RESILIENT, INCLUSIVE MARKETS IN MOLDOVA

PROJECT BRIEF
Project description

The Swiss-UNDP project “Resilient, Inclusive Markets in Moldova” (PRIM) is set to contribute to the promotion of integrated approaches to inclusive and sustainable local economic development and employment creation, in partnership with ILO and SDC, targeting both local populations, as well as returning migrants and refugees.

Previous and ongoing SDC – UNDP efforts to address the positive impact of migration and engage migrants in local socio-economic development, along with design and piloting of local economic developments models and partnerships shaped a favorable enabling environment to expand the current work and take it to another level. In this context, Moldova has a number of comparative advantages that can be harnessed to steam up the growth, broaden its geography, and make it more socially inclusive.

In order to do so, UNDP Moldova will further advance the successful LED interventions by scaling up the focus from local to (micro)-regional, while at the same time leveraging revenue generation, strengthening business support services and value chains to increase the competitiveness of local economy, retention of human capital and facilitate local socio-economic development.

The role of the SMEs, including owned and led by migrants, is crucial, being potentially the most efficient connection between the economic growth and welfare of the employed persons, particularly in the remote rural communities and small towns. Also new political and socio-economic development required new approaches, taking into consideration the need to build more resilient, inclusive, and innovative local communities and local markets.

Hence, the strategic goal of the PRIM project is to enhance the SMEs-based sustainable economic development and promote equal access to decent work at the local and (micro)-regional levels, targeting both local populations, as well as returning migrants and refugees. It leverages the enhanced multi-stakeholder cooperation, improved business support services and complementary regulatory frameworks at the level of individual communities and micro-regions.
The project’s intervention strategy and the Theory of Change are fully in line with the principles of the results-based management cycle (RBMC). The RBMC builds on local context, relies on thorough situational analysis, and prioritizes strategically development interventions.

Based on the integrated approach to the LED and on the key role SMEs and jobs play in this process, the overall Theory of Change of the project is that:

**IF**
- regulatory and institutional frameworks influencing the SMEs development and their jobs creation process are strengthened;
- the development of local and regional value chains and regional specialization is supported;
- local labour force in selected value chains is available and has the required skills; and
- local and regional public authorities have the SKATE (skills, knowledge, attitude, training and experience) to create sustainable economic opportunities through inter-community cooperation;

**THEN**
- local and regional socio-economic development will be enhanced through more resilient institutions and more inclusive local communities;
- the fragilities will be addressed through enhanced regional cooperation frameworks promoting innovative approaches; and
- local population, as well as returning migrants and refugees will have access to jobs and income generating opportunities in target regions and local communities.

**BECAUSE**
- communities, both individually and as part of micro-regions, will be able to attract an increased number of investments and preserve and develop their human capital; and
- private sector representatives and jobseekers, including migrants and refugees, will benefit from enhanced business support and income-generating opportunities at the local and regional level.
## Implementation approaches

The project relies on the strategic and management approaches which have either been already successfully tested in previous phases or represent key directions of systemic change in the context of the 2030 Agenda and beyond the 2030 horizon.

| ✓ Working with national and local public authorities and the private sector to shape the country's sustainable development and facilitate its **structural transformation**, including green, inclusive, and digital transitions. |
| ✓ Advancing **green transformation** by emphasizing the usage of renewable energy sources, the more responsible consumption of natural resources and the provision of environmentally sustainable services. |
| ✓ Applying the **Human Rights Based** approach as key normative and conceptual basis, the project will meaningfully involve beneficiaries and will address challenges of those facing multiple and intersecting forms of discrimination, enhancing participation, and building social cohesion. |
| ✓ The **“Leave No One Behind”** principle will be applied to ensure that he choices and opportunities provided by the project are available to a larger target group, including local community, migrants, refugees, women, youth, people with special needs and other vulnerable groups, in order to participate in and benefit from development progress. |
| ✓ **Mainstreaming gender** in the development processes by ensuring a meaningful participation of women and men in all project’s activities and by securing an equitable gender distribution of project's results. |
| ✓ Building and enhancing **systemic resilience** by strengthening institutions and individuals’ capacity to prevent, mitigate and respond to socio-economic shocks and crises, including to climate change, epidemics, and other unforeseeable risks. |
| ✓ Applying the **Market System Development (MSD)** approach as one of its main implementation logics, the project will focus on inclusive and participatory dialogue and skill development techniques, facilitating civic engagement and peer-to-peer learning. The project’s facilitative role will also be enforced via seed investment instruments (grants), looking to generate at least 40% local co-investment. |
| ✓ Further testing and implementing **innovative approaches and tools** for local economic development and jobs-creation, where all local stakeholders are part of planning and development, and are empowered to provide expertise, skills and know-how and contribute financially, including through co-financing platforms, and other similar instruments. Innovation shall also be reflected in the employment service modernization efforts, adjusted to the needs of men and women beneficiaries, including the most vulnerable. |
The strategic goal of the PRIM project is to enhance the inclusive, competitive, and sustainable economic development, and promote equal access to decent work at the local and (micro)-regional levels, by leveraging the enhanced multi-stakeholder cooperation, improved business support services and complementary regulatory frameworks.

The project pursues three interdependent development strategic Outcomes.

**Outcome 1:**
Policy and institutional frameworks create an empowering environment for inclusive and sustainable economic development in the targeted economic sectors.

**Outcome 2:**
Local/regional communities including private sector representatives, meaningfully cooperate in cluster formats to enhance value chains and improve their economic opportunities.

**Outcome 3:**
People of Moldova, especially women, youth, returning migrants and refugees, benefit from improved economic opportunities in the pilot micro-regions.

With an adapted holistic and innovative approach and aiming at scaling up the focus from local to micro-regional and at enhancing the smart specialization of the micro-clusters and their value chain development, as well as attraction of investment and creation of jobs at local level, the project is conceived to sustain and further multiply the results of previous SDC-supported efforts.

PRIM project will build capacities, channel resources, and catalyze development processes of systemic impact, be it local or national, while at the same time adding innovative features emphasizing creation of sustainable and productive jobs and development of more vibrant SMEs and local/ regional economies and markets.
Each Outcome is further decomposed in a relevant Outputs and activities (which pertain and are numbered according) to the SDC Economic Development Programme’s Results Framework.

**Output 1: Environment for accelerated growth of local businesses in the selected micro-regions improved**

Complementing its local interventions, the project will work at a strategic level on identifying and solving the major legal and regulatory issues, as to improve the local/ regional business environment.

These interventions will have a vertical approach, deriving from the LED support provided in the project’s second Outcome, and shall be coordinated with the ILO prior to institutional stakeholders’ engagement – to ensure the required co-benefits and synergy of expertise/ scope within the SDC Programme. A distinct emphasis will be put on facilitation of local income generation (in target micro-regions) for returning migrants and/or refugees, particularly relevant in the context of the military aggression in the neighboring Ukraine.

**Planned interventions under Output 1:**

- **Activity 1.1.**
  Support the conceptualization, in partnership with the Ministry of Economy and the Economic Advisory Council to the Prime Minister, of feasible mechanisms for SME to facilitate the access to finance and diaspora financial engagement in national/local economic development.

- **Activity 1.2.**
  Identify and support addressing, in partnership with the Ministry of Economy and Ministry of Labour and Social Protection, sectoral regulatory gaps related to the targeted value chains through advisory support and expertise (particularly in the field of SME development and informal employment), following the MSD approach.
Output 2. Community engagement and entrepreneurial culture and capacity in the target micro-regions advanced

In the Republic of Moldova, a widely spread belief prevails that entrepreneurial competence is an innate rather than a learnable competence. As a result, many communities are inclined towards explaining their low economic performances through “an insufficient local entrepreneurial spirit”, which is considered to be “a historical and unchangeable feature of the local mentality”.

When one attributes behavior to “mentality” rather than system structure, the focus of management becomes scapegoating and blame rather than the design of organizations and processes in which ordinary people can achieve extraordinary results.

Such an approach is motivating the self-perpetuation of passivity, discouragement, inactiveness, and is seriously undermining the LED support interventions of development partners. In this regard, the project will, inter alia, develop and promote an adapted yet comprehensive entrepreneurial package for awareness-raising and empowerment of local stakeholders to embrace a more proactive approach towards understanding, evaluating, and improving their entrepreneurial competencies, which will be based on the EU EntreComp Framework.

**Planned interventions under Output 2:**

- **Activity 2.1.**
  Develop and implement a thematic entrepreneurial education program for LPA and local private sector representatives, based on the EU EntreComp Framework.

- **Activity 2.2.**
  Facilitate peer-to-peer learning and experience exchange among local and diaspora stakeholders on investment opportunities, access to finance and structural transformation (including green and digital).

- **Activity 2.3.**
  Establish, in coordination with and in synergy with ILO interventions, a National Employment and Economic Development (NEED) Network, to facilitate joint planning and the coordination of capacity building activities in the area of local development and private sector engagement.
Output 3. Micro-regional smart specialization and value chains enhanced

The project will support in its current phase the conceptualization and advancement of a smart specialization approach in three pilot micro-regional areas (representing all development regions of the country), by addressing the competitiveness enhancement of most prominent value chains and promotion of micro-regional clustering interventions.

Planned interventions under Output 3:

✓ **Activity 3.1.**
  Support three pilot micro-regions (comprising at least 15 communities) in assessing their competitiveness and regional advantages for smart specialization.

✓ **Activity 3.2.**
  Identify the most prominent (and smart) value chain(s) in each targeted pilot micro-region for further assessment and upgrade.

✓ **Activity 3.3.**
  Support LPAs, private sector representatives, and development/innovation entities from the targeted value chains to jointly assess their competitive advantages and define tailored development roadmaps.

✓ **Activity 3.4.**
  Increase local economic opportunities via inherently embedded digital transformation solutions (e.g. business and inventory management, logistics, e-commerce, improved supply chains, etc.).

✓ **Activity 3.5.**
  Support local stakeholders from the targeted value chains to establish and institutionalize economic micro-clusters and provide financial (via seed investment) or/and technical assistance to advance their competitiveness development roadmaps, as well as overcome the economic disruptions of supply chains caused by the military conflict in the neighboring Ukraine.
Output 4. Local public and private stakeholders' capacity to attract investments in the target micro-regions enhanced via stronger partnerships

Complementing the smart specialization interventions, the project will support the pilot micro-regions and partner communities to elaborate and promote sound investment promotion offers, aimed at strengthening the competitiveness of the targeted micro-clusters and value chains, as well as creating job retention opportunities and increase local livelihoods.

Planned interventions under Output 4:

✔ **Activity 4.1.**
  Map out and assess local investment priorities aimed at enhancing the competitiveness of the economic micro-clusters.

✔ **Activity 4.2.**
  Facilitate mutually beneficial business partnerships (win-win) within and among micro-clusters.

✔ **Activity 4.3.**
  Support the development of fully-fledged local investment and recruitment offers.

✔ **Activity 4.4.**
  Provide support for the continuous promotion of the local investment offers among domestic and foreign investors, including diaspora business representatives.
Output 5: Economic (re)integration opportunities in the selected micro-regions enhanced

In the area of policy support, the project will seek to enable the reintegration of skilled migrants within the targeted value chains, through local interventions based on the National Programme for Reintegration of Returning Migrants and their Families (2022 – 2026).

The project will pilot interventions for providing skilled workforce for the prioritized value chains. PRIM will facilitate a specialized training of labour force, particularly unemployed jobseekers, returned migrants, in the sectors relevant to the targeted micro-regions and enhance the cooperation between the LPAs, business community and territorial employment offices. These activities will seek to support skills matching in the selected value chains, thus facilitating sustainable job retention at the local level.

Planned interventions under Output 5:

- **Activity 5.1.**
  Pilot a facilitation/incentives mechanism for boosting employment potential of the private sector in the selected value chains (particularly of women, returning migrants and refugees, NEET from target communities).

- **Activity 5.2.**
  Facilitate the implementation (via thematic interventions at the local level) of the National Program for the Reintegration of Returning Migrants and their Families

- **Activity 5.3.**
  Enhance the capacities of the National Employment Agency to increase the accessibility and visibility of their services to individuals and private sector at the local level (in the targeted micro-regions, via its territorial offices), including to returning migrants and refugees.

- **Activity 5.4.**
  Support the specialized training of local individuals in the areas pertaining to the selected value chains, including by facilitating the recognition of prior learning and conducting the required professional training programs.
## Expected results

- Four system changes contribute to improved economic opportunities at the local level;
- 15 communities from the Republic of Moldova will improve their local business support services and will offer more complex and adapted revenue opportunities via regional development initiatives engaging the private sector and community members, including the diaspora and refugees;
- Three regional micro-clusters will develop with the Project direct support, full-fledged investment attraction packages and implement innovative business development initiatives (e.g. smart specialization, structural transformation, and value chain upgrade);
- At least 105 LPA representatives and private sector stakeholders will benefit from improved SKATE on integrated local development, regional specialization, access to finance, and local investment attraction;
- At least 360 Moldovan citizens and residents (of which at least 50% women, 30% youth and 25% returning migrants) will have new or better employment at the local level;
- At least 18,750 Moldovan citizens and residents (of which at least 50% women) will benefit from increased living conditions, as a result of the project's LED and policy-level interventions.

## Coordination mechanism

- The project will be carried out by UNDP under a National Implementation Modality.
- The State Chancellery ensures the overall coordination of the project.
- Coordination among Project Support Teams will be ensured on a regular basis (trimestral meetings), including via the tentative Employment and Economic Development Network, as well as the engagement of national/ international expertise available to both Agencies, etc.
### Partners:

#### Project Board Members
- State Chancellery of the Republic of Moldova
- Swiss Agency for Development and Cooperation
- United Nations Development Programme Moldova (UNDP Moldova)
- Ministry of Economy
- Ministry of Labor and Social Protection
- Diaspora Relations Bureau of the State Chancellery
- Congress of Local Authorities from Moldova

#### Project Board Observers
- International Labor Organization
- EU Delegation to the Republic of Moldova
- British Embassy in Chisinau
- Embassy of Sweden in Chisinau
## Indicative budget

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<th>COMPONENT</th>
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| **Outcome 1:**  
Policy and institutional frameworks create an empowering environment for inclusive and sustainable economic development in the targeted economic sectors | $187,000 |
| **Outcome 2:**  
Local/regional communities including private sector representatives, meaningfully cooperate in a cluster format to enhance value chains and improve their economic opportunities | $2,128,850 |
| **Outcome 3:**  
People of Moldova, especially women, youth and refugees, benefit from improved economic opportunities in the pilot micro-regions | $655,800 |
| Management costs | $695,017 |
| Direct Project costs (incl. GMS and levy) | $333,333 |
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