or technology extension services on resource efficiency and digitalization.

ODA was designated as the responsible institution for coordinating the economic clustering process at the national level. The development of clusters in the Republic of Moldova is supported by external partners. In 2022, UNDP, within the *EU4Moldova: Focal Regions Programme*, developed the Economic Clustering methodology and supported ODA establish 8 clustering initiatives.

Other line authorities coordinating the relevant sectors of project intervention are seen as project stakeholders or potential stakeholders, and more specifically: the Ministry of Health, Labour and Social Protection, the Ministry of Agriculture and Food Industry, the Ministry of Environment.

The Economic Council to the Prime Minister was established as an advisory body and became the main platform for interaction between Government and business. The Council was assigned the mission to facilitate the dialogue between the representatives of the business environment and policy makers to develop a favourable social-economic climate and a non-discriminatory, transparent business environment, which would be attractive for investment. The Council will support the promotion of policies improving the business climate and facilitating the trade.

The Invest Moldova Agency, a central administrative authority, is mandated for investment attraction, export facilitation, and tourism promotion. It develops platforms and promotional tools to support the business environment in the Republic of Moldova and facilitates inter-institutional dialogue for foreign investors, by establishing collaborative partnerships with all stakeholders. It acts as the Country's Brand Ambassador and is directly involved in export operations through specific instruments.

Commercial Bureaus within Embassies - represent entrepreneurs' interests abroad, carry out activities such as export promotion and investment attraction, including identification of fairs and exhibitions, B2B events with the participation of SMEs from the Republic of Moldova.

Business Support Associations: At the national level, the most prominent representatives in these terms are the following: - The Chamber of Commerce and Industry of the Republic of Moldova is the business association that is authorized by law to publish the Non-State Business Register of its members, which is an online platform that allows the promotion of CCI members in the country and abroad; - The National Confederation of Employers of the Republic of Moldova (CNPM), is an organization that represents the business community and defends the legitimate interests of its members in relationships with public authorities, trade unions and other legal entities. Currently, CNPM brings together 25 members, among which 15 employers federations and associations and 10 enterprises operating in the key sectors of the national economy. Overall, they represent about 3000 enterprises. - The American Chamber of Commerce in Moldova is a non-governmental non-profit organization comprising 146 members from a diverse spectrum of businesses; from large foreign investors to small enterprises, that operate domestically and abroad; - The European Business Association Moldova is an impact organization, aimed at aligning the national economy and business legislation to the EU standards, and promote European values and best business management practices in the Moldovan entrepreneurial community; - The Foreign Investors Association (FIA) is a non-profit and non-political association from the Republic of Moldova founded with the support of the OECD, within the framework of a project that aimed to stimulate the reforms and the improvement of the business environment in the South-Eastern European countries etc. - The Alliance of Small and Medium-sized Enterprises from Moldova is a non-governmental, membership-based business association.

UNDP will partner with Innovation and Development Agency (IDEA), to develop and implement specific project components, and namely related to SMEs support, as presented in the component 4 above. IDEA will be engaged by UNDP as a Responsible Party, using the Harmonized Approach to Cash Transfer (HACT), to implement activities and achieve results in the implementation of SME support program for start-ups and acceleration of young companies.

The Innovation and Development Agency is a non-profit organization created on the left bank of Nistru river in February 2015 to support innovative ideas and projects with the aim of increasing human capital and sustainable development of the region in the social, economic and cultural spheres through research, implementation of information and educational programs, consulting and advocacy. IDEA has launched the Business Hub in Tiraspol with the support of EU CBM, where entrepreneurs have been trained and coached to successfully launch or capacitate their businesses. Based on this positive experience, IDEA has been selected for provision of support and technical assistance/grants for 20 small businesses creation/development on both banks in AdTrade first phase, following an open competition and had successfully implemented these activities. In the second phase, UNDP will continue to engage IDEA, to ensure sustainability of previous efforts and business continuity.

Civil Society, including business community and academia: Civil society is an important stakeholder, for example, represented by members of the platforms which are composed of experts/sectorial NGO, as well as by other relevant organizations/structures. Academia would also be involved, to the extent possible when relevant; Business associations, including chambers of commerce, as well as businesses from both banks, will have an important role in the development and implementation of the activities in the economic sector. Social partners will also be involved and are potential beneficiaries.

Audio-visual Media: Existing public and private audio-visual media and audio-visual companies and professionals are potential stakeholders. Also, new media has some potential in this regard too. The concentration of media outlets has weakened independent media despite their unique potential of innovation and creativity, which is key for a real media market to emerge.

Partnerships

AdTrade Project will seek to complement and build synergies with other UNDP-implemented projects and initiatives, especially the ones supported by Sweden in this thematic or geographic area.

With the launch of the first EU-funded **Confidence Building Measures (CBM) Programme** in 2009, the EU-UNDP partnership led to important achievements with more than half a million women and men benefiting directly. Currently UNDP is implementing the 5th phase of the aforementioned EU-funded Programme, for the period 2019-2023, with a dedicated business development component, focused on supporting young entrepreneurs, business clustering, in particular across the river, and the formation and institutional development of business associations. AdTrade will complement the BSOs capacity building efforts from the EU-CBM Programme, by focusing in particular on those related to exporting and taking advantage of DCFTA and UK MD SPATCA, but also by supporting businesses that benefit vulnerable groups.

UNDP is implementing the Swedish funded project “Resilient communities through women's empowerment”, aiming to build inclusive sustainable and resilient communities and create an enabling environment for women's economic, social and educational empowerment. The project promotes environment-friendly and climate resilient practices and projects implemented by women headed households, women agri-producers and communities. AdTrade will ensure information sharing and synergies, particularly for the regions where both projects will work.

The Moldova Future Technologies Activity (FTA), funded by USAID and Sweden works with the business associations and similar organizations to increase their organizational capacity, financial sustainability, and advocacy effectiveness and to improve the ecosystems for workforce development and investment. This intervention also collaborates with small and medium enterprises to increase their competitiveness, value-added exports, workforce skills for employment opportunities, access to finance, and climate resilience. Main area of intervention is focused on enhancing the competitiveness of Moldova's transformative sectors, including light manufacturing, ICT, precision engineering, creative industries, and digital media production, and to improve the country's integration with Western markets in these sectors. It will do so by facilitating sustainable partnerships between Moldovan business associations, centers of excellence and innovation, and similar institutions and anchor firms and regional and international business associations and investors; improving the productivity and export sophistication of local companies; fostering the introduction of green technologies and sustainable best practices; enhancing the access to affordable finance, and by creating a labour force that is better aligned with the private sector needs, especially for youth, women, and vulnerable populations. At the same, the initiative will contribute to the improvement of the legislative framework, in order to provide facilities and will enhance the local and international competitiveness of the ICT industries for a more efficient and competitive work nationally and internationally of the Industries ICT, engineering, light industry, creative industries and digital media, which will stimulate the development of the future technologies, that are at the basis of the digital economy.

EBRD Women in Business Programme Moldova follows the objective to stimulate the transition to a more competitive and inclusive economy in Moldova by strengthening women-led SMEs and promoting women's participation in business and enhance the role of women in economic governance. The programme promotes Green Economy and environmentally safe production and pays a specific attention to environmental impact and “greening” of the industrial production. The project integrates the conflict perspective, through working with women-managed SMEs in this zone, as well as in the administrative-territorial unit of Gagauzia in Southern part of Moldova.

IFC Moldova Business Investment Climate Phase III (2019 – 2023) aims at supporting sustainable economic development through strengthening the capacity for export and investments and make efficient use of the DCFTA. The project works to improve the design and implementation of legislation through collaboration with national state authorities and private sector business associations with the aim to improve the competitiveness of the private sector through greater alignment to the EU and other international regulations. The third phase include two interlinked components: (1) Agribusiness – opening the EU market for products of animal origin and broadening exports of horticulture products; (2) Investor protection and retention.

The Government of Sweden supports UN Women's Strategic Note in Moldova to advance gender equality and women's rights in the country. It contributes to strengthening the institutional capacities of NGOs from both banks of the Nistru river with the goal to promote women's rights and gender

equality. Activities target and involve beneficiaries from both banks. UN Women activities in the Transnistrian region include, but are not limited to: provision of trainings on gender equality to the members of the Network of Transnistrian region Teachers; participation in the joint UN response to address the immediate consequences of the COVID-19 pandemic; small grants programme for CSOs from both banks in the Nistru to promote elimination of violence against women and girls, and provision of training on gender-sensitive communication, conflict analysis, mediation and negotiation to 16 women members of the CBMs Working Groups.

Engaging Citizens, Empowering Communities (2021-2025) funded by Sweden and managed by the East Europe Foundation, aims the design and implementation of more inclusive public policies at national and local level and offers better opportunities for the disadvantaged people. In the context of this five-years project, the following groups are targeted: unemployed women and men from rural areas, women and men in informal employment, young women and men not in employment, education or training (NEET youth); women and men with disabilities; LGBT; Roma women and men; older women and men with low income. In addition, the project will pay due attention to fostering sustainability of developed civic infrastructure and mainstreaming gender equality, environmental protection, inclusion of women and men living in the Transnistrian region.

UK Good Governance Fund - Supporting Economic and Governance Reform in Moldova (planned end date 31st March 2022) through a range of partners including International Financial Institutions, multilateral organisations, private sector and CSOs, the Good Governance Fund supports a series of governance and economic reform initiatives, aimed at building stability, reducing poverty and increasing prosperity in Ukraine, Georgia, Moldova, Serbia, Bosnia and Herzegovina, Armenia and North Macedonia. This programme is comprised of a number of projects operational in Moldova, where support will focus on areas including business environment reform, addressing the skills mismatch, public administration reform and promoting inclusive and participatory governance.

SDC funded initiative, **OPTIM - Opportunities Through Technologies and Innovation in Moldova** Project, aims to stimulate Moldova's market systems, with a focus on agriculture and ICT, so that they generate better economic opportunities for Moldovans in a sustained way. The project is particularly targeting disadvantaged groups such as youth, returning migrants, ethnic minorities, and those living outside the capital Chisinau. The project addresses the constraints that hold businesses back to create a stronger, better articulated and more sustainable demand for skills. It also addresses constraints on the supply side of the labour market to make sure enough people with the right skills are able and willing to take up the available jobs.

GIZ "Economic policy advice to the Moldovan Government" project has enhanced the opportunities to participate in inclusive growth by *enabling framework* – policy advice for sustainable economic development supports reforms in line with social market economy principles to strengthen competition, enhance social security and facilitate trade. The involvement of private sector expertise and civil society actors in developing reforms as well as the consideration of gender aspects play a central role in this regard; *by supporting local SMEs* in becoming suppliers to foreign investors capacitates regional economic support structures to provide advisory services for local enterprises to integrate them into value chains of international investors; and *by supporting integration into the labour market* by capacitating support structures to provide employment services for high poverty risk persons (ethnic minorities, persons with disabilities, current and former prisoners). Moreover, *the Support Programme for businesses with growth and internationalization potential project*, managed by the ODIMM, by means of grant programme is facilitating the internationalization of business in such areas as digital marketing, cereal production, mineral water production, honey processing, glycerine production, fruit filling for confectionery and pastry, making recyclable paper cups and chocolate fruit and nut production.

In this regard, the project will maintain regular communication with the main counterparts listed above and will focus in particular on ensuring, where possible, a common and complementary approach in supporting the private sector on the left riverbank. It will work on reducing the obstacles to their participation by using existing networks to reach out, translating relevant materials, and co-funding participation in those activities to incentivize the involvement of Transnistrian companies in activities taking place on the right bank.

Digital Solutions

In line with UNDP Digital Strategy 2022-2025, UNDP will continue developing new capabilities in digital programming and strengthening its digital capabilities, including for the stakeholders and project beneficiaries, responding to the growing demand from the Government of the Republic of Moldova. UNDP will also continue to ensure that the arc of future digital transformation protects human rights and leaves no one behind. And it will also complement the UN's wide-ranging global efforts to boost the digital capacity of vulnerable and marginalized groups including women and people with disabilities, for instance.

UNDP will identify ways to incorporate digital into each thematic area of project, allowing for innovation to flourish while ensuring overall coherence in digital programming. For instance, in the support of new business and acceleration of young companies, both digital solutions for the public, but also for the companies' competitiveness and functionality will be proposed.

Digital technologies and solutions to improve the target beneficiaries and partners' experiences and solve the development challenges will be identified and implemented.

Sustainability

The cooperation platforms and connections that the program will create are set to continue supporting the business-related cross-river dialogue and cooperation, facilitated by the previous CBM - related interventions in the economic development and entrepreneurship area, beyond the programme's timeframe. To ensure sustainability, it will also work with business associations and business development service providers, to enable them to provide improved services, knowledge, as well as advocacy support to companies on both banks. The initiative will seek to both empower local structures, as well as improve the capacities of right bank associations and service providers to work with left bank companies. The right bank BAs will also provide guidance to the left bank ones on cementing the internal processes as part of the capacity development exercise. This will greatly contribute to the program sustainability as will ensure a proper functionality of the BAs - actors promoting an efficient entrepreneurship culture in a conducive business environment.

By strengthening the structural and operational capacities of the Business Associations, particularly in the Transnistrian region, the program will contribute to establishing influential and permanent advocacy machinery able to impulse the de facto structures to improve its regulatory and service provision framework for improving the business environment. The project will help identify and showcase individual, institutional and partnership role models to incentivize the multiplication and spill over effect.

The regulatory framework, supported through expertise and advocacy, will further facilitate the compliance of the Transnistrian region companies with the trade requirements and will improve the business environment for companies from both banks, contributing directly to their competitiveness beyond the project lifespan.

Key partners in ensuring sustainability for policy formulation are the partnerships and close cooperation with the Economic Council of the Prime Minister, which is tasked with provision of expertise to the Government from the business community in drafting public policies in economic, budgetary, fiscal, trade areas, etc. Employment-related policies will be promoted in partnership with other complementary UNDP interventions, drawing on partners' institutional advantages.

Aiming for increased sustainability, transfer of produced knowledge, and particularly of export promotion modules, to major universities and other educational entities is planned.

The **participatory approach** focusing on empowerment of vulnerable groups, which makes the project responsive to the needs of all, including women and youth, will ensure ownership among community members and lead to sustainability by promoting economic development and social cohesion.

Financial sustainability of the project will be ensured by the cost effectiveness of SMEs support initiatives, consisting of financial support combined with capacity development through coaching and mentoring, as well as by incentivizing the beneficiaries to participate through co-financing.

Risks and Assumptions

Risk (link with specific Outcomes)	Type and Category	Mitigation strategies
1. Volatile political and high-risk security environment, subject to unforeseen and sudden changes)	Political/High	The Project is considering the specific regional political context when planning and implementing activities, paying careful attention to timing, visibility and presentation. Impartial manner of implementation of project activities is and will be highlighted within the whole implementation period. To reduce the impact of political instability, the situation will be assessed on a regular basis during the implementation of the projects and alternatives could be sought as appropriate. In case of worst scenario and significant changes in the context, as a result, impossibility of implementation of activities on the left bank, interventions will focus on the right bank, while involving beneficiaries from the left bank.
2. Activities potentially could be delayed due to the regional context, and perception towards confidence building approach	Operational/ H	The Project team ensured that the de-facto administration (the de-facto Coordination Council for Foreign Aid) is informed on on-going basis about the aims and the activities planned. All activities remained non-political. The importance of the confidence building approach was explained and all activities were planned and implemented in an impartial manner, focusing on concrete improvements in people's lives.
3. Restrictions for mobility and gathering due to COVID-19 pandemic or other health or security crises	Operational /L	The activities were planned taking into account restrictions imposed due to COVID-19 pandemic. Alternative ways were applied, such as online or outdoor meetings, hybrid and on-line events
4. Regional security situation affecting SMEs on import/export potential (high risk is registered based on restricted export, moreover rough materials import from Ukraine) Limited sustainability of supported business and trade development services	Political/H	Project will assist beneficiaries from both banks on diversifying of sources of rough materials, mainly will support SMEs from left bank on finding of alternative sales market and rough materials delivery. Continuous monitoring activities of overall business environment and financed business initiatives. Networking with SMEs from right bank highly promoted.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The proposed strategy is expected to deliver maximum results while making the best use of available resources. The project team will look for synergies with other projects that might allow for joint activities and for cost-sharing of the activities to achieve higher value for money, as well as involve

the cost-saving Long-Term Agreements with certain categories of service/goods providers available for UNDP and UN Country Team agencies due to existing arrangements within the UNDP Moldova Country Office.

Project Management

UNDP Country Office in Moldova (UNDP CO) will be the Implementing Partner of this project 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. The Swedish Embassy and the British Embassy will be closely associated and consulted as regard to any major decisions taken in the framework of the programme.

UNDP CO will ensure project accountability, transparency, effectiveness and efficiency in implementation and will provide support services to the project as described below:

Support Services	Schedule for the Provision of the Support Services	Cost to UNDP of providing such Support Services	Amount and Method of Reimbursement of UNDP
Payments, disbursement and other financial transactions, including direct payments, budget revisions, etc.	As agreed in the Annual Workplan (AWP) from the inception to closure of the project	Cost-recovery based on UNDP Universal Price List and Local Price List	Periodic billing based on actual staff costs and agreed percentage
Recruitment of staff, project personnel and consultants, including creation of vendors, selection and recruitment of SC holders, personnel management services and banking administration, etc.			
Procurement of services and goods, including evaluation, proceeding through CAP, contracting, disposal and/or transfer of equipment and assets, customs clearance, etc.			
Travel support, including travel arrangements and authorization, ticket, visa and booking requests, F10 settlement, etc.			
ICT Services			
Communication support, etc.			

The project audit will be conducted accordance with the UNDP's audit policy to manage financial risks.

Project Board

The programme will be managed at the highest level by a Project Board. The Board composition will be decided during the Local Project Appraisal Committee that should be participatory and include as many relevant stakeholders as possible. At least representatives of the Swedish Embassy, UNDP, and the Bureau for Reintegration Policies should be represented in the project board. Additionally, the Project Board should also include representatives of main donor agencies interested in the field (EU, SDC, UK, etc.). Formal minutes shall be prepared and adopted for each meeting of the Project Board, detailing any proposals made and decisions taken.

The Project Board will meet no less than two times per year in order to ensure the efficient monitoring and evaluation of project results and maintain continuous cooperation between all project' partners at all stages of project implementation.

The Project 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 Project 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 Project and its beneficiaries. The Project Board will also provide a forum for sharing the key results of the Project, as well as discussing changes or challenges in the sector and proposing solutions.

Specific Responsibilities of the Project Board:

- ◆ Provide overall guidance and direction to the Project, ensuring it remains within any specified constraints;
- ◆ Address issues as raised by the Project Manager;
- ◆ Provide guidance and agree on possible countermeasures/management actions to address specific risks;
- ◆ Agree on Project Manager's tolerances as required;
- ◆ Review the Project Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- ◆ Appraise the Project Annual Review Report, make recommendations for the next AWP;
- ◆ Provide ad-hoc direction and advice for exception situations when Project manager's tolerances (agreed operational deviations for time and budget) are exceeded;
- ◆ Assess and decide on Project 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 Project envisages grants provision, the Project Board will decide on the composition of the Selection Committee and criteria for business grants awardees selection. The responsibility of the Selection Committee will be to evaluate proposals against the selection criteria and make recommendations to the Project Board for financing.

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

Project Assurance is a key element of the PRINCE2 project management method, upon which the Project Management Arrangements are based. 'Assurance' is essentially an independent audit function, whereby the Project 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 project duration, under Swedish funding, is proposed for 38 months, starting November 1st 2022 until 31 December 2025. The project duration under British funding is of 33 months, starting April 1st 2021 until 31 December 2023.

Funding

The project is funded by the Swedish Government and co-funded by the United Kingdom Government. The budget breakdown is provided in the Annex 1 “Multi-Year Work Plan/ Project Budget”.

Communication and Visibility

All project activities will adhere to Swedish Government’s, United Kingdom Government’s and UNDP’s requirements for visibility. A detailed communication and visibility strategy for the project will be developed and agreed with the Swedish Embassy in Moldova and the British Embassy in Moldova in the first quarter of the project implementation.

A dedicated communication expert will be recruited, being responsible for the preparation, implementation and oversight of the Communication plan of the project (**draft attached as Annex to the Project Document**) and assuring that all activities including the outreach and awareness-raising activities adhere to and are fully aligned with the visibility needs and interests of the donors and the UNDP.

Equipment

Ownership of equipment, supplies and other properties financed from the contribution shall vest in UNDP. Matters relating to the transfer of ownership by UNDP shall be agreed upon by at the end of the activity period of the project in accordance with UNDP [asset disposal procedures](#) and UNDP Financial Regulations and Rules.

At any time during the life of the project, in consultation with the donor and in conformity with UNDP Rules and Regulations, assets may be transferred to the government or implementing partner, or another UNDP-financed project, or may be disposed of by sale or donation. In the framework of the current project, upon donor written request, vehicles purchased with Sida contribution may be disposed of by sale before the project completion date, and funds generated from sale returned to Sida, unless the parties agree otherwise.

V. RESULTS FRAMEWORK

EXPECTED OUTPUTS AdTrade II	OUTPUT INDICATORS	DATA SOURCE	BASELINE	TARGETS (by frequency of data collection)			
			Value (2022)	2022	2023	2024	2025
Output 1 Improved cross-river exchange of information, knowledge and experience on the export promotion mechanisms on the right bank, and awareness-raising on the opportunities provided by external trade agreements	1.1 Number of Business Associations (BAs) with sufficient capacity to effectively advocate, cooperate and support the interests of business communities across the river (activity 1.1.)	Project reports, external testimony	<i>Reduced capacity of existing Bas</i> <i>12 BAs from both banks (2019-2022)</i>	0	8 (at least 4 in TN)	16 (at least 6 in TN)	16 (at least 6 in TN) At least two Women BAs
	1.2 Number of representatives of companies and business associations in the Transnistrian region aware of the opportunities provided by DCFTA, as well as the technical steps needed to access EU markets (activity 1.2.)	Project reports, external testimony	<i>Reduced awareness of existing BAs and companies</i> <i>340 business representatives capacitated (2019-2022)</i>	100, at least 40% women	800, at least 40% women	1200	1600
	1.3 Partnerships between Business Associations (BAs) and relevant CSOs from both banks, including at least one partnership of Women BAs (activity 1.1.)	Project reports, external testimony	<i>4 partnership projects (2019-2022)</i>	0	4	8	8, at least one partnership of Women BAs
Output 2 <i>Enhanced competitiveness and joint exports of business communities from both riverbanks through improved companies' exporting capacities and</i>	2.1 Number of companies from both banks, including Women owned Businesses (WoB) that received consultancy/certification support from cross river business development services institutions/networks to promote their exports (activity 2.3)	<i>Project reports, external testimony</i>	<i>36 MSME (2019-2022)</i>		15 (at least 30% from the left bank) (at least 30% WoB)	30 (at least 30% from the left bank) (at least 30% WoB)	30 (at least 30% from the left bank) (at least 30% WoB)

EXPECTED OUTPUTS AdTrade II	OUTPUT INDICATORS	DATA SOURCE	BASELINE	TARGETS (by frequency of data collection)			
			Value (2022)	2022	2023	2024	2025
<i>cluster and value chain development.</i>	2.2 Number of new partnerships established/contracts signed between companies from the Transnistrian region, including Women owned Businesses (WoB) with partners from the right bank/abroad (activity 2.2); number of partnerships with retail chains abroad established enabling to increase exports	<i>Project reports, external testimony</i>	<i>20 partnerships established (2019-2022)</i>	0	5 (at least 1 WoB) 2 export deals	15 (at least 5 WoB) 8 export deals	20 (at least 7 WoB) 10 export deals
	2.3 Number of new jobs created on both banks as a result of the support provided (sex disaggregated, cumulative) (activity 2.2)	<i>Project reports, external testimony</i>	<i>170 created (2019-2022)</i>	0	40 (>45% women)	80 (>45% women) ; at least 50% on the left bank	100 (>45% women) ; at least 50% on the left bank
	2.4 Number of new clusters (logistic/infrastructure hubs) supported (activity 2.1)	<i>Project reports, external testimony</i>	0	0	1	2	4
	2.5 Number of companies, including Women owned Businesses (WoB) with improved competitiveness due to the provided equipment (infrastructure hub) on both banks (activity 2.2)	<i>Project reports, external testimony</i>	0	0	20 (at least 3 TN) (at least 5 WoB)	40 (at least 10 TN) (at least 15 WoB)	40 (at least 10 TN) (at least 5 WoB)
Output 3 <i>Enhance capacities for policy formulation leading to a conducive environment on both banks and reduction of barriers to trade and economic cooperation</i>	3.1 Number of export development plans developed for most promising sectors, involving clustering and value chain paradigm (activity 3.1)	<i>Project reports, external testimony</i>	0	0	1	2	4
	3.2. Number of institutions (involving business support organizations, from both banks of the Nistru river) with enhanced capacities to elaborate and promote comprehensive regulations reducing the barriers to trade, including for women (activity 3.1, activity 3.2.)	<i>Project reports, external testimony</i>	0	0	10 (at least 30% women BSOs)	20 (at least 30% women BSOs)	30 (at least 30% women BSOs)
	3.3. Number of R&D institutions with improved export promotion and trade related courses developed (activity 3.1)	<i>Project reports, external testimony</i>	0	0	2	3	4

EXPECTED OUTPUTS AdTrade II	OUTPUT INDICATORS	DATA SOURCE	BASELINE	TARGETS (by frequency of data collection)			
			Value (2022)	2022	2023	2024	2025
Output 4 <i>Expand the MSME sector in the Transnistrian region and security zone via support to new or emerging businesses, in particular women-led and with impact on the most vulnerable (migrants, young people including minorities representatives, elderly people etc</i>	4.1 Number of start-ups initiated on both banks, including (>50% led by women; <i>at least 50% on the left bank</i>) (activity 4.1; activity 4.2)	<i>Project reports, external testimony</i>	20 start-ups initiated /young companies registered (2022)	0	10 (>50% led by women)	20 (>50% led by women); <i>at least 50% on the left bank</i>	20 (>50% led by women); <i>at least 50% on the left bank</i>
	4.2 Number of young companies accelerated from both banks (at least 30% <i>on the left bank</i>) 40% led by women (activity 4.1; activity 4.2)	<i>Project reports, external testimony</i>	11 young companies accelerated (2022)	0	10 (40% led by women) (<i>at least 30% on the left bank</i>)	20 (40% led by women) (<i>at least 30% on the left bank</i>)	20 (40% led by women) (<i>at least 30% on the left bank</i>)
	4.3 Number of new jobs created by the new start-ups / young companies as a result of the support provided (sex disaggregated, disability disaggregated cumulative); <i>at least 50% on the left bank; at least 45% for women</i>) (activity 4.1; activity 4.2)	<i>Project reports, external testimony</i>	70 jobs created (2022)	0	40 (>45% women); <i>at least 50% on the left bank</i>	80 (>45% women); <i>at least 50% on the left bank</i>	100 (>45% women); <i>at least 50% on the left bank</i>
	4.4. Value for money achieved through additional resources invested by grant beneficiaries and others, % of the total grants' value (activity 4.1; activity 4.2)					At least 10% of the total grants' value	At least 10% of the total grants' value

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans:

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action	Partners (if joint)	Cost (if any)
Track results progress	Progress gender-disaggregated data against the results indicators in the RRF will be collected and analysed to assess the progress of the project in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by project management.		
Monitor and Manage Risk	Identify specific risks that may threaten achievement of intended results. Identify and monitor risk management actions using a risk log. This includes monitoring measures and plans that may have been required as per UNDP's Social and Environmental Standards. Audits will be conducted in accordance with UNDP's audit policy to manage financial risk.	Quarterly	Risks are identified by project management and actions are taken to manage risk. The risk log is actively maintained to keep track of identified risks and actions taken.		
Learn	Knowledge, good practices and lessons will be captured regularly, as well as actively sourced from other projects and partners and integrated back into the project.	At least annually	Relevant lessons are captured by the project team and used to inform management decisions.		
Annual Project Quality Assurance	The quality of the project will be assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management	Annually for the Swedish Embassy Bi-annually for the British Embassy	Areas of strength and weakness will be reviewed by project management and used to inform decisions to improve project performance.		

	decision making to improve the project.				
Review and Make Course Corrections	Internal review of data and evidence from all monitoring actions to inform decision making.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)			
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

VII. MULTI-YEAR WORK PLAN

The budget breakdown is provided in the Annex 1 “Multi-Year Work Plan/ Project Budget “. The Project Board is responsible for approving detailed annual work plans.

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

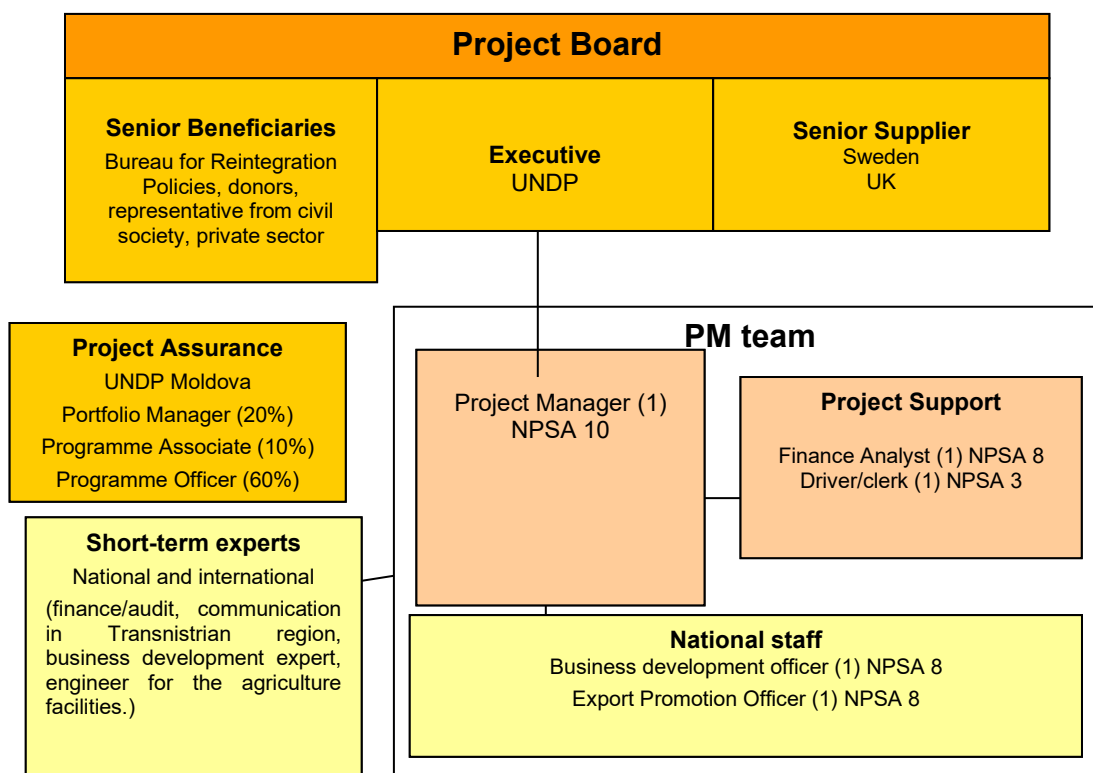
UNDP Moldova will be responsible for project administration including: organising implementation of project activities, procurement of goods and services, recruitment of project personnel and national and international consultants, connecting to national and international expertise and knowledge networks etc., in order to ensure the timely and expedient implementation of project activities, including the provision of continuous feedback and information sharing among stakeholders.

The management of the project will be performed by a dedicated Project Manager who will be assisted by a Business Development Project Officer. An Export Promotion officer will assist the Project Manager in implementation of new activities, starting from April 2021. A Project Associate will be responsible for technical aspects of the whole programme implementation (finance, office management, logistics, procurement, etc.). Detailed descriptions of duties of all project advisory, management and technical staff will be reflected in their terms of references. All project staff will be employed for 100% level of effort and with National Personnel Service Agreement (NPSA), as per levels indicated in the scheme below.

During the project implementation, synergies and linkages with other ongoing projects, in particular in the areas of confidence building, local development, rural development and promotion of green economy implemented by UNDP and UN agencies will be maintained and strengthened

The administrative - operations unit will handle finance, administration, procurement and logistics for the two components. Expertise of international and national consultants (short and long term) will be sought to advice and support the implementation, as required.

Project Organization Structure



IX. LEGAL CONTEXT

This Project Document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of (country) and UNDP, signed on October 2, 1992. All references in the SBAA to “Executing Agency” shall be deemed to refer to “Implementing Partner.”

X. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds]¹ [UNDP funds received pursuant to the Project Document]² 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/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
6. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA *[for the Supplemental Provisions to the Project Document]*, the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP’s property in such responsible party’s, subcontractor’s and sub-recipient’s custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. 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;
 - ii. assume all risks and liabilities related to such responsible party’s, subcontractor’s and sub-recipient’s security, and the full implementation of the security plan.
 - b. 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 the responsible party’s, subcontractor’s and sub-recipient’s obligations under this Project Document.
 - c. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure

¹ To be used where UNDP is the Implementing Partner

² To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.

- d. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- e. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- f. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

Where it becomes aware that a UNDP project or activity, in whole or in part, is the focus of investigation for alleged fraud/corruption, each responsible party, subcontractor and sub-recipient will inform the UNDP Resident Representative/Head of Office, who will promptly inform UNDP's Office of Audit and Investigations (OAI). It will provide regular updates to the head of UNDP in the country and OAI of the status of, and actions relating to, such investigation.

- g. UNDP will be entitled to a refund from the responsible party, subcontractor or sub-recipient of any funds provided that have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document. Such amount may be deducted by UNDP from any payment due to the responsible party, subcontractor or sub-recipient under this or any other agreement.

Where such funds have not been refunded to UNDP, the responsible party, subcontractor or sub-recipient agrees that donors to UNDP (including the Government) whose funding is the source, in whole or in part, of the funds for the activities under this Project Document, may seek recourse to such responsible party, subcontractor or sub-recipient for the recovery of any funds determined by UNDP to have been used inappropriately, including through fraud or corruption, or otherwise paid other than in accordance with the terms and conditions of the Project Document.

Note: The term "Project Document" as used in this clause shall be deemed to include any relevant subsidiary agreement further to the Project Document, including those with responsible parties, subcontractors and sub-recipients.

- h. Each contract issued by the responsible party, subcontractor or sub-recipient in connection with this Project Document shall include a provision representing that no fees, gratuities, rebates, gifts, commissions or other payments, other than those shown in the proposal, have been given, received, or promised in connection with the selection process or in contract execution, and that the recipient of funds from it shall cooperate with any and all investigations and post-payment audits.
- i. Should UNDP refer to the relevant national authorities for appropriate legal action any alleged wrongdoing relating to the project or programme, the Government will ensure that the relevant national authorities shall actively investigate the same and take appropriate legal action against all individuals found to have participated in the wrongdoing, recover and return any recovered funds to UNDP.
- j. Each responsible party, subcontractor and sub-recipient shall ensure that all of its obligations set forth under this section entitled "Risk Management" are passed on to its subcontractors and sub-recipients and that all the clauses under this section entitled "Risk Management

Standard Clauses” are adequately reflected, *mutatis mutandis*, in all its sub-contracts or sub-agreements entered into further to this Project Document.

XI. ANNEXES

- 1. Multi-Year Work Plan/ Project Budget**
- 2. Project Quality Assurance Report**
- 3. Social and Environmental Screening**
- 4. Project Board Terms of Reference**