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PROJECT DOCUMENT
Republic of Moldova

Project Title: European Union Confidence Building Measures Programme, Phase 6 (2023-2025)

Project Number: 01001021

Implementing Partner: UNDP

Start Date: 18 July 2023

End Date: 31 December 2025

PAC Meeting date: 22 June 2023

Brief Description

The 6th phase of the Programme aims at improved living conditions on the two banks of the Nistru River through consolidated cross-river cooperation. Special emphasis will be put on ensuring the continuity and the sustainability of the cross-river connections, facilitated by the previous iterations of the EU-CBM Programme in the following sectors/fields: inclusive and resilient economic development and entrepreneurship; community development and cross-river NGOs sectoral platforms; support to preservation/restoration and inclusion in touristic routes of cultural and historical heritage sights from both banks.

The overall objective of the programme is to contribute to the improved confidence between communities on both banks of the Nistru River, through joint initiatives involving local communities, civil society organisations, business actors and other stakeholders.

The specific objectives are the following:

- Contribute to economic and social development by ensuring a more equal access to the opportunities provided by the Association Agreement (AA) and its Deep and Comprehensive Free Trade Agreement (DCFTA) and integration between the two banks of the Nistru River, taking into account also the status as EU candidate country which the Republic of Moldova has since 2022;
- Cross-river harmonization in pilot sectors (i.e. culture, environment, health, education, sport and tourism) through enhanced cross-river thematic cooperation between the civil society from both banks of the river Nistru;
- Public, civil society, private actors on both banks are enabled to build solid partnerships and finance to tackle collective cross-river socio-economic development potential.
- Citizens and local actors benefit from improved access to quality public services and social and cultural facilities on both banks of the river Nistru;
- The Transnistrian region is further and actively involved in Moldovan-wide sectoral initiatives to facilitate the future reintegration while limiting the development gap between both banks.

Contributing Outcome:

United Nations Sustainable Development Cooperation Framework 2023 – 2027: Outcome 3. By 2027, all people of Moldova, especially the most vulnerable, benefit from inclusive, competitive and sustainable economic development and equal access to decent work and productive employment.

UNDP CPD: 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”

GEN marker: 2

Total resources required:	4,375,200.00 USD	
Total resources allocated:	EU:	4,000,000.00 EUR

Agreed by (signature):

UNDP

Daniela Gasparikova,
UNDP Resident Representative in the Republic of Moldova

Date: 19.07.2023

Annex I-Description of the Action
European Union Confidence Building
Measures Programme
Phase 6
2023 – 2025

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I. EXECUTIVE SUMMARY

Objectives	<p>The <u>overall objective</u> of the Programme is to contribute to improved confidence between communities on both banks of the Nistru River, through joint initiatives involving local communities, civil society organisations, business actors and other stakeholders.</p> <p>Specific objectives (outcome):</p> <ul style="list-style-type: none"> ▪ To contribute to economic and social development by ensuring a more equal access to the opportunities provided by the Association Agreement (AA) and its Deep and Comprehensive Free Trade Agreement (DCFTA) and integration between the two banks of the Nistru River, taking into account also the status as a EU candidate country which the Republic of Moldova has since 2022; ▪ Cross-river harmonization in pilot sectors (i.e. culture, environment, health, education, sport and tourism) through enhanced cross-river thematic cooperation between the civil society from both banks of the river Nistru; ▪ Citizens and local actors benefit from improved access to quality public services and social and cultural facilities on both banks of the river Nistru; ▪ Public, civil society, private actors on both banks are enabled to build solid partnerships and finance to tackle collective cross-river socio-economic development potential. <p>The Programme will represent a framework for engaging in development interventions on both banks of the Nistru River. As such, it is comprised of a series of activities that will strengthen, regularize and intensify interaction between otherwise divided societies, aiming to establish this interaction as a norm.</p> <p>The proposed Programme primarily aims at improving the living conditions of the population on both banks of the Nistru river through their cooperation. Special emphasis is on ensuring the continuity and the sustainability of the cross-river connections, facilitated by the previous iterations of the EU CBM Programme in the following sectors/fields: inclusive and resilient economic development and entrepreneurship; community development and cross-river NGOs sectoral platforms; support to preservation/restoration and inclusion in touristic routes of cultural and historical heritage sights from both banks.</p> <p>The implementation of the Programme is driven by the principle of “mirroring”, i.e. working similarly on both banks of the river</p>
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	Nistru, and by the principle of consensus between authorities of both banks for a technical and apolitical work. It looks to deal strategically with barriers to cooperation experienced by all development cooperation actors working in Transnistrian region of Moldova by building the trust towards such actions and broadening opportunities for engagement for a wide range of stakeholders.
Partner(s)	The Government of the Republic of Moldova, the Bureau for Reintegration Policies, de-facto local structures from the Transnistrian region, civil society and business associations from Chisinau and Tiraspol (including Chambers of Commerce on both banks), regional/municipal authorities, community-based organizations, academia, international, national and local NGOs active on both banks of the Nistru river.
Target group(s)	<ul style="list-style-type: none"> • Economic actors including Micro, Small and Medium Enterprises (MSMEs), Chambers of Commerce, business associations, etc. from both banks of the Nistru River; • Communities and community-based organizations in the Transnistrian region and the security zone; • Cultural and media institutions on both banks; • Civil society organizations and thematic cross-river platforms; • Vulnerable women and men in the target region (including youth, women, elders and refugees or temporary displaced people).
Final beneficiaries	Citizens of the Republic of Moldova, including the Transnistrian region.
Estimated results	<ul style="list-style-type: none"> • Improved living conditions on the two banks of the Nistru River through increased economic opportunities and jobs creation; • Strengthened Community development through capacity building and the upgrade of social infrastructure supporting the provision of public services; • Enhanced thematic cross-river cooperation through the existing platforms developing joint solutions to limit disparity; • Culture serves as a driver for development and trust building through the supported cultural heritage initiatives.
Main activities	<p>The above will be achieved through the following Programme components (outputs):</p> <p>1. Economic development and decent job creation for women and men</p> <p>The goal of the component is to create employment opportunities and livelihoods across the Nistru river by stimulating economic activity and increased cross-river cooperation, thus reducing the growing economic development gap between the two banks. Main focus will be on supporting</p>

youth entrepreneurship (with a particular focus on women) through facilitating access to finance and knowledge.

Cross-river cooperation will be strengthened aiming for the development of solutions that would contribute to the improved competitiveness enhancement of MSMEs, and of the business environment on both banks of the Nistru river. At least two **cross-river initiatives will be supported, to promote the strengthening of the collaborative activities** between academia, industries, civil society to improve innovation and promote future-proof business models, social entrepreneurship initiatives and trade facilitation tools for the benefit of SMEs. Through its activities, this component will be facilitating the access of the MSMEs from both banks to the opportunities offered by the DCFTA between the European Union and the Republic of Moldova.

2. Enhanced cross-river thematic cooperation between the civil society from both banks

The goal of the component is to **empower civil society organizations and actors from both banks to participate in collaborative projects which address pressing development needs**. It will seek to build on the successful work in this field of the previous phases, and further strengthen and expand the established six cross-river sectoral platforms (Education, Culture, Sports, Health, Environment and Tourism), composed of community representatives, experts and CSOs active in their specific domain. The platforms will be supported to design and implement specific joint solutions and exchange experience and knowledge in their key areas of expertise. A **small grants program in support of the most relevant confidence building collaboration initiatives** among civil society representatives on both banks will be implemented.

3. Community Development and small-scale social infrastructure support

The goal of the component is to enable and empower people from both banks to jointly participate in local development through tackling community development needs, particularly the rehabilitation of social institutions and basic infrastructure, supporting the service provision. Additionally, the Programme will contribute to the capacity development of the beneficiary communities and create/strengthen communication channels across the river.

The overall focus will be to facilitate the engagement of community members including migrants in the development of their communities of origin. The local initiative Groups to be established will facilitate and streamline people's engagement. The work above will be complemented with up to six social infrastructure projects to be supported on both banks, with high confidence building potential. Above-mentioned activities will be conducted simultaneously in communities on both banks, thus

enhancing the communication between local actors' participation jointly in capacity building activities and thus contributing to their mutual understanding and strengthening their collaboration and opportunities for further joint cooperation.

4. Promotion of Cultural heritage

The activities under this component will continue the cultural sector support with a focus on the promotion of historical heritage, honouring the past and investing in a shared future and facilitating sustainable development, social resilience, and conflict resolution. This component focuses on the conservation-restoration of up to four small-scale heritage sites which are considered to have a national historical interest for both banks, but also contributing to the tourism development. Staff from public institutions, young professionals and students from HE and VET institutions on both banks of the Nistru will be engaged and capacitated, while joint cultural events and exchanges will be promoted. to improve their knowledge and practices in the field of heritage promotion that can support quality-based cultural tourism.

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II. SITUATION ANALYSIS

2.1. Overall Background

Moldova is an upper middle-income country with a population of 2.6 million (est. 2021)¹, down from 3.55 million (est. 2017)², with 42.7% of the population living in urban areas and 57.3% living in rural settlements. Moldova's GDP was USD 13.7 bln in 2022 and GDP per capita was 5,231 USD in that year³. Agriculture accounts for 16.1% of GDP and 27.5% of the active labour population earn their living from primary agriculture. Official unemployment rates are low, at around 5% according to IMF estimates, but the real underemployment rate and employment in the shadow economy are high. Moldova's growth model is largely dependent on remittances from migrant workers abroad.

Moldova ranks 80th out of 191 countries on the Human Development Index 2022⁴ but remains one of the poorest countries in Europe.⁵ Absolute and relative poverty is highest amongst the rural population, the elderly who live alone and large urban households. Moldova scored 1.010 on the Gender Development Index and 0.248 (rank 50th) on the Gender Inequality Index.

Strategic challenges and vulnerabilities

The year of 2022, according to experts, was "the hardest year for Moldova in the past three decades"⁶. Moldova achieved a major success in its independent history in 2022. The country has obtained the status of EU candidate country, with a clear roadmap for reforms and credible prospects of future accession to the European Union. A broad consensus emerged among mainstream political forces, as well as parties outside of the parliament, that this is Moldova's strategic goal and the direction in which the country should go.

At the same time, Moldova's economic model was exposed to considerable shocks due to the war in Ukraine, ageing population, low productivity, and low incomes. The war in Ukraine has taken a significant toll on Moldova. It increased the country's economic and social fragility and put weak institutional capacities under increasing strain. Economically and socially, soaring prices, declining economic output, the energy crisis and the influx of refugees caused by the war led to growing fiscal spending, at the expense of investments in longer-term development priorities. Hard-won development gains have been to some extent rolled back.

Inflation in 2022 exceeded 30%, one of the highest in the region. Increasing costs of living, exploding prices, especially for gas, electricity, heating and utilities have hurt people's purchasing power. Most of Moldova's population is struggling to pay energy and utility bills. The government has provided substantial and equitable compensations to vulnerable segments of the population, but these largely came from external grants and borrowings. Budget deficit in 2022 was 5.2%, and a budget deficit of 6% is expected in 2023. Moldova's economic/political/societal outlook for 2023

¹ <https://www.worldbank.org/en/country/moldova/overview>

² All data are derived from the National Bureau of Statistics of the Republic of Moldova (<http://recensamant.statistica.md/en>) unless otherwise stated. This figure should be revised in the future taken into account the final results of the Census of 2014. The census' preliminary projection estimates the population to 2.8 million people (without Bender municipality and Transnistrian region).

³ <https://www.worldbank.org/en/country/moldova/overview>

⁴ https://hdr.undp.org/system/files/documents/global-report-document/hdr2021-22pdf_1.pdf

⁵ <https://www.worldbank.org/en/country/moldova/overview>

⁶ DW: Moldova – the hardest year in the past three decades, available at <https://www.dw.com/ro/republica-moldova-cel-mai-greu-an-din-ultimele-trei-decenii/a-64269095>

remains difficult⁷. Economic and social resilience remains a concern, especially in terms of meeting social commitments and spending. This has become an increasing challenge at the backdrop of growing inflation and rising prices. Social cohesion is an important challenge - channels of cooperation and communication in crisis situations have to be strengthened and the dialogue and engagement need to continue, engagement must be across all segments of society.

The case of Transnistria

The breakaway region of Transnistria (or Transdniestria) poses a silent threat to the stability 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 in 1992⁸, the official peace process had been comparatively dynamic, including some basic consensus on the broad parameters for negotiations. However, the negotiations process has substantially been stagnating in the most recent years, and is affected also by the war of aggression to Ukraine as from 2022.

Negotiating mechanisms

Negotiations have been conducted at several levels, with variable intensity and effectiveness through the years, depending on internal and external factors. First, meetings between the leadership of the right and the left bank set the general direction and tone of negotiations. Second, there are 13 permanent working groups, tasked with exploring solutions on sectorial issues. Working groups are a key negotiating mechanism today. Previously, there was also interaction between legislative entities, but it is inactive.

The main negotiating framework for political settlement of the conflict has been the 5+2 format (Moldova and Transdniestria as the sides, OSCE, Russia and Ukraine as mediators and guarantors and US and EU as observers). The 5+2 framework was established in 2002-2005 to search for political solution. However, these negotiations have not yet produced a political settlement. The content of the 5+2 talks is currently split into three "thematic baskets": social and economic issues, humanitarian issues and political settlement. After Russia's war in Ukraine, there are multiple questions whether the framework – which includes both Russia and Ukraine – can continue to function. The precise negotiations framework, therefore, are in flux and their future is uncertain. The search for new negotiating formats has not started.

There are also other processes (Track 1.5 and Track 2)⁹ between the two banks at various levels involving experts and representatives of lines agencies. Complementary to the political negotiations, and separated from them, one other mechanism for addressing sectorial issues is the EU CBM's cross-river sectoral platforms which include experts, representatives of non-government organizations and the community

⁷ Ibidem

⁸ The Russia – Moldova ceasefire agreement (1992); Organisation for Security and Cooperation in Europe (OSCE): CSCE Report No 13

⁹ Mapendere, J. (2000, Summer). Consequential Conflict Transformation Model, and the Complementarity of Track One, Track One and a Half, and Track Two Diplomacy.

representatives from both banks. The precise negotiations framework, therefore, are in flux and their future is uncertain.

Transnistria's economic outlook

Since the time of the USSR, heavy industry in Moldova has been traditionally concentrated in the Transnistrian region. Yet, its promising industrial potential is questionable, as the economic downturn has had its toll. Budget revenue in Transnistrian region has fluctuated widely. The demographic situation is critical, as exodus continues, the birth rate is low and population is ageing. This leads to a sharp decrease in the workforce.

Over the last decade the economy of the Transnistrian region has become closely integrated with the EU market. Exports to the EU and right-bank Moldova account for 70% of total exports and exports to Russia are only 8%¹⁰. The region has benefited from EU's autonomous trade preferences, DCFTA and the Association Agreement, without taking on the political commitments that these agreements entail. Transnistria's products are exported to the EU as Moldovan products.

Most companies from the region are registered with the Moldovan authorities, which gives them access to free trade with the EU (DCFTA) and CIS. However, they are not fully benefiting due to obstacles, barriers and lack of preparedness. The Transnistrian region has not largely benefited from assistance programs provided to Moldova by international donors in these fields, and is more affected by a deteriorated infrastructure, and obsolete policies, which contribute to falling quality of life.

Assessments show that migration rates, both temporary and permanent, are even higher than on the right bank Moldova¹¹. Due to the unresolved conflict and its social and economic consequences, people continue to leave, these trends being especially pronounced in the younger generations. In addition to the intended and/or experienced outmigration, a large majority the region's residents (72.5%) see their children's future outside of Transnistrian region¹². The situation is similar related to the natural increase rate¹³ indicating tremendous pressure on public expenditures and poor prospects for improvement of social service without external support. Access to public services and their quality represents a great challenge for the inhabitants from the left bank. This is particularly problematic in the case of emergencies or services for vulnerable groups, which cannot afford to travel. Despite improvements in their accessibility, proven by increased number of beneficiaries of medical services on the right bank from left bank inhabitants, more needs to be done in this regard.

Alignment and promising areas of work and cooperation

The economic challenges facing both banks have similarities. Business development and investments are hampered by high cost of finance and a difficult access to it, over-regulation and controls which lead to high transaction costs. This situation undermines exporting enterprises and hampers growth in capital investments.

Over the past 30 year, societies, economies and institutions have developed along diverging path, in different directions. Protracted division between the banks led to the emergence of parallel systems that create barriers to interaction and cooperation.

¹⁰ <https://novosti.pmr.com/ru/news/23-01-17/pridnestrovskiy-eksport-v-2022-godu-sokratilsya-na-200-millionov>

¹¹ Extended Migration Profile of Transnistria, 2017
<https://www.iom.md/sites/default/files/publications/docs/Extended%20Migration%20Profile%20of%20Transnistria.pdf>

¹² https://www.dedruyter.com/document/doi/10.1515/soeu-2021-0089/html#_soeu-2021-0089_ref_008

¹³ Ibidem

Growth opportunities offered by the Association Agreement, signed between Chisinau and the EU, as well as its DCFTA arrangements, are to a great extent out of reach for the region's economy.

In this context, continuing the implementation of EU CBM's confidence building partnership projects is critical, with a focus on creating more opportunities for interaction, networking, and people-to-people contacts.

This process of cooperation in economic, community, infrastructural, societal and media components with a view at reducing tensions and ensuring better alignment and achievement of common goals is what the EU CBM program has been focusing on its previous iterations. EU-CBM Programme has been and remains one of the few programs which puts forward practical initiatives to achieve this purpose, and does so in a strategic and consistent manner. Whereas other confidence building initiatives exists, there are currently no other programs as the EU CBM which take a holistic and comprehensive approach, focusing on collaboration between businesses, communities, infrastructural projects, culture, and societies in general.

This will also be the approach of the current phase, which is highly relevant and necessary in the current environment. This is in one a few large-scale programs today that explicitly targets and achieves non-political, bottom-up, pragmatic cooperation in the economic sector, social policies, infrastructure and development overall. This alignment is the core contribution that the program has made and will continue to make throughout its implementation. The EU CBM is fit for the new task - providing development in conflict, under the conditions of fragility and geopolitical upheaval, and has been successful in adapting/designing approaches/ interventions from its vast arsenal of experience to meet the purpose, providing tangible support in line with the priorities and expectations of the Government of the Republic of Moldova.

The two banks of the Nistru River also have diverging paths of development in the field of social protection and associated services, culture and mass-media. The Transnistrian region has benefited of only a modicum of the comprehensive assistance programs provided to Moldova by international donors in these fields, and is more affected by a deteriorated infrastructure, and obsolete policies, which contribute to the falling quality of life in general.

Integration of cultural heritage promotion and interpretation, including through cultural tourism development initiatives, will be considered as an added value and part of the guiding criteria for the implementation of the Programme. Strengthening technical competences about intervention on historical heritage buildings and learning approaches about compatible landscaping of their immediate settings appear a priority based on the experience gained in implementing CBM V.

The implementation of the pilot cultural component during the 5th phase of the EU CBM (2019-2023), has shown significant potential for dialogue and for inter-sectoral approach and synergies with other components, namely education, environment, tourism, and socio-economic sustainable development. An approach that brings together cultural and natural heritage, climate-change considerations and socio-environmental sustainability will significantly support the dialogue as a precondition for conflict-resolution dimensions. In this regard, continuing with activities related to cultural heritage in 6th phase of the Programme is strategic to consolidate outcomes and ensure reinforcing the capacity in the field.

2.2. EU engagement

EU engagement with Moldova and the Transnistrian conflict has grown considerably throughout the decades. The EU is committed to Moldova's sovereignty and territorial integrity in its internationally recognised borders and continues to work towards a peaceful resolution of the conflict¹⁴. The EU continues its high-level engagement to improve the overall political atmosphere for dialogue and cooperation between Chisinau and Tiraspol. The EU is also keen to ensure that the implementation of the Association Agreement applies equally to both sides of the river. The EU's autonomous trade preferences have made products from Transnistrian region (exported to the EU as Moldovan products) more competitive on European markets. With the onset of the Deep and Comprehensive Free Trade Agreement (DCFTA), the exports increased even more.

The Association Agenda between the European Union and the Republic of Moldova for 2021-2027 identifies the following priorities regarding Transnistrian conflict¹⁵:

- Continue to maintain the settlement of the Transnistrian conflict as one of the central subjects on the agenda of political dialogue and cooperation between the Parties, pending its resolution and without prejudice to the established negotiating format.
- Develop a unified, comprehensive and coherent inter-agency approach in order to develop and implement reintegration policies.
- Strengthen the implementation of activities within the Confidence Building Measures.
- Continue constructive dialogue related to the situation at the central (Transnistrian) segment of Republic of Moldova-Ukraine border with all relevant counterparts and, where appropriate, in cooperation with the EU Border Assistance Mission.

The EU has provided and continues to provide financial and technical assistance in support of these goals. As part of an agreement on the implementation of Integrated Border Management, Moldova and Ukraine have established during the summer 2017 a joint Moldovan-Ukrainian customs and border crossing point in Kuchurhan on the central segment of their border, which was controlled by the *de facto* administration. In November 2017, the bridge across the Nistru on M-14 highway (so-called Gura Bicului Bridge), which is a part of the 9th Pan-European Transport Corridor, was reopened to traffic for the first time since 1992. The regional security context has exacerbated along with Russia's aggression against Ukraine as, since 24 February 2022, all Border Crossing Points (BCPs) with Ukraine on that segment are closed.

Since 2009, the EU and other donors have been running Confidence Building Measures (CBM) programmes and projects aiming at building ties and partnerships between communities, CSOs, businesses from both banks of Nistru river, and support infrastructural development in the region (mainly the Security Zone). The EU launched a "Support for Confidence Building Measures (CBM)" Programme in 2009, with an overall budget of EUR 1.7 M. Subsequently, EUR 6 M were allocated for the CBM II Programme, and EUR 13 M for CBM III (2012-2015). The overall committed budget for the 4th iteration of EU CBM (2015-2018) was EUR 10 M to promote confidence-building initiatives with Transnistrian region for the period 2015-2018, including, inter alia, on other projects, that included technical assistance to the Bureau for

¹⁴ Association Agreement: [https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22014A0830\(01\)&from=DE](https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:22014A0830(01)&from=DE)

¹⁵ Ibidem

Reintegration, and support through a EU High Level Advisor. The fifth phase of EU CBM (2019 – mid 2023) has expanded and built upon the achievements, experience and knowledge gained over previous period and provided immediate, visible and tangible outcomes. The total allocation for the whole Programme was EUR 14,6 M, out of which components 1,2,3 and 5 amounting to 13,4 M EUR were implemented by UNDP, aiming to further support on confidence-building initiatives in the Moldova between both banks of the Nistru. Another component, of 1,2 M EUR (1,1 M provided by the EU), was implemented by the German development agency, GIZ, and Czech corresponding entity, CzDA, with focus on health modernization.

Another important EU initiative, EUBAM, was launched on 30 November 2005 following a request made jointly by the Presidents of the Republic of Moldova and Ukraine. The Mission's mandate has been extended several times since, with the current mandate extended in December 2020 and expiring in November 2023. Promoting confidence building and contributing to the peaceful settlement of the Transnistrian conflict is one of the main Mission's objectives.

Thus, the European Union is the largest donor investing in work in confidence building measures between the two banks of the Nistru river, and the UNDP implemented CBM Programmes – in its five iterations so far – have been the largest initiative on the left bank and Security Zone in about 15 years, taking a multi-dimensional approach on supporting business links and entrepreneurship, social infrastructure, civil society development, cultural heritage, health care and environmental protection.

The sixth phase of the CBM Programme continues the most successful EU-CBM V interventions for **30 months** programming cycle, with stronger focus on enhanced citizen participation in local development. Cross-river cooperation platforms will be the key link and will have a greater role in promotion of cultural heritage and community development through direct support to local development initiatives which foster cross-river cooperation.

2.3. Stakeholder Analysis, Donor Coordination and other actors

The following actors are directly or indirectly involved in the area of intervention:

Bureau for Reintegration Policies: 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 in the 5+2 format. 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, and manages an annual budget for social infrastructure projects in the Security Zone.

Ministry of Culture: The Ministry is the only national authority responsible for state policy in the field of cultural heritage. It has 2 executive agencies dealing with cultural heritage: (i) National Agency for Archaeology to implement national policy in the field of protection and promotion of the archaeological heritage; (ii) The Agency for Inspection and Restoration of Monuments (AIRM) to focus on the protection of architectural heritage. The Ministry is also in charge of the audio-visual and is part of the EU cultural and audio-visual programme "Creative Europe", in which at the moment Moldova is not associated but could re-join in the upcoming years.

Other line-Ministries: Ministries of each of the relevant sectors of intervention are stakeholders or potential stakeholders, and more specifically the Ministry of Economy, the Ministry of Labour and Social Protection, the Ministry of Environment, the Ministry of Education and Research. All ministries have a state secretary in charge, inter alia, with aspects related to the Transnistrian issue in their sector, and delegate, depending on the situation, experts in the relevant working groups

Working groups: The thematic working groups within the negotiations aim to stimulate the settlement process and create additional momentum, which would allow the easing of tensions between the conflicting parties. Several working groups were established, starting as of October 2007, to strengthen confidence and security between the two banks of the river Nistru, and generate solutions to technical issues at the level of experts from both banks.

De facto structures in Tiraspol: The de facto structures in Tiraspol are dealing with the implementation of public policies and de facto govern the region. Regular consultations and dialogue are held with Tiraspol, indirectly, through the non-political structure of the Coordination Council for Humanitarian and Technical Assistance (see next point).

De facto Coordination Council for Humanitarian and Technical Assistance from Tiraspol: Established in 2017 and having two objectives of this Council: (i) to attract the greatest number of donors willing to provide funds for the implementation of socio-economic and infrastructure projects; and (ii) to coordinate activities between donors and aid recipients in the region. It oversees the formulation of the regional development priorities, based on the identified needs in social, economic and other sectors.

Municipalities and local administration: Local authorities/municipalities will benefit from the activities of the action and are regular partners for some activities related to local community development. The Congress of Local Authorities from Moldova (CALM) is an NGO which represents local authorities and can also be a partner to municipalities on both banks.

Local Initiatives Groups, and/or Hometown Associations: Engagement of various community members, including emigrants to their communities of origin will be promoted via the establishment of Initiative Groups and/or Hometown Associations. The Alliance of Hometown Associations (HTA Alliance), an umbrella organization created under another UNDP initiative in 2022, with 40 active members and over 160 hometown associations (HTAs) at national level, may also be a partner and provide support to local community actors.

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.

Community members (including women, youth, and elderly people) are expected to benefit from the proposed activities of the UNDP Programme, which include local development interventions, capacity building, and awareness raising initiatives. The Programme aims at promoting more inclusive, accountable, responsive, and evidence-based governance, and the community members will be active stakeholders and beneficiaries of these efforts. Throughout the Programme implementation, the

community members will be consulted, and their opinions heard. In general, they are supportive of the proposed interventions and welcome the initiative.

In addition to the European Union and UNDP, the other main donors and development partners currently active in confidence building measures across the Nistru river are: the World Bank, the Council of Europe, USAID, as well as some EU Member States Embassies or agencies (Swedish development agency SIDA, United Kingdom, Czech Republic, Finland, Hungary, Germany, France), as well as the Swiss Cooperation Office in Moldova. The majority of the implemented projects focus on civil society support, social infrastructures, people to people contacts as well as economic and rural development. The approach generally pursued by development partners is to address existing challenges and needs across the country and, to the extent possible, implement nationwide programmes in the Transnistrian region as well. Thus, most of the development partners have (or have had) implemented projects in the region; starting with smaller support to NGOs, dialogues, people to people contacts, to bigger development interventions¹⁶.

The UK government has been a long-term stakeholder in peacebuilding work in Transnistria, managing projects directly. It organized the first “Transnistrian Dialogues” Track 2 process in 2007-2010, summer/winter schools for young leaders from both banks, and business support activities.

The Swedish government offers core support to NGOs in Moldova for mission-driven development, including at least one NGO in Transnistria, Resonance, for institutional capacity building. The Embassy also supports work in the human rights field in the region, via several UN agencies, along the recommendations of the 2013 Hammarberg report. It is currently implementing with UNDP and UK Government funds a project promoting trade, exports and access of local SMEs to the opportunities provided by Moldova’s foreign trade arrangements, including the DCFTA.

Committed to further support the process of modernization and regionalization of the perinatal system in the country, from 2013 Swiss Development Cooperation Office SDC has expanded its activities to the Transnistrian region, thus addressing reforms of the perinatal system on both banks of the Nistru River, and is currently exploring the possibility to work, along with GIZ, in the to promote dual education.

In addition to its work on monitoring the Security Zone and chairing the 5+2 talks, the OSCE works to capacitate civil society to introduce new ideas for building confidence between the two banks. OSCE organizes a yearly Donors forum, aiming at building communication between left bank civil society and donors.

The EU CBM will strengthen communication and close coordination with key development partners, in order to maximize impact and synergies, while avoiding duplication. While overall information sharing will be done during Transnistrian donors’ coordination meetings, closer coordination will be ensured with key actors through the Programme Steering Committee.

¹⁶ Although the number of development partners addressing in a complex way development issues from Transnistrian region continues to be very limited.

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III. JUSTIFICATION FOR UNDP ENGAGEMENT AND INTERVENTION RATIONALE

UNDP has been implementing development initiatives in the security zone along the Nistru since 2007, following the delivery of a major drought-related humanitarian intervention across Moldova, that included the Transnistrian region for the first time.

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. As the political gap between the two banks widened, economic and social ties on different levels took a central role in maintaining the connections between the populations on both sides, an approach exclusively enhanced by the CBM Programme.

The EU-CBM Programme has been and remains one of a few programs which puts forward practical initiatives to achieve this purpose, and does so in a strategic and consistent manner. There are a few other programs which take such a comprehensive approach, focusing on collaboration between businesses, communities, infrastructural projects, culture, and societies in general. The EU CBM Programme produced already excellent development outcomes, with over 125 social infrastructure projects and 12 cultural heritage conversation projects supported across the river, more than 130 civil society initiatives implemented by cross-river partnerships, over 720 companies benefitting from business support, and more than 1,900 jobs created on both banks.

Over 155 cross river partnerships, joint projects and engagement have established a firm foundation in building up the knowledge base and capacity of local actors, including civil society groups, creating platforms for communication and exchange of best practices in areas of business, various civil society driven interventions (from social protection, human rights, environment issues, media and research to art, sports and cultural activities); as well as contributing to increased living conditions as a result of the community infrastructure works. These partnerships are gradually becoming institutionalized, as a result of the establishment of at least six cross-river platforms, offering multidisciplinary spaces for interaction, exchange and generation of new common ideas.

At the same time, community empowerment and cross-river sectoral platforms already supported under previous iterations of the EU CBM Programme demonstrated a positive synergetic effect. The small infrastructure projects, as well as the small grants provided to help their inter-connectivity, brought much needed assistance to vulnerable communities and second, due to their reliance on joint efforts, contributed to rebuilding communication and cooperation channels at community level, creating an atmosphere conducive to reconciliation. Such a shared approach to development issues, delivering tangible benefits on both banks, builds on previous important achievements, establishing a positive cooperative dynamic between the two banks.

Considering UNDP's extensive experience in supporting local development in all of Moldova, having worked in 2/3 of all the communities in the country, including the Transnistrian region, it is best positioned to continue delivering impactful results in this regard.

The Independent UNDP Country Programme Evaluation Moldova, conducted in November 2021, mentions, among its findings that "UNDP has developed a highly successful model of confidence building across both riverbanks. Through continuous local presence and ensuring a systematic buy-in of key actors on both banks from the earliest stages, commonly defining priorities and development needs, and

implementing practical win-win and conflict-sensitive solutions UNDP ensured success of its measures in multiple areas such as: economic development, healthcare, community development, culture, media development [...]. The evaluation finds that the cross-river cooperation Platforms enable and facilitate a structured partnership among professionals across the banks and have helped develop practical, effective and sustainable confidence building solutions to community problems and shortcomings. Over the course of CPD implementation the number of such Platforms has increased [...]. The Platform model proved to be particularly effective in addressing challenges posed by the COVID 19 crisis, especially in delivering healthcare related services and products, which otherwise would have required political involvement. [...] To sum-up, despite the fact that cooperation between Chisinau and Tiraspol through official channels is limited, UNDP has managed to establish grass-roots level cooperation mechanisms. UNDP is uniquely well positioned to implement diverse multi-level building confidence between both banks by involving local authorities, CSOs, the business community and other stakeholders. UNDP strategy was effective in engaging communities from both river-banks for resolving non-political, sharing development challenges, whilst keeping decision-makers in Moldova and de facto decision makers in TN informed despite the challenging and sensitive political environment¹⁷.”

The conclusions of the Mid-term Evaluation of the Inclusive Growth Pillar UNDP Moldova, state that “CBM is the most important cooperation platform and confidence building among the population on both river-banks. At community level, people interact normally and remember well previous cooperation, the only major barrier being funding common activities. Women involvement is very good (with preliminary indicator of over 40 percent). UNDP employs the right approach in this Programme, increasing the intensity of activities gradually. The lessons learnt from previous stages (implement activities gradually, shift focus from infrastructure rehabilitation to business development, now to involving communities) are well considered and applied¹⁸”.

As well, an EU Result-Oriented Monitoring (ROM) review, carried out in 2022 on the CBM V, states; “The overall intervention is relevant, considering the effectiveness of past CBM measures, as well as twists and turns in the political dialogue. As the political gap between the two banks widened, economic and social ties on different levels took a central role in maintaining the connections between the populations on both banks. [...] Notwithstanding the hardships induced by the multi-layer crisis (Covid-19 pandemic, war in neighbouring Ukraine, surge in gas prices), the Programme was constantly adjusted to achieve the planned results. The intervention provided economic opportunities across Nistru banks, empowered local communities and actors to address critical issues and deliver public services, [...]. Creation and gradual institutionalisation of cross-river cooperation partnerships and platforms in business and civil society development fostered learning exchanges and problem solving of critical issues on both banks¹⁹”.

Another success factor has been the EU-UNDP multi-disciplinary approach to confidence building, since the development challenge itself is cross-sectorial, bringing together issues related to crisis prevention and recovery, poverty reduction, local development and democratic governance practices. Through its activities, UNDP engaged the most vulnerable people in the most remote areas, ensuring they are not

¹⁷ UNDP Moldova: The Independent Country Programme Evaluation, November 2021

¹⁸ Outcome Mid-term Evaluation Inclusive Growth Pillar UNDP Moldova, February 2021

¹⁹ Onorica Banciu, Rom: report D-41309, 2022

excluded from development opportunities, promising social progress and better standards of life.

Lessons learnt:

Drawing upon the experience and the impact assessments of the previous and ongoing Confidence Building Measures (CBM) packages, the main lessons learnt are as follows:

- to avoid a top-down approach and ensure that the decision makers on both banks continue to be fully-engaged in the design and implementation of the assistance;
- 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 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 the banks 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;
- In the same context, it is important to keep a clear line of separation between development initiatives and technical cooperation, and the political processes related to the official negotiations, to avoid spill over effects of the latter on the former.
- to build sound and open working relationships, based on trust, with both banks independently of the political discussion/issues and to maintain continuous effective communication;
- to develop and maintain a functional and sustainable coordination mechanism(s) with major stakeholders;
- 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 –including through EU major mainstream Programmes for which the Republic of Moldova is eligible;
- to continue building the capacity of civil society organizations (CSOs), fostering cooperation and establishing sustainable partnerships between organizations on both banks.

Intervention rationale

The lessons learnt from previous phases have been duly considered and used in shaping the new, sixth phase of the Programme: it is beneficiary driven and based on extensive prior consultations and agreement; it seeks to provide a critical mass of support to make sure it provides visible and tangible results; and its activities build on previous successes while targeting new areas of intervention.

The implementation of the Programme will be driven by four main principles:

1. The principle of **mirroring**, i.e. working similarly on both banks of the river Nistru;
2. The principle of **consensus** – seeking to ensure a common view and understanding on the supported interventions between authorities of both banks and other stakeholders, for a technical and apolitical work;

3. The principle of **achieving better mutual understanding** – all activities will seek to promote, to the maximum extent possible, joint work, communication, exchange of best practices and experience, and cooperation;
4. The principle of **flexibility** - should one of the components or activities fail due to the volatile political context and /or other political reason(s) or equivalent, the funds can be reallocated to the other components and/or activities

As per Output 2.2 of the Action Document “EU 4 Resilience and Governance” (EU AAP 2022), the EU-CBM Programme implemented by UNDP will continue to focus on four specific fields: Economic development and decent job creation for women and men on both sides of the Nistru River; Enhanced cross-river thematic cooperation between the civil society from both banks; Community Development and small-scale social infrastructure support; and Promotion of cultural heritage.

The respective fields have been identified in discussions with stakeholders on both sides and focus on some of the most urgent issues affecting the population across the Nistru. 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 sides, creating an atmosphere conducive to social cohesion and reconciliation. Such a shared approach to development issues, delivering tangible benefits to the public on both banks, builds on previous important achievements, establishing a positive cooperative dynamic between communities on both banks.

The 6th CBM phase will be also guided by developmental focus of interventions and clear separation from politics. Like all previous EU CBM iterations, also the 6th phase is a contribution to the settlement of the unresolved Transnistrian conflict in a bottom-up approach, people-to-people, working at the grassroots level to address common needs of the communities on both banks of the Nistru river with shared solutions. As such, it is complementary to the political-diplomatic actions, but separated from them, although certainly aiming at the same overall goal. Experience in the past iterations of the Programme shows that an excessive “politicisation” of confidence building projects, even the most thoroughly designed ones, could lead into a deadlock and jeopardise the implementation of activities. EU-CBM, and especially its 5th phase, has been conceptualized, designed and perceived by the sides as development-focused and non-political, and this has facilitated implementation in the unresolved conflict environment where few, if any, meaningful links and connections between the sides exist or are functional.

The 6th iteration of the Programme will address critical pressing economic and social recovery needs across the post-conflict divide for communities, with a special focus on livelihoods, as well as provides targeted interventions in other crucial areas that will facilitate recovery and will therefore meet the priorities of both banks.

This approach corresponds to the priorities established by the Moldovan Government, which announced, in 2015 and 2016, the reintegration of the country as one of its top concerns, that should contribute to economic development and to improving the population’s living standards by facilitating private sector activity and by upgrading the

social services and infrastructure.²⁰ It also fits the priorities of the de facto administration, expressed in the regional development strategy mentioned supra.

It also corresponds to the aims established by the European Commission Implementing Decision on the annual action plan in favour of the Republic of Moldova for 2022, particularly the Action Document for EU4 Resilience and Governance that under the Priority 2 aims to “Contribute to national stability and territory integrity, in a deteriorating regional security environment through the reinforcement of national human, institutional, operational and societal capacities”.

Similarly, these directions are aligned with the UNDP Country Programme Document, that aims to ensure that “Economic actors, including from regions with special status, have access to financial and non-financial assets and services to recover and build competitive and future proof productive capacities”, as well that “Public, civil society and private sector actors are enabled to build solid partnerships leveraging innovation, knowledge and finance to tap into collective socioeconomic development potential”.

This Programme is also relevant for the Sustainable Development Agenda 2030. It contributes primarily to the progressive achievement of the following Sustainable Development Goals (SDGs):

- Goal 8: Promote sustained, inclusive and sustainable economic growth, full and productive employment, and decent work for all;
- Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels.

This Programme also promotes progress towards the following additional goal(s): SDG 1: End poverty in all its forms everywhere; SDG 3: Ensure healthy lives and promote wellbeing for all at all ages; SDG 5: Achieve gender equality and empower all women and girls; SDG 6: Ensure availability and sustainable management of water and sanitation for all; SDG 9: Build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation; SDG 10: Reduce inequality within and among countries.

The Programme aims to build on and multiply the achievements of the previous phases, in particular those related to urgent needs on both banks to develop business, empower communities, strengthen social services, further consolidate and expand the established cross-river cooperation links and platforms, contributing to develop a common vision for the future on both riverbanks.

²⁰ 2015-2018 Government Activity Program <https://gov.md/sites/default/files/document/attachments/program-guvernare-strelet-2015-2018.pdf> and 2016-2018 Action Plan <http://lex.justice.md/md/365929/>

IV. STRATEGY (DESCRIPTION OF THE ACTION)

4.1. Programme Objectives

The overall objective of the programme is to **contribute to the improved confidence between communities on both banks of the Nistru River**, through joint initiatives involving local communities, civil society organisations, business actors and other stakeholders.

The specific objectives are the following:

- Contribute to economic and social development by ensuring a more equal access to the opportunities provided by the Association Agreement (AA) and its Deep and Comprehensive Free Trade Agreement (DCFTA) and integration between the two banks of the Nistru River, taking into account also the status as EU candidate country which the Republic of Moldova has since 2022;
- Cross-river harmonization in pilot sectors (i.e. culture, environment, health, education, sport and tourism) through enhanced cross-river thematic cooperation between the civil society from both banks of the river Nistru;
- Public, civil society, private actors on both banks are enabled to build solid partnerships and finance to tackle collective cross-river socio-economic development potential.
- Citizens and local actors benefit from improved access to quality public services and social and cultural facilities on both banks of the river Nistru;

The programme will represent a framework for engaging in development interventions across the security zone on both banks of the Nistru River. As such, it is comprised of a series of activities that will strengthen, regularize and intensify interaction between otherwise divided societies, aiming to establish this interaction as a norm. It looks to deal strategically with barriers to cooperation experienced by all development cooperation actors working in Transnistria's region by building the trust towards such actions and broadening opportunities for engagement for a wide range of actors. Special focus will be given to balancing the actual support of the programme to communities on both banks of the Nistru River.

4.2. Key Results

The expected results from the programme are:

- Improved living conditions on the two banks of the Nistru River through increased economic opportunities and up to 50 jobs creation;
- Consolidated cross-river cooperation for the development of solutions that contribute to the competitiveness enhancement of the business environment on both banks of the river Nistru;
- 12 communities on both banks with improved engagement practices and increased public participation in development outcomes via a sustainable dialogue among citizens, private sector, the civil society and emigrants;

- Approx.40 CSOs from both banks co-produce development projects solving joint problems for the good of both banks' socio-economic development; 6 joint existing platforms for cooperation between CSOs from both banks are further developed and supported to limit disparity thematic among banks;
- Community development of 12 localities on both banks enhanced mostly through capacity building; up to 6 critical social infrastructure and up to four cultural heritage development implemented for the benefit of over 40,000 people. At least 2,000 Moldovan citizens (of which at least 15% diaspora representatives) participate in and influence public service provision, decision-making and budgets in their localities;
- At least 10 hometown associations and/or initiative groups will be created and benefit from improved skills and knowledge on fundraising, inclusive governance, integration of LNOB and community mobilization approaches in project implementation and public participation in development outcomes;
- Culture heritage is used as a driver for development and confidence building;
- The Transnistrian region is further and actively involved in Moldovan-wide sectoral initiatives to facilitate the future reintegration while limiting the development gap between both banks.

4.3. Implementation Approach and Indicative Activities

The proposed intervention seeks to comprehensively address the issues described in the background analysis, by focusing efforts in four directions.



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Component 1: Economic development and decent job creation

Considering the new socio-economic context, the goal of the component is to create **employment opportunities and livelihoods across the Nistru river by stimulating economic activity** according to new models and **cross-river cooperation**. Business support programs would help both sides to resolve common problems together, because the nature of their economic challenges is similar, as are the risks and structural shortcomings the economies face. At the same time, it will aim to reduce the growing economic development gap between the two banks, inclusively through getting access to the opportunities offered by the DCFTA. It will seek to encourage work in areas with high potential to produce confidence building results, by focusing, in particular, on supporting young entrepreneurs (and especially women) and cross-river business platforms.

The following activities are tentatively proposed for implementation:

Output 1.1. MSMEs from both banks supported in order to target specific economic development goals

The culture of entrepreneurship in Transnistrian is steadily improving due to the communities of young entrepreneurs built in the CBM 5th phase around green, tech, digital and social entrepreneurship and to the creation of the Business Hub. The economy is still concentrated within a few large enterprises, but the number of persons learning to be an individual entrepreneur and launching start-ups, is constantly increasing, thus pushing for a shift in social perceptions and abilities of local, especially young, entrepreneurs in generating employment, income and indeed wealth, as well as introducing entrepreneurial skills and mind-sets among young people.

In the 6th phase, this component will build on the initiatives successfully implemented in the 5th phase of the program, with a strong focus on **women, green and tech entrepreneurship** and investments targeting a just transition for the population on both banks of the river Nistru. Together with the currently implemented initiatives, they will form the premises of a cross-cutting 'innovation business platform' that will interact closely with the existing 5 EU-CBM 5 sectorial platforms. It will provide the tools to MSMEs to overcome economic crisis and equip vulnerable and underprivileged groups with employment skills, so that they could remain competitive on the labour market.

Activities in this sub-component will facilitate young companies' access to capital and knowledge, through financial support, combined with training, consulting and information materials. **20 young entrepreneurs** (10 from right and 10 from left bank, at least 50% women) will receive to receive equipment/goods/works/ services of about 20,000 EUR to support them in starting or expanding their companies with new business models or upgraded processes. In the contest of multiple crisis hitting the region in the last years, support will mainly target young entrepreneurs from the most affected sectors, for example, for the procurement and implementation of ICT and sales automation tools for transport and logistic optimization as well as their full integration and operationalization on online marketplaces, along with entrepreneurial skills development, peer-to-peer study visits and participation of the market ready companies in fairs and exhibitions for brand visibility, B2B and B2C client network extension.

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Joint capacity building activities will be conducted between entrepreneurs on both banks thus contributing to their mutual understanding and strengthening their collaboration and opportunities for further cooperation.

Output 1.2. Increased capacities of Business Support Organizations (BSO) to deliver Business Development Services to MSMEs

Cross-river cooperation will be strengthened aiming for the development of solutions that would contribute to the improved competitiveness enhancement of MSMEs, and of the business environment on both banks of the Nistru river.

Cross-river, common projects will create conditions for all business actors to adapt to new working realities and equip vulnerable and underprivileged groups with employment skills, to allow a just transition. The quintuple innovation helix model that explores the phenomenon of development from the perspective of knowledge production by investigating the cooperation of collective interaction and exchange of this knowledge in a state by means of five subsystems (helices): (1) training and education system, (2) economic system, (3) natural environment, (4) media-based and culture-based public (also 'civil society'), (5) and the government.

Grants of up to 40 000 EUR will be allocated for **two cross-river initiatives** that would advocate for the strengthening of the collaborative relationships between academia, industry, government, civil society to improve innovation and promote future-proof business models, social entrepreneurship initiatives and trade facilitation tools for the benefit of SMEs. As **women, youth, active elders, refugees or workers in the agricultural sector** are particularly hit by the multiple crises, they will be the target groups but also final beneficiaries of the implemented actions, as well as the overall citizens of the involved communities.

Continuous **support to business service providers and promotion of jobs creation in ICT and BPO (business process outsourcing)** for youth and women in business sectors with high employability potential on both banks it is envisaged. Business development service providers are part of intellectual, highly paid, job creating industry for youth and women. With intense digitalization of business to Government (B2G), business to business (B2B), business to client (B2C) relations, almost any type of services can be provided remotely. Moreover, this is a mean by which business support organizations are the most efficient in providing technical assistance and emergency advice to their beneficiaries and member entrepreneurs.

The Programme will support youth-oriented business support infrastructure (Business incubator/ business laboratory/co-working spaces) enabling them to diversify services focused on youth and women, including through enlarging existing infrastructure.

Additionally, thematic studies, research, analyses, surveys, evaluations in different fields, such as economic, trade (with a particular focus on DCFTA), social, legal, political, educational, according to the object of activity, covering both banks, will be carried out, raising awareness on economic and social realities, as well as formulating recommendations, proposals, interpretations, comments containing ways to resolve conflicts and deficiencies on both banks of the river Nistru.

Component 2: Enhanced cross-river thematic cooperation between the civil society from both banks

Civil society in developing countries have been instrumental in influencing positive change in peacebuilding and social cohesion, enjoy the trust and confidence. The EU-CBM 6 Programme will encourage partnerships with civil society organizations to enable and empower people on both banks of the Nistru to participate jointly in addressing development needs, creating and strengthening communication channels across and reducing the development gap the conflict divide.

It will seek to build on the successful work in this field of the previous phases, and further strengthen and expand the established six cross-river sectoral platforms which unite over 200 NGOs, experts, community representatives and activists, and academia from both banks. The platforms have become a non-political mechanism for designing and implementing solutions to burning issues in these areas, so that people on both banks of the Nistru could have access to improved conditions for education, medical services, environment, cultural services, sports activities and tourist destinations.

Platforms demonstrated a positive synergetic effect and have also proved a useful and flexible mechanism to respond to emergency situations in COVID-19 environment, as well as during Ukrainian refugees' inflow. Such ad-hoc, but highly important interventions, will continue should the need be, as demand for such services, including those from the public sector, will grow in the post-COVID environment, where less formal, flexible mechanisms of collaboration are required.

The following activities are anticipated within this component:

Output 2.1. Strengthened cross-river sectoral cooperation through thematic platforms

Provision of **support for the functioning and joint problem-solving for six cross river sectoral collaboration platforms** is envisaged: health, environment, culture, education, sports and tourism. Focus will be on their further qualitative and quantitative development through **developing strategic directions with strong confidence building** elements, through expanding their membership, and broadening areas of cooperation between NGOs and professionals from both banks of Nistru river.

The platforms will be strengthened to provide **representation, advocacy and networking support** to stakeholders across the river, etc. via training, study visits, other forms of technical assistance, as well as **support to design and implement specific joint solutions**.

Output 2.2. Civil society organizations on both banks are capacitated jointly in addressing sustainable and smart development solutions for community needs

A small grants program in support of the most relevant **confidence building collaboration initiatives** among civil society representatives on both banks is envisaged. **12 projects up to 20,000 EUR each** will be identified on competitive basis, designed with and through the support of the six cross-river collaboration platforms mentioned above. These small grants have proven to be a highly useful mechanism in the EU-CBM V Programme, where 45 small projects both selected through an open call and elaborated by the platforms have been supported, resulting in better healthcare service provision, promotion of inclusive education, enhancement of cultural heritage, promotion of sustainable energy, environmental education and water quality, developing tourist destinations. In close coordination, existing cooperation

platforms will be supported and further developed. Small grants will be provided with, inter alia, the aim to (i) improve Civil society capacities; (ii) support the platform members in their collaboration; (iii) implement joint initiatives of benefit to local communities on both banks.

Strengthening civil society will contribute greatly to better citizen participation in social and economic development of both banks. The projects should be bottom-up, inclusive, trans-sectoral and promote cross river community synergy and interaction.

Component 3. Community development and small-scale social infrastructure support

The goal of this component is to **empower local communities and actors from both banks to participate in collaborative projects** which address pressing development needs and ensure the delivery of essential public services on both banks.

Under this sub-component, the Programme will implement a comprehensive, tailor made **two-phased approach to community development** on both banks, engaging men and women, community members and migrants in local development processes ranging from planning to implementation of local development projects, leveraging the financial and human potential of local population and migrants, ultimately leading to improved livelihoods on both banks of Nistru river.

This component will seek to build on the successful work in this field of previous work in the field of community development, migration and social cohesion on both banks. It will capitalize on the successful pilot implementation of Migration and Development model to the left bank in 2022, which has adjusted and expanded the migrants' engagement model to the context of the Transnistrian region and worked with two left bank local communities to leverage the benefits of migration by engaging migrants in the processes of developing and sustaining local communities.

The following activities are anticipated:

Output 3.1. Local actors from both banks have been capacitated to engage community members in local development

The overall focus will be to **facilitate the engagement of community members** including migrants to their communities of origin, via the establishment of Initiative Groups and/or Hometown Associations.

Up to 12 communities, **six on each bank, will be identified and supported** to mobilize community members, including emigrants for the participation in local development, including establishment of Hometown Associations (HTA). To support LPAs in engaging community members, including migrants to participate in local development, the programme will work with UNDP methodologies for local planning, budgeting and mobilization for empowerment, emphasizing migrants' engagement. The Alliance of Hometown Associations may be contracted to facilitate this process. **Capacity building activities for LPAs on right bank and community groups on left bank** will be conducted to implement the methodologies in the 12 selected communities. Grass-roots establishment of Initiative Groups and/or Hometown Associations will be supported to meaningfully contribute to the development of their home communities.

Output 3.2. Improved and broader stakeholder engagement in the planning and monitoring of the local development

Following the capacity building, the communities will be supported in the **elaboration of their local development plans** in accordance with the human rights-based approach and gender responsive principles, with migration fully mainstreamed.

Based on local development plans, target communities will be assisted in the identification, formulation and planning of **service improvement initiatives** jointly with LPAs, community members and migrants. These communities will be capacitated to develop **Social Infrastructure projects**, up to 6 of which to be financed by EU CBM Programme (as described below in 3.2.).

Following the above approach, community development will be supported mainly via development projects initiated at the local level by initiative groups/ community-based organizations/ hometown associations in order to develop rural areas/more vulnerable areas and to create jobs. Strengthening civil society will contribute greatly to better citizen participation in social and economic development of both banks.

Output 3.3. Small-scale social infrastructure objects renovated/built

In the 6th phase of CBM implementation, up to **6 community infrastructure projects with a value ranging from 100 000 to 150 000 EUR each**, will be implemented, following the above-mentioned community consultations process. Key priority will be the confidence building potential of these projects, as well as their contribution to improving living conditions and the delivery of essential public services. Synergies among other components of the CBM Programme – business development, cultural heritage, civil society – and cooperation between the Culture, Environment, Education and Tourism Platforms will be sought, maximizing the development results.

The implementation of the 3rd component will be conducted simultaneously in communities on both banks, thus enhancing the communication between local actors' participation jointly in capacity building activities and thus contributing to their mutual understanding and strengthening their collaboration and opportunities for further joint cooperation.

Component 4: Promotion of cultural heritage

Culture is essential for the development of any society and can play a dynamic and transformative role for building social cohesion and resilience. Both culture and cultural heritage have proved to be trans-sectoral themes that contribute to enhanced societal cohesion, resilience and creative response to challenges and opportunities (in environmental, economic, social, health sectors) on both banks and across banks. The consolidation of the results achieved in the cultural heritage support area sector would be enhanced through the creation of synergies among sectors.

The activities under this component will continue to **support the cultural sector with a focus on the conservation and promotion of historical heritage** to investing into country's future and facilitating sustainable development, social resilience and conflict resolution.

The following activities are tentatively proposed for implementation (a confidence building measure dimension will be applied alongside key principles and criteria):

Output 4.1. Culture and other sectors are pioneers in developing technical direct and sustainable cooperation between both banks

EU-CBM Programme 6 will invest in conservation/restoration/rehabilitation of **4 small scale cultural heritage objects**, up to two on each bank of the Nistru River, to be selected through participation of EU-CBM Culture and Tourism Platforms. Priority will be given to the **completion of interventions at small scale objects** undertaken in EU-CBM V Programme, to remove any imminent risk to the objects and to guarantee good conditions for the enjoyment of the restored objects by local communities and visitors. **Selection criteria** will be in continuity with EU-CBM V Programme; however, additional criteria related project completion and cross-component synergies will be presented to the endorsement of the Steering Committee of the Programme. A capacity building dimension will continue to be applied during the preparation of respective projects, including technical assistance and capacity building in cultural heritage conservation and interpretation. Promotion of these sites, along with the earlier rehabilitated 12 cultural heritage sites as well as CBM VI sites will further continue through **joint cultural, artistic, tourism promotion and media activities**, ensuring that restored small scale heritage objects are properly presented and promoted among residents, local communities, and visitors.

Furthermore, the cultural heritage will be a unique **opportunity of cooperation among all components of EU-CBM 6 Programme** and among the established cross-river thematic Platforms around one concrete project further enhancing confidence building between the two banks and capacities to work in an integrated manner.

The implementation of EU-CBM V Programme between 2019 and 2023 has revealed that there is great need for developing capacity in planning promotion of protected monuments that take into account their heritage relevance and the role they could play for overall local socio-economic development. It is envisaged at least one up to 6-day **study visit abroad for 8 people from both banks of the Nistru river in one EU country** to learn from best practices **and development planning for heritage areas** in the EU and discuss with colleagues about principles and practice, to ensure that planning provisions respect and enhance heritage significance of monuments and of their setting. It would be followed by follow on trainings for large audiences in Moldova, including on rehabilitated sites.

Staff from public institutions, young professionals and students from Higher Education and Vocational Education and Training institutions on both banks of the Nistru will be further capacitated to improve their **knowledge and practices in the field of heritage promotion that can support quality-based cultural tourism**.

Joint cultural-artistic initiatives

Aiming enhancing the understanding, care and sustainable use of heritage so it can enrich people's lives, organization of joint cultural-artistic events will foster connections and interactions between people from both banks of the Nistru River. The events will provide opportunities where communities can come together, celebrate their shared heritage, and build bridges of trust and cooperation

Furthermore, these will enhance cooperation among all components of CBM and among the established sectoral Platforms around concrete spaces/projects, further enhancing confidence building between the two banks and capacities to work in an integrated manner. More specifically, cooperation between the Culture, Environment,

Education and Tourism Platforms will be supported through joint cultural and artistic initiatives encompassing cross- sectoral synergy considerations, particularly with the culture, cultural heritage, and tourism sectors.

Joint cultural and artistic initiatives will offer an important opportunity – one that could only be harnessed through culture – to take stock of and provide meaningful visibility to the achievements of all CBM Programmes.

V. GUIDING PRINCIPLES AND CROSS-CUTTING ISSUES IN THE IMPLEMENTATION APPROACH

Besides the key principles listed in the Intervention Rationale section, the following guiding principles for programming will be followed: ownership, transparency, continuity, flexibility, responsiveness and a conflict-sensitive and win-win approach. Projects will have the buy-in of key actors on both banks from the earliest stages (**ownership and transparency**). Projects will build on the momentum and entry points created by in previous phases of programming (**continuity**). 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**).

Although activities will tend to focus on reducing the isolation of Transnistrian region, they will serve to balance the benefits received (or perceived) by both banks, so as not to generate resentment or exacerbate tensions on either side (**win-win and conflict-sensitive approach**). In their design and implementation, projects will also take into consideration the unique and sensitive operating environment of the Transnistrian region.

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 dedicated Selection Committees, which will involve representatives of the Steering Committee, including EU Delegation, UNDP and other donor agencies active in the Transnistrian region.

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

Projects should pay particular attention to engaging with and supporting local stakeholders and activities. They should also seek to reach out to wider society

(including grass roots organizations, local government and academia), official and unofficial opinion formers and public figures.

The Programme will encourage **transferability of positive practice and skills** across the river and from elsewhere. Capacity-building of CSOs, LPAs, companies, and other relevant actors is a key approach of the Programme. 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 Programme 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 Programme, meaningful and equal participation of women and men, targeting specifically women beneficiaries, collecting and monitoring sex-disaggregated data, by securing an equitable gender distribution of Programme's results etc. It would also seek to promote environmental sustainability within its activities, as well as within beneficiary companies and organisations.

The "**Leave No One Behind**" principle will be applied to ensure that the choices and opportunities provided by the Programme 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. The Programme will pass the **Environmental and Social Screening Procedure** standard for UNDP Programmes, 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.

VI. RISK LOG

Description of risk	Type and Category	Risk management actions
<p>Volatile political and security environment, subject to unforeseen and sudden changes.</p>	<p>Political/ High</p>	<p>The programme will take into account the specific political setting that will exist in the region at the moment of implementation, paying careful attention to timing, visibility and presentation.</p> <p>The implementation of the activities will be planned and approached with caution, focusing primarily on non-political issues</p> <p>In case of significant changes in the context, and impossibility of implementation of Programmes on the left bank, interventions will focus on the right bank Security Zone, while involving beneficiaries from the left bank.</p>
<p>Activities could be delayed due to the regional context,</p>	<p>Operational/ Medium</p>	<p>The programme team will ensure that de facto structures are informed on an on-</p>

and perception towards confidence building approach.		going basis about the aims and the activities planned. All activities have to remain non-political. Importance of confidence building approach will be explained and all activities will be planned and implemented in an impartial manner, focusing on concrete improvements in people's lives.
Lack of engagement and/or opposition from local stakeholders.	Operational / Medium	Prior consultations were in place to guarantee a buy-in on behalf of left bank beneficiaries. Continuous engagement with key stakeholders was and will be ensured, as well as mobilisation of local resources to promote the local ownership of the results of the implemented action.
Parliamentary and local elections leading to change in priorities.	Political / Medium	The implementation team will manage this risk through continuous communication with relevant stakeholders, supporting projects that are responding to pressing needs and/or that are selected in a participatory manner. In case of leadership changes, meetings will be set up early in order to present programme priorities, activities and intended results.
Different legal and financial systems in the Transnistrian region.	Operational / Medium	Different funding channels will be considered and proper dispositions agreed upon with the local administrations on a case by case basis. UNDP will continue to further explore the issue of higher incurred costs for transfers and currency exchanges.
Different regulation systems in the field of constructions on both banks of the Nistru river.	Operational / Medium	Due consideration will be provided to the most suitable and relevant implementation mechanisms. UNDP will consider using the granting modality, whereby local social institutions will be responsible for the construction standards.
Low capacity of CSOs and local actors in Transnistrian region to implement and absorb the assistance.	Operational / High	Mixed approach towards implementation of activities including different capacity development activities and transfer of know-how.
Lack of culture of participation in identifying priorities, planning, and budgeting for local development.	Operational / Medium	The Programme will use best practices and lessons learned to show tangible benefits for communities from other similar contexts.
<p>Assumptions</p> <p>- Continued willingness of both banks to work to achieve a peaceful settlement of the Transnistrian conflict;</p>		

- Special attention is given to choose appropriate implementation modalities and to ensure coordination between the two banks;
- Cooperation is based on trust and mutual respect of the different stakeholders, taking into account specificities of each partner;

VII. MANAGEMENT ARRANGEMENTS

UNDP Country Office in Moldova (UNDP CO) will be the Implementing Partner of this programme and will be responsible for producing outputs and use of resources. As such, it will bear the overall accountability for delivering the programme in accordance with Article 2.1 of the GCs and its applicable regulations, rules, policies and procedures. The EU Delegation to Moldova will be closely associated and consulted as regard to any major decisions taken in the framework of the programme.

Steering Committee

The main governance structure of the EU CBM 6 Programme will be a Steering Committee that is conceived as a participatory body, inclusive of relevant stakeholders. In its essential configuration, at least representatives of the EU Delegation and UNDP, as co-chairs, and the Bureau for Reintegration Policies should be represented. Formal minutes shall be prepared and adopted for each meeting of the Steering Committee, detailing any proposals made and decisions taken. In addition to the regular consultations held with the Coordination Council for Humanitarian and Technical Assistance in Tiraspol, – and through that entity with the de facto structures, the Action will be coordinated as well with the responsible counterparts on the left bank, in a format to be decided upon the inception of the Action.

The Steering Committee will meet at least twice a year in order to ensure the efficient monitoring and evaluation of Programme results and maintain continuous cooperation between all Programme' partners at all stages of implementation.

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

Specific Responsibilities of the Steering Committee:

- Provide overall guidance and direction to the Programme, ensuring it remains within the agreed general framework;
- Address issues as raised by the Programme Manager or by the Programme implementing team;
- Provide guidance and agree on possible countermeasures/management actions to address specific risks;

- Review the Programme Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- Appraise the Programme Annual Review Report, make recommendations for the next AWP;
- Assess and decide on Programme changes through revisions.
- Decide on Selection Committees composition and selection criteria. Endorse the list of communities and projects to be supported.

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

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

Management Structure

The entrusted entity UNDP Moldova will be responsible for Programme administration pursuant to the rules of the EU indirect management modality with pillar assed organisations, including: organising implementation of Programme activities, procurement of goods and services, recruitment of Programme personnel and national and international consultants, connecting to national and international expertise and knowledge networks etc., in order to ensure timely and efficient implementation of Programme activities, including the provision of continuous feedback and information sharing among stakeholders.

The management of the Programme will be performed through a Programme office by a dedicated **Programme Manager** who will be assisted by a team, structured based on the lessons from previous phases, and the requirements related to working in such a complex environment. The Programme Manager will be responsible for the management and coordination of all Programme activities and will be charged 100% to the Programme budget.

The Programme team will include staff carrying out various forms of tasks including technical assistance, administration and management. The tasks listed in the Description of the Action, undertaken by staff assigned to the Programme office are directly attributable to the implementation of the Action. The Programme team will comprise of full-time dedicated Programme staff and part-time specialized Programme staff to technically contribute to various Programme components and activities. The part-time specialized Programme staff will be charged through for the time spent directly attributable to the implementation of the Action.

The team would include the following staff:

- **Community Infrastructure Component Manager**, responsible for effective and efficient coordination of Component 2 and Component 3, through a range of actions contributing to the design, planning, management and monitoring of Programme activities. Community Infrastructure Component Manager will be charged 100% to the Programme budget;
- **Senior Project Officer**, responsible for the implementation of activities related to Component 1 and 2 in particular related to supporting business cooperation platforms, creation of business development and employment opportunities as well as to cross-river cooperation platforms, capacity building and community mobilization actions. The Senior Project Officer will be charged 100% to the Programme budget;
- **Communication Officer**, responsible for ensuring the fulfilment of the communication and visibility activities related to the Programme 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 EU. The Communication officer will be charged 100% to the Programme budget.
- **Engineer/Community Infrastructure Officer**, will ensure an effective and efficient implementation of Component 2 and Component 3 and will assume the responsibility for the practical coordination of infrastructure rehabilitation and resources (human, financial, physical / material assets, etc.) in order to meet expected results. The Engineer Community Infrastructure will be charged 100% to the Programme budget.
- **Finance Associate**, responsible for performing financial and administrative duties related to the implementation of the Programme activities. The Finance Associate will be charged 100% to the Programme budget;
- **Procurement Associate**, responsible for performing procurement and contracting duties related to the implementation of the Programme activities. The Procurement and Contracts Associate will be charged 100% to the Programme budget.
- **Project Associate**, responsible for assisting in organization of administrative processes for Programme needs and providing support to office maintenance. The Programme Assistant will be charged 100% to the Programme budget.
- **Office Clerk/Driver**, assists in the effective and efficient management of the Programme through a range of actions, including driving and administrative support management. Driver will be charged 100% to the Programme budget.

Employment contracts or however professional service of the Programme staff from the fifth EU CBM phase with good performance and whose job description relevant for the purpose of the sixth phase will be continued.

Quality assurance is required for all UNDP programmes and projects, regardless of their budget, size, location, duration, characteristics, context or circumstances. The UNDP Internal Control Framework (ICF) covers key control factors such as planning, monitoring, communication, policies, procedures, segregation of duties, individual authorities and accountabilities that combined, inter alia:

- Safeguard assets from inappropriate use and loss from fraud and error,
- Help ensure the quality of internal and external reporting, through the maintenance of proper records and information flows; and
- Facilitate compliance with applicable laws, regulations and policies.

Segregation of duties and control ensure that risks are mitigated and managed and provides clear accountability and appropriate management arrangements.

Services provided by the UNDP Moldova Country Office (CO) staff, as per above, for the implementation of the Action include specific tasks related to activities under the Action that require higher levels of quality assurance, monitoring and control in processing for finance, procurement, human resources, administration, travel, assets management, etc. UNDP CO staff support is envisaged, to enable implementation of Programme activities:

- **Programme Analyst**, responsible for quality assurance of the Programme implementation. He/she will be charged through for the time spent directly attributable to the implementation of the Action, not exceeding 20% of the working time.

- **Programme Associate**, ensures Programme support and quality assurance for reporting and monitoring and will be charged for the time spent directly attributable to the implementation of the Action, not exceeding 10% of the working time.

- The **Gender and Inclusivity Analyst** responsible to advise and support the Programme team on gender and inclusion issues, especially designing and implementation of gender responsive interventions. She/he will be charged for the time spent directly attributable to the implementation of the Action, not exceeding 17% of the working time.

- **Procurement Analyst**, responsible for providing support in identification of procurement modalities, facilitating quality, transparent, effective and fast procurement processes; will be charged for the time spent directly attributable to the implementation of the Action, not exceeding 23% of the working time.

- **Human Resources Analyst**, responsible for providing human resources processes for the needs of the Programme, including staff selection and recruitment processes; will be charged for the time spent directly attributable to the implementation of the Action, not exceeding 16% of the working time.

- **Programme and Finance Associate**, responsible for providing guidance and support in monitoring and evaluation, ensuring effective and transparent utilization of resources and integrity of financial transactions; will be charged for the time spent directly attributable to the implementation of the Action, not exceeding 15% of the working time.

- **Finance Analyst**, responsible for providing support related to accounting matters, including creation and application of deposits, management of bank accounts and of bank cards issued for the Programme personnel, verifying and validate the payroll results for the Programme staff, timely payment of salaries, processing payments (disbursement), travel management, etc. The Finance Associate will be charged for the time spent directly attributable to the implementation of the Action, not exceeding 18% of the working time.

Expertise of international and national consultants (short and long term) will be sought to advice and support the implementation, as required.

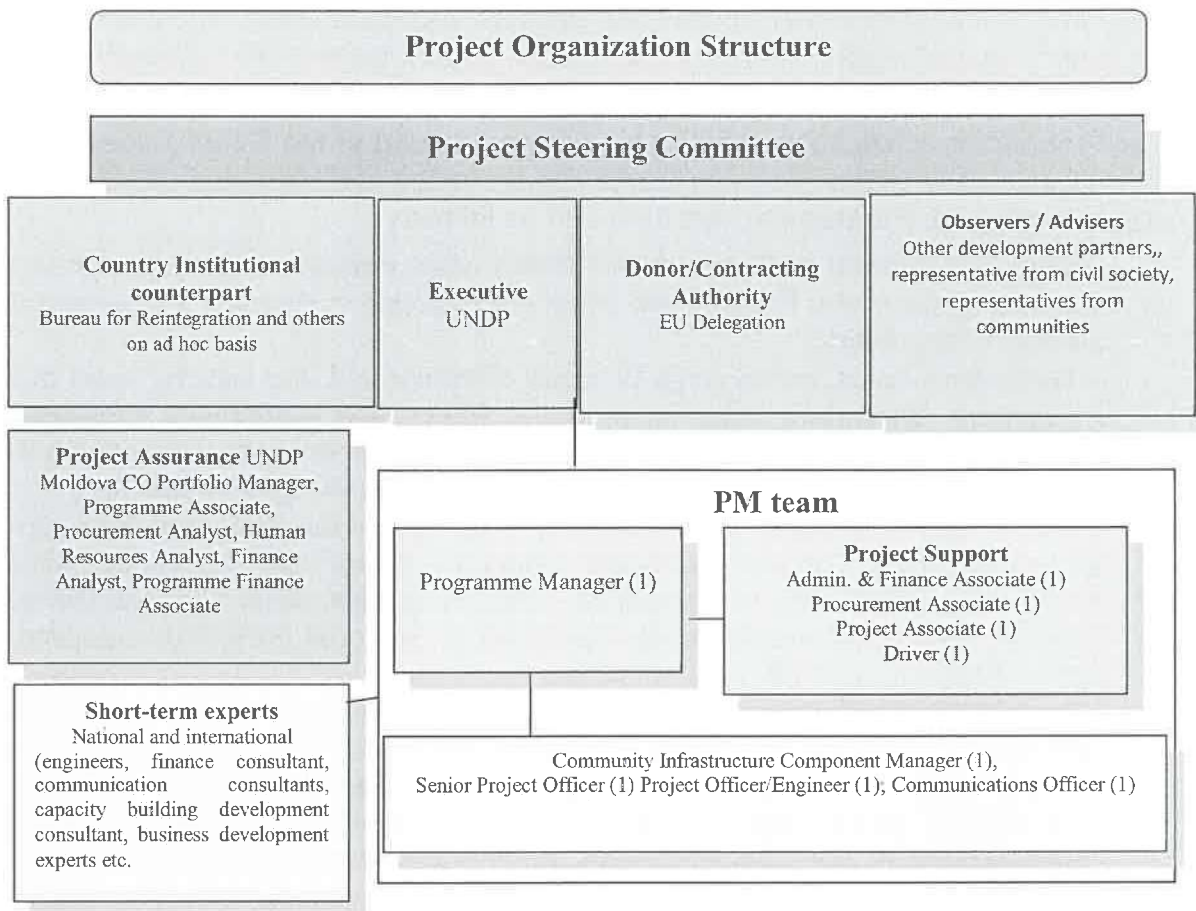
During the Programme implementation, synergies and linkages with other ongoing projects, in particular in the areas of confidence building, local development, migration and diaspora engagement, rural development and promotion of green economy implemented by UNDP and UN agencies will be maintained and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

The Programme management team will ensure results-based project management and successful implementation of the Programme within the 30 months programme period, close monitoring and evaluation of project progress, observance of

procedures, transparency and efficient use of funds, quality of works, and involvement of local and regional stakeholders and beneficiary communities in the decision-making processes.

Other Programme office costs that will be incurred as part of the Direct Management and Implementation of the Programme and can be traced and attributed directly to the management of the Programme, are foreseen as follows:

- Travel and subsistence costs for staff and other persons directly assigned to the operations of the Programme office are included in Heading 2 of Annex III-Budget of the Action;
- Depreciation costs, rental costs or lease of equipment and assets, costs of IT equipment, computers, copying, scanning and printing equipment, conference and office kitchen appliances, IT spare parts and supplies, etc., composing the Programme office are envisaged in Heading 2 of the Budget (Annex III);
- Costs for the local office are reflected in Heading 2 of the Budget of the Action, including vehicle costs (2x vehicles: lubricants, filters, fuel, insurance, winter tyres, etc.), office rent, consumables - office supplies, other services (tel/fax, internet, electricity/ maintenance/repairs etc.), personal protective equipment for the programme staff, etc.;
- Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and Directives of the UNDP and the budget allocated for this audit is identified in Heading 2; also in Heading 2 of the Budget are envisaged: publications costs (procurement of services of design, editing and printing), evaluation costs; translation and interpretation costs, costs of conferences/seminars; visibility actions, etc.;
- Annex III-Budget of the Action, also includes a General Management Support (GMS) charge that covers the costs for UNDP that are not directly attributable to specific Programmes or services, but are necessary to fund the corporate structures, management and oversight costs of UNDP. The GMS is applied to all Programmes funded by Development Partners that are implemented by UNDP around the world. The GMS amount between UNDP and EU is globally set at 7% (seven percent) of the total direct eligible costs provided for this Programme by the EU to UNDP.



Funding

The programme is funded by the European Commission. The budget breakdown is provided in the Annex III “Budget of the Action”.

Communication and Visibility

All programme activities will adhere to the European Union’s requirements for visibility on EU funded activities, as described in the FAFA, in Article 8 of the General conditions and by referring to the Joint Visibility Guidelines for EC-UN Actions in the field.

Media coverage on both banks shall be ensured, including in coordination with other Communication & Visibility services of the Delegation of the European Union.

VIII. MONITORING AND EVALUATION

In accordance with UNDP’s programming policies and procedures, the Programme will be monitored through the following monitoring and evaluation plan. The Plan would be updated upon Programme inception and, if needed, during the implementation phase, through the approval of the Programme Steering Committee. As provided for by General Conditions, representatives of the European Commission shall be invited to participate in the main monitoring and in the evaluation missions relating to the performance of the Action. The results of such missions shall be reported to the European Commission.

OS 4

Monitoring Plan

Monitoring Activity	Purpose	Frequency	Expected Action
Track results progress	Progress data against the results indicators in the RRF will be collected and analyzed to assess the progress of the Programme in achieving the agreed outputs.	Quarterly, or in the frequency required for each indicator.	Slower than expected progress will be addressed by Programme 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 Programme 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 Programme.	At least annually	Relevant lessons are captured by the Programme team and used to inform management decisions.
Annual Programme Quality Assurance	The quality of the Programme will be assessed against UNDP's quality standards to identify Programme strengths and weaknesses and to inform management decision making to improve the Programme.	Annually	Areas of strength and weakness will be reviewed by Programme management and used to inform decisions to improve Programme performance.
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 Programme board and used to make course corrections.
Programme Progress Report	A progress summary will be presented to the Programme Steering Committee and key	Annually, and at the end of the	

	<p>stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual Programme quality rating summary, an updated risk log with mitigation measures, and any evaluation or review reports prepared over the period.</p> <p>Annual progress reports and a final report will be submitted to the EU in line with Article 3 of the GCs.</p>	Programme (final report)	
Programme Review (Steering Committee)	<p>The Programme's governance mechanism (Steering Committee) will hold regular Programme reviews to assess the performance of the Programme and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the Programme. In the Programme's final year, the Steering Committee shall hold an end-of Programme review to capture lessons learned and discuss opportunities for scaling up and to socialize Programme results and lessons learned with relevant audiences.</p>	At least two times a year	<p>Any quality concerns or slower than expected progress should be discussed by the Programme Steering Committee and management actions agreed to address the issues identified.</p>

In accordance with the programming policies and procedures outlined in the UNDP User Guide, the Programme will be monitored through the following:

Within the annual cycle

- Based on the initial risk analysis submitted, a risk log will be activated in Atlas and regularly updated by reviewing the external environment that may affect the Programme implementation.
- Based on the above information recorded in Atlas, a Programme Progress Summary shall be submitted by the Programme Manager to the Programme Steering Committee through Programme Assurance, using the standard report format available in the Executive Snapshot.
- A Programme Lesson-learned log shall be activated and regularly updated to ensure on-going learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the Programme
- A Monitoring Schedule Plan shall be activated in Atlas and updated to track key management actions/events

Annually

- **Annual Review Report.** An Annual Review Report shall be prepared by the Programme Manager and shared with the Programme Steering Committee. As minimum requirement, the Annual Review Report shall consist of the Quantum standard format covering the whole year with updated information as well as a summary of results achieved against pre-defined annual targets at the output level.
- **Annual Programme Review.** Based on the above report, an annual Programme review shall be conducted during the fourth quarter of the year or soon after, to assess the performance of the Programme and appraise the Annual Work Plan (AWP) for the following year. In the last year, this review will be a final assessment. This review is driven by the Programme Steering Committee and may involve other stakeholders as required. It shall focus on the extent to which progress is being made towards outputs, and that these remain aligned to appropriate outcomes.

Progress reports and a final report will be submitted to the EU in line with Article 3 of the General Conditions.

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

Financial transactions and financial statements may be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and directives of UNDP.

Involvement/monitoring of the contracting authority

Pursuant to the General Conditions of the contract, “the Organisation and the Contracting Authority (CA) shall participate in coordination meetings and other jointly organised common activities, and the Organisation shall invite the European Commission to join any donor committee which may be set up in relation to the Action”. Those common activities and the level of involvement of the CA will be decided upon the inception period between the Contracting Authority and UNDP.

In relation to the EU CBM programme, the political dialogue is the sole liability of the Contracting authority.

Annex A Logical Framework

Results	Results chain	Indicator	Baseline (value & reference year) 2023	Target (value & reference year) Q4 2025	Current value ²¹ (Reference year)	Sources of data	Assumptions
Impact (Overall objective)	Contribute to improved confidence between communities on both banks of the Nistru River, through joint initiatives involving local communities, civil society organisations, academia, business actors and other stakeholders, that would facilitate the settlement of the Transnistrian frozen conflict.	<i>Impact indicator 1:</i> Number of people (indirect beneficiaries) benefiting from improved livelihoods, productive capacities, and value chains	1000 actors (indirect beneficiaries) benefiting from improved livelihoods, productive capacities, and value chains in the previous CBM phase (V)	1600 new actors (indirect beneficiaries) benefiting from improved livelihoods, productive capacities, and value chains		Questionnaires/surveys in involved communities performed by implementing partners.	Not applicable
		<i>Impact indicator 2</i> Share of trade of goods and services with right bank from total left bank trade	40 % (2022)	At least 50% by 2025		Chamber of Commerce and Industry reports Think Tanks reports	Not applicable
Outcome (s) (Specific objective(s))	Outcome 1 (SO1) Contribute to economic and social development by ensuring a more equal access to	1.1 – Indicator 1 to Outcome 1 Improved regulatory environment based on best practices from right bank or EU	Low regulatory economic approximation with right bank of the river Nistru (2023)	Regulations on cross-river trade facilitated at least for 2 industries by 2025		Customs Services reports Chamber of Commerce and Industry of the Republic of Moldova	The situation in the security zone across the two riverbanks do not deteriorate in consequence of

²¹ To be included in interim and final reports

	<p>the opportunities provided by the Association Agreement (AA) and its Deep and Comprehensive Free Trade Agreement (DCFTA) and integration between the two banks of the Nistru River, taking into account also the status as a EU candidate country which the Republic of Moldova has since 2022</p>					<p>Government studies on internal trade and commerce with EU countries</p> <ul style="list-style-type: none"> - Programme narrative reports - External evaluation - Programme and activities attendance lists - Official statistics - All other relevant means of verification. 	<p>the Russian aggression against Ukraine and/or other external factors</p> <p>The relations between the Authorities of Chisinau and the de facto structures of Tiraspol remain conducive for dialogue and cooperation</p>
	<p>1.2 – Indicator 2 to Outcome 1</p> <p>Number of new full-time equivalent jobs created and maintained, with focus on youth and women</p>	<p>121 jobs created by SMEs supported within EU CBM 5</p> <p>60 jobs maintained within EU CBM 5</p>	<p>60 new jobs (at least 40% for women and 50% on the left bank)</p> <p>100 additional full-time equivalent jobs maintained for youth and women</p>				
	<p>1.3– Indicator 3 to Outcome 1</p> <p>Number of new businesses created/supported to registered on right of the river Nistru</p>	<p>39 businesses created/supported within EU CBM 5</p>	<p>20 new businesses additionally created/supported</p>				
	<p>1.4– Indicator 4 to Outcome 1</p> <p>% of beneficiary enterprises owned or managed by women</p>	<p>50% of supported enterprises owned or managed by women</p>	<p>At least 60% of supported enterprises owned or managed by women</p>				
<p>Outcome 2 (SO2)</p> <p>Cross-river harmonization in pilot sectors (i.e. culture, environment, health, education, sport and tourism)</p>	<p>2.1 – Indicator 1 to outcome 2</p> <p>Number of thematic assessments by civil society representatives</p>	<p>5</p>	<p>At least 6 confidence building joint thematic assessments performed by civil society</p>				

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	through enhanced cross-river thematic cooperation between the civil society from both banks of the river Nistru	from both banks for problem solving		representatives on both banks		
Outcome 3 (SO3) Public, civil society, private actors on both banks are enabled to build solid partnerships and finance to tackle collective cross-river socio-economic development potential	<p>3.1– Indicator 1 to outcome 3</p> <p>Number of engaged community members in local development on both banks</p> <p>580</p> <p>500</p>	<p>3.2 - Indicator 2 to Outcome 3</p> <p>Share of local stakeholders' contribution for the community development initiatives implemented</p> <p>7 %</p>	<p>Increase to at least 10%</p>	<p>Local budgets</p>		
Outcome 4 (SO4) Citizens and local actors benefit from improved access to quality public services and social and cultural facilities on both banks of the river Nistru	<p>4.1 - Indicator 1 to outcome 4</p> <p>People's level of satisfaction with the improved or new services/social and cultural facilities, disaggregated by the type of services (bank, age and sex disaggregation)</p> <p>0</p>	<p>At least 70% satisfied with the improved services (35% men and 35% women).</p>	<p>Satisfaction survey</p> <p>Local authorities' reports for right bank rayons along Nistru river</p>	<p>- Programme narrative reports</p>		<p>- Appropriate Implementation</p>
Component /Output 1:		<p>1.1.1 (Indicator 1 to Output 1.1)</p> <p>39</p>	<p>At least 20 additional</p>			

Economic development and decent job creation	Output 1.1 (related to Outcome 1)	Number of beneficiaries MSMEs				External evaluation	modalities are chosen.
MSMEs from both banks supported in order to target specific economic development goals	<p>1.1.2I (Indicator 2 to Output 1.1)</p> <p>Number of new financial instruments applied for private sector support available to SMEs from both banks</p>	1	At least 1 new financial instrument available for SMEs on both banks		<p>- External evaluation</p> <p>- Programme and activities attendance lists</p> <p>- Official statistics</p> <p>- All other relevant means of verification.</p>	<p>- Capacity development activities and transfer of know-how is foreseen.</p> <p>- Political agenda/discussion does not interfere into the Programme implementation.</p>	
<p>Output 1.2 (related to Outcome 1)</p> <p>Increased capacities of Business Support Organizations (BSO) (such as Chambers of Commerce, SME Associations, Professional Bodies, Sector Trade Association, Training Institutes etc.) to deliver Business Development Services to MSMEs</p>	<p>1.2.1. (Indicator 1 to Output 1.2)</p> <p>Number of BSO staff capacitated through mentoring, training of trainers, advisory services, and study tours to either enhance existing services, build new ones or improve organizational structures to provide support to members for export readiness, growth activities, and adjustment to DCFTA requirements</p>	<p>50 persons</p> <p>26 BSOs</p>	<p>At least 15 persons involved in capacity building activities</p> <p>At least 4 capacitated BSOs on both banks of the river Nistru</p>			<p>- Special attention is given to coordination with both banks.</p> <p>- Cooperation is based on trust and confidence taken into account specificities of each partners.</p>	
	<p>1.2.2 (Indicator 2 to Output 1.2)</p> <p>Number of Public Private Dialogue (PPD) Events organized by the supported BSOs</p>	6 events	At least 1 event per programme year				

		<p>1.2.3 (Indicator 3 to Output 1.2) Number of partnerships established within and among the BSOs on both banks</p>	<p>15 partnerships</p>	<p>At least 2 new partnerships</p>		
<p>Output 2.1 (related to Outcome 2) Strengthened cross-river sectoral cooperation through thematic platforms</p>	<p>2.1.1 (Indicator 1 to Output 2.1) Number of members of cross river sectoral platforms</p>	<p>280 (organizations and individuals)</p>	<p>At least 300</p>			<p>- Programme narrative reports</p>
<p>Component/Output 2: Enhanced cross-river thematic cooperation between the civil society from both banks</p>	<p>Output 2.2 (related to Outcome 2) Civil society organizations on both banks are capacitated jointly in addressing sustainable and smart development solutions for community needs</p>	<p>2.2.1 (Indicator 1 to Output 2.2) Number of civil society representatives with strengthened capacities to provide representation, advocacy, and networking support to civil society members across the river</p>	<p>280 civil society representatives with strengthened capacities (NGOs and professionals involved in 6 Cross-river platforms)</p>	<p>100 (at least 40% on the left banks; at least 50% women)</p>		<p>- External evaluation</p> <p>- Programme and activities attendance lists</p> <p>- Official statistics</p>
	<p>2.2.2 (Indicator 2 to Output 2.2) Number of confidence building initiatives among civil society representatives on both banks</p>	<p>31 of confidence building initiatives among civil society representatives on both banks (number of small grant initiatives) within EU CBM 5</p>	<p>12 new confidence building collaboration initiatives among civil society representatives on both banks</p>		<p>- All other relevant means of verification.</p>	

<p>Output 3.1 (related to Outcome 3)</p> <p>Local actors from both banks have been capacitated to engage community members in local development</p>	<p>3.1.1. (Indicator 1 to Output 3.1)</p> <p>Number of local actors trained/capacitated to engage community members in local development</p>	<p>0 local community actors</p>	<p>100 local actors trained/capacitated to engage community members in local development</p>	<p>- Programme narrative reports</p> <p>- External evaluation</p> <p>- Programme and activities attendance lists</p> <p>- Official statistics</p> <p>- All other relevant means of verification.</p>	
<p>Component/Output 3: Community development and small-scale social infrastructure support</p> <p>Output 3.2 (related to Outcome 3)</p> <p>Improved and broader stakeholder (e.g. CSO, private sector) engagement in the planning and monitoring of the local development</p>	<p>3.2.1. (Indicator 1 to Output 3.2)</p> <p>Number of newly elaborated local development plans</p>	<p>0 elaborated local development plans</p>	<p>10 elaborated local development plans</p>		
<p>Output 3.3 (related to Outcome 3)</p> <p>Small-scale social infrastructure objects renovated/built</p>	<p>3.3.1. (Indicator 1 to Output 3.3)</p> <p>number of new joint collaborative infrastructure Programmes implemented</p>	<p>32 collaborative infrastructure projects implemented since 2009</p>	<p>at least 4 new joint collaborative infrastructure projects implemented</p>		
<p>Component/Output 4: Promotion of cultural heritage</p> <p>Output 4.1 (related to Outcome 4)</p> <p>Culture and other sectors are</p>	<p>4.1.1. (Indicator 1 to Output 4.1)</p> <p>Number of common cultural public events held in or related to</p>	<p>16 public events within EU CBM 5</p>	<p>5 additional public events</p>	<p>- Programme narrative reports</p>	

	<p>pioneers in developing technical direct and sustainable cooperation between both banks</p>	<p>historical cultural monuments renovated</p>				<p>- External evaluation</p>
	<p>4.1.2. (Indicator 2 to Output 4.1) Number of historical cultural heritage related projects realized under the EU cultural heritage funds</p>	<p>4.1.2. (Indicator 2 to Output 4.1) Number of historical cultural heritage related projects realized under the EU cultural heritage funds</p>	<p>12 projects within EU CBM 5</p>	<p>4 new historical cultural heritage related projects</p>		<p>- Programme and activities attendance lists</p> <p>- Official statistics</p>
	<p>4.1.3.(Indicator 3 to Output 4.1) Number of professionals from public institutions and civil society representatives trained/capacitated in the field of heritage promotion</p>	<p>4.1.3.(Indicator 3 to Output 4.1) Number of professionals from public institutions and civil society representatives trained/capacitated in the field of heritage promotion</p>	<p>50 professionals from public institutions and civil society representatives within EU CBM 5</p>	<p>20 professionals from public institutions and civil society representatives capacitated in the field of heritage promotion</p>		<p>- All other relevant means of verification</p>

	Year 1				Year 2				Year 3			
	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 1	Quarter 2	Quarter 3	Quarter 4	Quarter 1	Quarter 2	Quarter 3	Quarter 4
Activities												
Output 1: Economic development and decent job creation MSMEs from both banks supported in order to target specific economic development goals												
Increased capacities of Business Support Organizations (BSO) to deliver Business Development Services to MSMEs												
Output 2: Enhanced cross-river thematic cooperation between the civil society from both banks												
Strengthened cross-river sectoral cooperation through thematic platforms												
Civil society organizations on both banks are capacitated jointly in addressing sustainable and smart development solutions for community needs												
Component 3: Community development and small-scale social infrastructure support												
Local actors from both banks have been capacitated to engage community members in local development												
Improved and broader stakeholder (e.g. CSO, private sector) engagement in the planning and monitoring of the local development												
Small-scale social infrastructure objects renovated/built												
Component 4: Promotion of cultural heritage												
Culture and other sectors are pioneers in developing technical direct and sustainable cooperation between both banks												
Joint cultural, artistic initiatives												
Communication and Visibility												
Monitoring, reporting, audit												

