



This project is funded by
the European Union



Empowered lives.
Resilient nations.

Annex I – Description of the Action

Enabling an Inclusive Green Transition in the Republic of Moldova

Table of Contents

I.	Executive Summary	3
II.	Situation Analysis and Relevance of the Action	6
2.1.	Overall Background	6
2.2.	Specific Background	8
2.3.	Relevance of the Action	10
2.4.	EU Engagement	12
2.5.	International assistance and Donor coordination.....	13
III.	Strategy (Description of the Action).....	14
3.1	Project Objectives and Key Results	14
3.2	Indicative Activities and Implementation Approach.....	16
IV.	UNDP Moldova relevant experience, lessons learnt and interventions rationale.....	26
4.1.	Methodological Approach.....	27
4.2.	Lessons Learnt.....	31
V.	Sustainability	32
VI.	Risk Assessment	32
VII.	Governance and Management arrangements.....	33
7.1.	Project Board.....	34
7.2.	Project Management Structure and Project Office costs	35
VIII.	Monitoring and Evaluation.....	39
IX.	Reporting.....	41
X.	Visibility of Action Results	41
XI.	Annexes to the description of the Action	42
	Annex A: LOGFRAME.....	43

I. EXECUTIVE SUMMARY

<p>Objectives/impact</p>	<p>Project impact: Facilitate and enable the development of a greener, more resilient, healthier, and prosperous low-carbon society in the Republic of Moldova</p> <p>The <u>overall objective</u> : Support the Government of Moldova to engage sustainably in a transformative green agenda by enhancing awareness, building capacities and encouraging investments in low-emission and resource-efficient economy.</p> <p><u>Target areas</u>: resource efficiency, green and circular economy, cleaner and sustainable energy, and mobility.</p> <p>The proposed intervention will put in place the enabling conditions for an inclusive green transition in the Republic of Moldova, through a combination of cross-sectorial decision-making in joint stakeholder platforms, capacity building measures, general education and awareness raising, dissemination of best policy practices, information sharing and networking, pilot-testing green-transition related solutions and other activities, to ensure that the green transformation perspective is well understood and embraced.</p> <p>The Action will be <u>implemented under the following three specific objectives/outcomes/ components</u>:</p> <ul style="list-style-type: none"> • 1. Socio-economic framework for a gender-responsive and inclusive green transition enabled. • 2. Capacity and awareness on the inclusive green transition increased among key stakeholders. • 3. Additional funding attracted by promoting and piloting investments in green and innovative technologies, while evidence-based decision-making for green transition is improved by deploying a reliable air quality monitoring system.
<p>Key Outputs/Results</p>	<p>Output 1.1. Improved institutional coordination and stakeholders' participation in green transition policy processes through the establishment and strengthening of relevant stakeholder platforms, partnerships and networks, with secured gender-balanced participation and appropriate multilevel coordination mechanisms in place.</p> <p>Output 1.2. Improved evidence bases for policy dialogues and decision making on the potential for an inclusive green transition in the Republic of Moldova, including from the gender perspective.</p> <p>Output 1.3. Inclusive and gender-responsive green transition in key economic areas fostered through an agreed project pipeline and pilot initiatives developed.</p> <p>Output 2.1. Skills, knowledge, and expertise necessary for green transition are put in place, with women and youth promoted as agents of change for green transition at different levels (households, business and institutions).</p> <p>Output 2.2. Awareness raised and capacities created at national and local level, within private and public sector level to advocate for and advance the green development agenda in Moldova, while leaving no one behind.</p>

	<p>Output 3.1. Pilot green projects on energy and eco-innovation deployed with the view of attracting additional private investments (including empowering women to develop start-ups in these areas).</p> <p>Output 3.2. New business models set up along the circular economy value chain and in line with the clean and resource efficient production approach, making sure to integrate also a gender dimension (through dedicated support to women-led businesses).</p> <p>Output 3.3. The use of renewable energy technologies and innovative sustainable transport and mobility solutions expanded in view of contributing to the emissions reduction.</p> <p>Output 3.4. Evidence based monitoring and evaluation of progress facilitated through delivery and installment of regular air monitoring stations of the Moldovan air quality monitoring system.</p>
Main sub-activities	<p>Under Output 1.1.</p> <p>1.1.1. Operationalization of the Green Economy Working Group and the Climate Change Commission as key platforms for green transition (e.g. under the Sustainable Development Council), and establishment and strengthening of stakeholders' cooperation platforms with a gender-balanced representation and formal coordination mechanisms in place</p> <p>1.1.2. Strengthening existing and/or establishing new networks between schools/universities and youth organizations, in view of launching educational or R&I initiatives in selected green transition priority areas.</p> <p>Under Output 1.2.</p> <p>1.2.1. Conducting and promoting at the high-level decision-making platforms an analysis of the socio-economic implications of green transition over the medium (5 years) and long (10-15 year) time horizon, including recommendations for application of market-based incentives to generate funding for green investments.</p> <p>1.2.2. Completing the legal framework for the functioning of the EPR system, conducting a study and enabling the operationalization of EPR schemes in 3 waste management zones.</p> <p>1.2.3. Conducting a cost-benefit analysis and establishing waste- related business models for specific waste streams, including development of standards and secondary legislation for the establishment of secondary raw material waste market.</p> <p>1.2.4. Developing policy planning frameworks to promote sustainable and inclusive urban mobility.</p> <p>Under Output 1.3.</p> <p>1.3.1. A project pipeline in the green transition areas agreed with stakeholders and promoted to development partners within the partnership platforms, established and made operational under output 1.1.</p> <p>1.3.2. Enabling pilot initiatives for selected green transition areas (e.g. circular economy/waste management; clean energy transformation; greener transportation initiative).</p> <p>Under Output 2.1.</p> <p>2.1.1. Assessing the capacity needs in the area of green transition and developing a Capacity Development Programme (CDP) for the identified target groups (focusing on gender aspects and including children and youth).</p> <p>2.1.2. Implementing priority measures from the CDP for all identified target groups (using the platforms/alliances established under Component 1).</p> <p>2.1.3. Ad-hoc expert facility established to support the development of policy instruments and other measures to accelerate the EU accession process in particular in relation to areas under the EU Green Deal</p> <p>Under Output 2.2.</p>

- 2.2.1. Carrying out high-level talks (e.g. conferences, round tables, donors' coordination meetings, etc.), focusing on key policies and measures required to achieve agreed green economy objectives.
- 2.2.2. Organizing sector-based workshops and seminars (e.g. preceding each high-level talk) to increase awareness on the importance of reliable sectoral data and information for taking informed decisions on green transition.
- 2.2.3. Provide training to media organizations and/or at least 100 individual journalists to access reliable information and engage sustainably on green agenda topics such as climate change, circular and bioeconomy, etc.
- 2.2.4. Launching three collaborative initiatives/programs between schools, universities and experts/academia within the civil society and public administration in selected green transition priority areas.

Under Output 3.1.

3.1.1. Providing support to ten companies (selected within the Green Economy component of EU4Environment) to introduce green innovations in their business processes.

3.1.2. Launching a Fast Track Challenge Programme to provide private entities with financial support for new and innovative complementary green solutions in the area of energy efficiency and renewable, waste recycling and materials recovery.

Under Output 3.2.

3.2.1. Adopting EPR principles and launching pilot initiatives (e.g., deposit return system, take back and/or pay-as-you-throw mechanisms, etc.) in at least 3 zones with established integrated waste management infrastructure.

3.2.2. Providing support to ten start-ups to develop business models in waste-related areas for specific waste stream (giving priority to women and youth entrepreneurs).

Under Output 3.3.

3.3.1. Expanding the use of renewable solutions through net metering in cooperation with the main electricity provider in Moldova

3.3.2. Developing energy plantations for solid biomass fuel production, to be piloted as business model for local energy management.

3.3.3. Testing intelligent transport system technologies and innovative sustainable mobility solutions

Under Output 3.4.

3.4.1. Delivering ten AQ monitoring stations as part of an overall National AQ Monitoring and Information System.

Partner(s)	<ul style="list-style-type: none"> • The EU Delegation in Moldova • UNIDO, UNEP • The private sector (through its associations, AmCham, European Business Association, etc) • Civil society, NGOs working in the areas of environment and climate change (including youth organizations and platforms) • Platform for Gender Equality • Ministry of Environment • Environmental Agency • Ministry of Infrastructure and Regional Development • Ministry of Economy • Ministry of Energy • Ministry of Education • Energy Efficiency Agency • Other EU-funded programmes (EU4Environment, EU4Climate, EU4Business, others.)
------------	---

Target group(s)	<ul style="list-style-type: none"> • Central public administration at the line ministries with responsibilities for climate change and environment, State Chancellery, Ministry of Finance • Communities and community-based organizations, including most vulnerable women and men in target regions • Economic actors including SMEs, Chambers of Commerce, business associations and federations • Local public administrations
Final beneficiaries	The population of the Republic of Moldova

II. SITUATION ANALYSIS AND RELEVANCE OF THE ACTION

2.1. Overall Background

Republic of Moldova (*hereinafter Moldova*) is a small-sized, landlocked country in Eastern Europe, with a total land surface of 33,846 square kilometers and a population of 2.6 million¹. It is categorized as lower-middle-income economy (WB, June 2020)², with per capita GDP of 4,547 USD (WB,2020)³. The majority of the population, 57%, is concentrated in rural areas and depends on agriculture for food and income. Over the past decades Moldova's economy has gone through significant structural changes, yet it remains one of the poorest countries in Europe and faces challenges in sustaining growth. Poverty is most severe in rural areas. The average income of the rural population has stayed consistently lower (by 25%) than the income of the urban population.⁴ Low wages, limited numbers of jobs, climate related shocks, poor infrastructure and livelihood conditions in rural areas have led to rural-urban migration.

Moldova has been affected by multiple shocks in the last few years – from the COVID-19 pandemic to a severe drought that reduced agricultural production by 34% in 2020, followed by a drought in 2022 which affected severely the cereal production and of oil crops. In addition to the drought, local agriculture was affected by multiple shocks in 2021/22, namely, record high fertilizer prices and agriculture credit interest rates, high diesel prices and the loss of access to markets in the Russian Federation, Belarus and Ukraine.⁵

Just as the country was emerging from these shocks, the social and economic spillovers from the war in Ukraine have put at risk its short-term economic recovery and its long-term economic prospects.

In February 2023, [annual inflation had reached 25.9%](#), the [highest in Europe after Turkey](#). At this level of inflation, [UNDP estimated](#) that the number of people living in poverty with less than \$5.5 per day would reach 520,000 or 21% of the population. 71% of the country's population, or 1.8 million people, would be living either in poverty or at risk of it, with under \$13 per day.

The highest level of inflation is recorded in the average price of natural gas, a staggering 362.28% increase compared to August 2021. The average prices of heating and electric energy jumped with 92.03%, and 59.80%, respectively, compared to August 2021. A [study on energy poverty conducted by UNDP](#) identified that 65% of the Moldovan households are energy poor by incomes, spending more than 10% of their income on energy. According to a recent simulation based on Household Budget Survey (HBS) data, over 60% of the households would require full compensation for the increase in energy prices. The increased

¹ As per latest provisional National Bureau of Statistics data <https://statistica.gov.md/category.php?!=ro&idc=103>

² <https://figo2021.org/wp-content/uploads/2021/03/FIGO-2021-World-Bank-list-of-Economies.pdf>

³ [GDP per capita \(current US\\$\) | Data \(worldbank.org\)](#)

⁴ NBS. 2017. National Bureau of Statistics

⁵ [Special report – FAO Crop and Food Supply Assessment Mission \(CFSAM\) to the Republic of Moldova](#)

gas tariff is affecting both the general population, as well as SMEs and the key sectors of the country, such as *agriculture*, which provides livelihood opportunities for more than half the population.

Furthermore, the GDP growth is expected to shrink to around 0.3% in 2022 (from nearly 14% a year earlier), because of the war in Ukraine and the extra financial burden of supporting more than 100,000 refugees who have sought safety across the border of the neighboring country. The economic growth may be slowed down even further, given the projected upswing of energy and food prices as well as trade disruptions (especially exports of agri-food products), unavailability of some material inputs (which may constrain production), and loss of jobs.

Despite all challenges encountered, Republic of Moldova is following a steady path of approximation with the core European values since the country signed an Association Agreement (AA) with the EU, including a Deep and Comprehensive Free Trade Area (DCFTA) in 2014 – in full application as of July 2016. It is acknowledged that Moldova has taken most decisive steps towards reforms in the past two years, following the 2020 presidential and 2021 parliamentary elections which brought a clear alignment of the presidential, executive, and legislative powers on anti-corruption and pro-European path, after a period where the independence of key institutions was seriously compromised. At present the Moldovan Government remains strongly committed to delivering on its clear reform goals as regards judicial, public administration reforms and the modernization of the economy – to benefit the people of Moldova.

Most recent development that will have a definite impact on the country's future is that, in the context of Russia's war of aggression against Ukraine, **on 3 March 2022 Republic of Moldova presented its application for membership to the European Union**. In response, the EU Heads of State and Government invited the Commission to submit its Opinion on the application. Following exchange of special questionnaires, the Commission assessed Moldova's application based on its capacity to meet the political and economic criteria set by the European Council in Copenhagen in 1993, as well as in Madrid in 1995, regarding the country's administrative capacity. The assessment has also considered Moldova's efforts in implementing its obligations under the Association Agreement and DCFTA.

The Commission delivered its assessment on 16 June 2022.⁶ As regards the **political criteria**, the Opinion states that *“Moldova has a solid foundation in place to reach the stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities.”* As regards the **economic criteria**, there is several recommendations for improvement, but the overall conclusion is that *“Moldova has pursued reasonably sound macroeconomic policies, significantly strengthened financial sector stability, and improved the business environment.”* Regarding the **capacity to fulfil the obligations of membership**, it is recognized that while working since 2016 on the implementation of the AA/DCFTA, *“Moldova has gradually taken up the alignment process across many chapters and has a satisfactory track record of implementation, while in some sectors the process is more advanced than in others. Overall, Moldova has established a solid basis for further alignment”*.

Based on this appraisal, the Commission recommended to the Council to give Moldova the perspective of EU membership, under certain specified conditions. **The European Council on 23 June 2022 has decided to grant Republic of Moldova the status of EU candidate country.**⁷ This is beyond any doubt a substantial achievement, but which comes with greater responsibilities.

⁶ https://ec.europa.eu/neighbourhood-enlargement/opinion-moldovas-application-membership-european-union_en

⁷ <https://www.consilium.europa.eu/en/press/press-releases/2022/06/23/european-council-conclusions-on-ukraine-the-membership-applications-of-ukraine-the-republic-of-moldova-and-georgia-western-balkans-and-external-relations-23-june-2022/>

2.2. Specific Background

An important cluster assessed by the Commission with respect to the country's capacity to fulfil the EU membership obligations is the "**Green agenda and sustainable connectivity**", which includes the AA chapters of the *acquis* on Transport, Energy, Trans-European networks, Environment and Climate change. The Opinion thereon states: "*Although some preparatory work has been done, significant efforts are needed, coupled with political and financial support, to align Moldovan legislation with the EU acquis in the field of Environment and climate action. **Meaningful reforms will be needed in view of European Green Deal⁸ targets***".

The proposed Action takes due account of this recommendation. It will put in place the enabling conditions for a green transformation in Moldova through a combination of cross-sectorial decision-making in joint stakeholder platforms, capacity building measures, general education and awareness raising, dissemination of best policy practices, information sharing and networking, as well as pilot-testing green-transition related solutions and other activities, to ensure that the green transition concept is well understood and implemented.

In the latest global talks, it has been acknowledged that environmental degradation and climate change have reached a crisis stage and if no urgent actions are taken, these could cause irreversible changes for people, economies and ecosystems. In this context, in December 2019 the European Commission presented the **European Green Deal (EGD)**, a comprehensive package of reforms aimed at transforming climate and environmental challenges into opportunities and to ensure a green transition to a fair and prosperous society. The EGD is also relevant for Moldova given the cross-border nature of environmental problems, and it offers opportunities for sustainable and economic development. In addition, under the umbrella of green transition there is an opportunity to restore the balance between people and planet, to design and de-risk nature-based solutions; encourage sustainable public-private partnerships in the areas of forestry, waste, urban mobility and transportation; transform agriculture from a carbon contributor to a carbon sink removal; and ensure integrated thinking and action with the health sector to tackle air pollution which is a major killer in Moldova and elsewhere. In the current context, alignment with EGD is also relevant for preparing the Republic of Moldova for future membership in the EU, especially after Moldova was granted the EU candidate status in June 2022.

Climate change is recognized as a key development challenge for Moldova, given the increased frequency and intensity of natural hazards in the country and the high vulnerability and exposure of its population, economy and environment. It is made even more problematic by Moldova's heavy reliance on the agricultural sector and the high share of rural population and rural poverty. Significant impacts of climate variability have been visible in recent years, with recurring severe drought and flood events. Climate change projections point to increasing temperatures and likely further aridification. The expected impacts are likely to be manifold, affecting – among others – agricultural productivity, availability of water resources, energy security, vulnerability of ecosystems and human health. According to the World Bank's estimations from 2016, the **total cost of inaction** on climate adaptation amounts at around USD 600 million, equivalent to 6.5% of GDP. This value is expected to more than double by 2050, to around USD 1.3 billion. While **potential savings** from better protection against current harmful climate impacts are estimated to be substantial, amounting to more than USD 100 million per year.

From energy security perspective – Moldova is highly dependent on **imported energy sources**, and mostly rely on the use of fossil fuels. In addition, inefficient energy supply and consumption across all sectors exacerbates the situation. Until recently being 100% dependent on Russian gas import, the country is actively seeking diversification of energy supplies after the aggression in Ukraine. Improvements both in energy efficiency and in the development of domestic resources – including renewable energy resources – for strengthened sustainability, competitiveness, and energy security rank high on the political agenda.

⁸ [COM \(2019\) 640 final](#)

Environmental degradation is also posing a major threat to Moldova's development agenda. The country remains highly exposed to environmental challenges, mostly because of the scarcity and overexploitation of natural resources in the country, but also due to the limited capacity of the sector to make a strong case for the environment and to link it with human development. Given this situation, environmental protection is still not seen as a priority and is severely underfinanced. The protection of environmental resources is also not perceived to be an important driver of growth.

The **environmental sectors of greatest concern** are biodiversity, air, water, and waste management. These sectors receive significant donor community support and are addressed by relevant policies. However, there are signs that Moldova will not achieve its 2030 environmental targets. The protected area system is relatively small and fragmented, covering only 8% of the country (within the Emerald network), and thus it has little real conservation impact. Moldova has also one of the lowest forest coverage levels in Europe (around 12% of its territory). Past forest mismanagement caused a decline in forest quality, increased vulnerability to pests and diseases, and decreased biodiversity.

Moldova is in line with the global trend of continuously growing urbanization, with the proportion of the population living in urban areas expected to rise from 47% in 2010 to 60% in 2030 (UN Habitat). Cities are increasingly and significantly contributing to the main drivers of global environmental degradation. The municipalities have the greatest impact on air quality and are responsible for more than 50% of total air pollution in Moldova. According to an OECD assessment, reducing **air pollution** will be beneficial to improve health of the citizens as well as have positive implications on economic development. Currently, welfare costs associated with air pollution by fine particles (PM2.5) represent about 6.5% of GDP equivalent in Moldova, compared to 3.8% on average in the EU. The mean exposure to PM2.5 by Moldova's population largely exceeds the WHO guideline (17 vs 10 µg/m³). One of the main sources of air pollution is transport.

Continuous degradation and **pollution of surface and underground waters** is caused by the discharge of untreated wastewater, illegal waste dumping and agricultural activities. The collection and **disposal of waste** also remains a serious concern. Moldova has historically utilized various forms of waste disposal on land, including substandard landfills, open burning, and indiscriminate dumping of mixed domestic, industrial, and hazardous waste. This has resulted in significant environmental release and legacy impacts, as well as lost opportunities to divert waste from landfill into productive use. **Soil degradation and erosion** – caused by unsustainable agricultural practices, inappropriate land management and excessive parceling – lead to loss of fertile soil and means the agricultural sector is a carbon contributor rather than a sink of net carbon removals.

Waste management generally is identified as a major environmental and development priority in Moldova. Up to the present the country has utilized various forms of land disposals including substandard landfills, open burning, and random dumping for co-mingled domestic, industrial and hazardous waste. This has resulted in significant environmental release and legacy impacts. In response, over the last number of years the country has embarked on a process of systematically transforming its approach to waste management generally, in view of maximizing diversion of waste from land disposal to productive use and the appropriate treatment/disposal of priority wastes, including chemicals. This has involved the adoption of an overall national environmental strategy for the period 2014-2023, national waste management strategy (2013-2027), and the Waste Management Law (2016) which has established the overall policy and legal framework, all modelled on and consistent with, the approaches and directives now being widely implemented in the EU and OECD countries generally.

Women and men may experience the adverse impacts of climate change and environmental degradation differently. Women, especially in rural areas, normally spend more time at their households because of a larger share of domestic and care responsibilities, and therefore are more exposed to environmental stress amplified by climate change such as water pollution or droughts. **Empowering women's informal decision-making** at the local and national levels may definitely contribute to increase ownership and ensure the necessary push from civil society towards a green transition.

Against this background – it is widely acknowledged that **financial tools** are critical enablers for large-scale and transformative changes to take place. This is also true when it comes to the great changes needed for

the ability of societies to transform and transition into green and sustainable economies. In Moldova, the use and application of fiscal instruments designed to promote sustainable practices and values, are broadly underexplored. In a study conducted in 2018 by OECD, it was estimated that a reform of the VAT related energy subsidies in Moldova could lead to a net budget surplus of 30 million USD, while also contributing to cuts in greenhouse gas emissions. Reforms in water use and wastewater discharge taxation would also bring additional capital for investments in integrated water resources management.

Besides the obviously high costs of inaction, the most important driver of change in the environmental sector is the **European integration agenda** (as per the EU-Moldova Association Agreement), which requires harmonization and alignment with the EU environmental acquis. Moldova is also Party to several Multilateral Environmental Agreements, under which important commitments have been assumed in the areas of biodiversity, climate change and chemicals.

In May 2017, Moldova ratified the Paris Agreement; this was followed by development and submission to the United Nations Framework Convention on Climate Change (UNFCCC) of the second **Nationally Determined Contribution (NDC)** in March 2020. Moldova is not a major emitter on the global level. However, the country's GHG emissions per GDP have remained among the highest in the region thereby indicating considerable, still untapped mitigation potential. Therefore, the NDC sets an ambitious greenhouse gas emission reduction target of 70% by 2030 compared to the 1990 level and by up to 78%, subject to a global agreement addressing access to low-cost financial resources, technology transfer and technical cooperation. Since May 2010 Moldova has been a full member of the **European Energy Community Treaty** which involves further obligations for policy development and harmonization of legislation in the climate and energy sectors.

Regarding air quality and environmental monitoring – this is an area where legal approximation with the acquis is lagging (compared to water and even waste management). Under the Association Agreement Moldova has to transpose into its national legislation several air related directives, among them the EU framework Directive on ambient air quality and cleaner air for Europe (CAFE)⁹, the Directive relating to arsenic, cadmium, mercury, nickel and polycyclic aromatic hydrocarbons (PAHCs) in ambient air¹⁰, and the Directive laying down the rules concerning reference methods, data validation and location of sampling points for the assessment of ambient air quality¹¹, which specifies the thematic strategy of European Union for improvement of ambient air quality. The new Air Quality Law¹², adopted by the Parliament in April 2022, approximates the Air Framework Directive, but its implementation would be questioned if a decent **air quality monitoring system** is not put in place. Additionally, considering the dynamic approximation process (especially after being given EU candidate status), it is relevant to consider also the National Emissions Ceilings Directive (NEC)¹³ which entered into force in the end of 2016. Replacing earlier legislation¹⁴, the new NEC Directive set 2020 and 2030 emission reduction commitments for five main air pollutants.

2.3. Relevance of the Action

Even though Moldova has embarked on the green development pathway since 2012, with the adoption of the 2020 National Development Strategy, its advancement is progressing slowly, as also acknowledged by the Commission's Opinion on the country's application for EU membership. In that sense, the achievements registered to date, are mostly at the sectorial level such as through improvements in energy efficiency, energy intensity and in the use of renewables, the reduction of GHG emissions and in enhanced CO2 productivity. Improvements have also been made in drinking water supply, but sanitation/wastewater treatment, integrated waste management system, is lagging well behind, especially in rural areas, which is polluting surface- and ground- water, thus indirectly threatening human health¹⁵.

⁹ 2008/50/EC

¹⁰ 2004/107/EC

¹¹ 2015/1480/EC

¹² Law 98/2022 on atmospheric air quality, promulgated on 13 May 2022

¹³ Directive 2016/2284/EU

¹⁴ Directive 2001/81/EC

¹⁵ http://www.green-economies-eap.org/resources/Report_EN.pdf

At national level, **progress in the Green Agenda** has been made in the past decade through the adoption of the Environmental Strategy 2014-2023, first Climate Change Adaptation Strategy and Action Plan for the period 2014-2020, establishment of the Inter-ministerial Working Group on Sustainable Development and Green Economy, and with the development of the Road Map on Green Economy, which outlines short- and medium-term actions for 2018-2022. A Low Emission Development Strategy until 2030 (LEDS) and its Action plan were adopted in 2016 and updated in 2020 in the light of Moldova's updated NDC, to ensure that the country's economic development is based on low greenhouse gas emissions. Furthermore, the National Development Strategy "Moldova 2030" has embedded among its key priorities the right to healthy environment, as well as climate change mitigation and adaptation. An updated Climate Change Adaptation Programme and Action Plan until 2030 is under development. Several sectoral strategies and planning documents have mainstreamed climate change and environment considerations, and core legislation approximating the EU environmental acquis is adopted.

Thus, **the green growth concept has been gradually (although slowly) promoted** in the country as alternative development model for more sustainable economic growth, improved human well-being and social equity. Previous initiatives and studies, including the EU funded programme "Greening Economies in the European Union's Eastern Neighborhood" (EaP GREEN), clearly demonstrated that for the Republic of Moldova decoupling economic growth from environmental degradation shall result in higher productivity and competitiveness, better natural capital management, enhanced environmental quality of life, and more resilient economy. It is worth noting that a report based on green growth indicators (GGI)¹⁶ is produced annually to monitor the performance and qualitative changes in the promotion of the green economy.

However, **a truly nation-wide and systemic approach for green transformation is still missing**. A lot remains to be done and despite recent positive developments, the **persisting challenge is to set up right "enabling conditions"** which are not only instrumental for sustainable green economy investments but imply a real mind-shift in the country's planning and budgeting system. By way of example targeted subsidies or incentives in support of green sectors (e.g., direct payments, tax exemptions or access to low-cost capital) can play a powerful role in leveraging private finance, while subsidizing must be based on clear criteria and transparent procedures. Bridging the gaps between strategic planning, sectorial policies and the several initiatives, mostly funded by the EU (e.g., EU4Environment, EU4Climate, EU4Energy, etc.) and other donors, seem still unexplored, despite the evident gains in terms of leverage, efficiency, and effectiveness.

To summarize – **operationalization of a just and efficient green transition** requires sound policies and legal frameworks, investments, and innovation, as well as dialogues and digital transformation as enablers of change. According to the European Green Deal, the sectors with the highest transformational potential are, energy, urban mobility and transportation systems, buildings, land-use, forestry and biodiversity, waste management and resilient planning. This proposal lays out activities that seek to incorporate the ideas of innovation, and circularity into solutions within the areas mentioned.

The cross-border nature of the problems at hand, namely climate change, pollution, and biodiversity loss, enforces the need for countries to cooperate beyond the EU borders which also is acknowledged in the European Neighbourhood Policy (ENP), the Association Agreement and the DCFTA. **The European Green Deal presents opportunities** to step up the work towards achieving carbon neutrality, to fight biodiversity loss and pollution on a cross-border scale with greater impact for everyone.

This Action proposal seeks to align the efforts by the EU expressed in the European Green Deal with the efforts in the Republic of Moldova in fully and completely implementing signed agreements, while simultaneously moving closer to a sustainable and climate neutral society. It will directly contribute to the priorities of the 2021-2027 Multiannual Indicative Programme relating to resilient, sustainable, and integrated economies (Priority #1), environment and climate resilience (Priority #3), and resilient, fair and

¹⁶ Based on the OECD green growth indicators introduced by the EU4Environment Programme in 2017 <https://www.eu4environment.org/areas-of-work/green-growth-indicators/>

inclusive societies (Priority #5)¹⁷. The Action will further build on the Economic Recovery Plan for Moldova, the COVID-19 related emergency Macro Financial Assistance (MFA), and budget support already delivered to help mitigate the impact of energy crisis and the Russian war in Ukraine.

2.4. EU Engagement

The EU has a long-standing commitment to support Moldova which has delivered tangible results. The EU provides significant financial assistance, which over the years 2014-2021 amounted to EUR 512 million in grants under the European Neighbourhood Instrument, and EUR 160 million under the Macro-Financial Assistance programme in the blended form of loans and grants to support socio-economic development. This support is provided through policy development and comprehensive reforms, with strong involvement from Member States.

In June 2021, an Economic Recovery Plan for Moldova¹⁸ was launched, which aims to stimulate long-term socio-economic recovery, **foster the green and digital transitions**, and unleash the untapped economic potential of Moldova. It aims to leverage structural reforms, particularly on the rule of law, justice reform and anti-corruption, to unlock the sustainable economic recovery of the country. Since the energy crisis in autumn 2021, threatening security of supply and tripling energy prices, and the beginning of Russia's war of aggression against Ukraine in February 2022, the EU has stepped up its support for Moldova's overall economic, social, and financial resilience, with emergency macro-financial assistance worth EUR 150 million, and EUR 60 million in budget support responding to the energy crisis. Humanitarian assistance is also provided to help Moldova to face the flow of refugees from Ukraine.

In addition to crisis management, the **EU continues to support the country's long-term recovery and resilience**, in particular through the Eastern Partnership Economic and Investment Plan (EIP)¹⁹, which aims to mobilize around EUR 3.4 billion for public investment in five key development directions for the Republic of Moldova: support for SMEs, trade facilitation, energy efficiency, connectivity and human capital development. On March 31, under the Economic and Investment Plan, the European Investment Bank and the Republic of Moldova agreed on a EUR 150 million loan to connect the country to the Central Trans-European Network (TEN-T), while substantial support for energy efficiency measures in public buildings and households is already being deployed by the EIB and EBRD. At the same time, several regional programmes deliver the needed technical assistance to the Eastern Partnership (EaP) countries, including Moldova, to build capacities for implementation of the EU acquis in the environment, climate and energy sectors (e.g., EU4Environment, EU4Energy, EU4Climate, EU4Business, EU Water Initiative+, and the new initiative on Water and Environmental Data launched under the EU4Environment umbrella).

Additional EUR 52 million will be granted to the Republic of Moldova, aimed at promoting the resilience, recovery, and long-term reforms of the country. Two actions will be funded through the annual support program for 2021. EU4Reforms which will support further implementation of the reforms related to the EU-Moldova Association Agreement, and **EU4Recovery and Resilience**. The latter will contribute to a resilient, sustainable, and inclusive economic development, including by supporting SMEs, improving the business climate by facilitating trade and improving the capacity for employment. This is namely the action that will **support a transformative green agenda for the Republic of Moldova** to achieve sustainable economic development.

The **Association Agenda covering the period 2021-2027** (under adoption), as well as the Commission's Opinion on the country's EU perspective, will further guide EU-Moldova bilateral relations. Together with the five policy objectives of the Joint Communication "Eastern Partnership policy beyond 2020: Reinforcing Resilience – an Eastern Partnership that delivers for all"²⁰ from March 2020, the Association Agenda will frame financial assistance under the next Multiannual Financial Framework for the period 2021-2027.

¹⁷ See draft Council Decision at <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52022PC0069>

¹⁸ https://ec.europa.eu/commission/presscorner/detail/en/IP_21_2712

¹⁹ SWD(2021) 186 final

²⁰ JOIN(2020) 7 final

These priorities are reflected in the Joint Staff Working Document setting out the post-2020 Eastern Partnership agenda²¹ from July 2021, including its Economic Investment Plan and the five flagship initiatives to support socio-economic recovery and strengthen the country's resilience.

2.5. International assistance and Donor coordination

In its interventions the EU is backed up by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), which since 2014 have allocated EUR 425 million and EUR 777 million respectively in low-cost loans for investments. The EU is also working in close cooperation with the World Bank and the International Monetary Fund, which have been key partners supporting Moldovan reform efforts since 2014. As part of a package of coordinated financial assistance with the EU and other donors, the World Bank has approved in June 2022 an Emergency Response, Resilience and Competitiveness Development Policy Operation in the amount of USD 159 million budget support that will support the Government of Moldova to mitigate the impacts of the war in Ukraine on refugees and households, as well as build resilience and reduce vulnerabilities to future shocks.

Several development agencies (ADA, GIZ, SDC, SIDA, Agence Française de Développement) and other development partners are also expected to support various aspects of the green transition in the country. Donors' coordination will be ensured within the inter-sectoral coordination mechanisms, established to advance green economy development and climate action, thus fostering sustainable development agenda implementation in the Republic of Moldova. To facilitate the collaborative approach, this Action will operationalize and strengthen namely the inter-institutional platforms as the Green Economy Working Group and Climate Change Commission (presumably as operational boards of the Sustainable Development Council). Decisions on specific sectoral issues related to green transformation will be taken by the respective sectoral donors' coordination platforms (in the areas of energy, environment, rural and regional development, water resources, health, etc.), established under the line ministries and coordinated by the Ministry of Finance. Such approach will enable the exchange of information, ensure complementarity, and avoid overlaps in the current and future initiatives towards Moldova's green transformation. Where relevant, sectoral working groups established for the purpose of EU accession negotiations will be used as platforms fostering green transition in the country.

The proposed intervention will **ensure synergy, draw from the lessons learned, and build on the following actions** supported by the EU and other development partners:

- The EU-funded "EU4Environment" Programme²², launched in 2019, which helps the Eastern Partnership (EaP) countries, including the Republic of Moldova, to preserve their natural capital and increase people's environmental well-being by demonstrating and unlocking opportunities for greener growth, and setting mechanisms to better manage environmental risks and impacts.
- The new EU4Environment programme on Water Management and Environmental data²³, launched in early 2022, which under the EU4Environment umbrella will continue to support cleaner environment and greener economy in the EaP countries by contributing to sustainable water resources management and policy development, as well as sound environmental statistics and open data.
- EU4Climate Programme (2018-2022)²⁴ which is helping governments of the EaP countries to take action against climate change. Along with other results, EU4Climate has supported Moldova's Government in updating its NDC under the Paris Agreement and establishing the GHG emission reduction targets for 2030.
- Promoting the Clean Energy Transition in EaP countries: EU4Energy Phase II (2021-2024)²⁵ which supports the governments of Georgia, Moldova, and Ukraine to improve their energy policies and

²¹ SWD(2021) 186 final

²² <https://www.eu4environment.org/>

²³ <https://www.eu4environment.org/news/latest-developments-on-the-eu4environment-water-and-data-programme-june-2022/>

²⁴ <https://eu4climate.eu/>

²⁵ <https://www.energy-community.org/regionalinitiatives/EU4EnergyII.html>

institutional capacities to foster the clean energy transition and decarbonization (by aligning legal frameworks with the EU energy acquis and Energy Community Treaty commitments).

- The EU Delegation’s High Level Advisory Mission (2019-2023)²⁶, supporting the Government of Moldova in advancing the reform agenda in various sectors, including the energy, environment, economy, regional and rural development, education etc.
- Advancing Moldova’s National Climate Change Adaptation Planning (phase 2)²⁷ funded by GCF and implemented by UNDP, which provides support to the Government of Moldova in advancing the second cycle of its iterative national climate adaptation planning process (NAP 2) in six priority sectors (agriculture, energy, forestry, health, transport, and water).
- The World Bank Project Regulatory Technology for Competitiveness and Jobs Economic Transformation for Moldova (RegTech for CJET)²⁸, which among others will provide analysis of the needs for environmental data relevant to e-governance and digital innovation.
- EBRD projects on providing funding for SMEs through commercial banks (EU4Business; Women in Business; DCFTA SME Direct Finance Facility), which also provide technical assistance to increase the number of viable projects carried out by SMEs.
- Energy-related initiatives, funded and implemented by EIB (the Energy Efficiency Investment Programme 2022-2025²⁹) and EBRD (Renewable Energy Auctions Implementation support 2019-2023³⁰), providing comprehensive technical assistance in developing and strengthening the overall regulatory and institutional framework necessary for the successful implementation of reforms in the areas of renewable energy deployment and energy efficiency.
- Moldova Sustainable Green Cities (2018-2023)³¹ funded by GEF and implemented by UNDP, which aims to catalyze investments in low carbon green development in Chisinau and other urban centers in Moldova by encouraging innovation, participatory planning, and partnerships between a variety of public and private sector entities.
- Green transport-related initiatives supporting improvement of legislation on public transport and respective implementing capacities at local and national levels (e.g., the EU-funded project for Chisinau public transport sustainable development “MOVE IT Like Lublin”³² and other initiatives).

Synergies and consistency will be ensured at the implementation stage between the proposed Action and the above listed or new relevant initiatives. The coordination efforts, under the leadership of the Government and EUDEL, would enable a better understanding of the challenges, opportunities and collaborative actions required to advance the reforms needed for an inclusive green transition in the Republic of Moldova.

III. STRATEGY (DESCRIPTION OF THE ACTION)

3.1 Intervention logic, Project Objectives, Key Results and Theory of Change

The following are the key underlying causes underpinning the Theory of Change and the direction of this action.

Moldova’s GHG emissions per GDP have remained among the highest in the region thereby indicating considerable, still untapped mitigation potential.

During 2000-2019, the biggest increase in Moldova’s GHG emissions, both in absolute and relative terms, are observed in the transport sector, followed by the energy industries, agricultural soil, waste and other sectors (commercial, public and residential). While the country has assumed ambitious GHG emission

²⁶ <https://eu-advisers.md/>

²⁷ <https://www.undp.org/moldova/projects/advancing-moldovas-national-climate-change-adaptation-planning-phase-2>

²⁸ <https://www.worldbank.org/en/programs/competitiveness-for-jobs-and-economic-transformation/brief/Moldova-Regulatory-Technology-for-Investment-Climate>

²⁹ <https://www.eib.org/en/projects/pipelines/all/20170017>

³⁰ <https://www.ebrd.com/work-with-us/projects/tcpsd/support-for-the-implementation-of-renewable-energy-auctions-in-moldova.html>

³¹ <https://greencity.md/en/>

³² <https://eu4moldova.eu/projects/eu-project-page/?id=1482>

targets according to the 2nd NDC, achievement of those is subject to proper enabling policy documents and instruments, which are lagging behind in Moldova.

The country has committed to advance the green development agenda and to deliver transformative reforms as part of the EU candidacy effort. In such circumstances, strong leadership is required from the government to drive the reforms by engaging with all stakeholders and partners in a collaborative manner. Likewise, economic, political and regulatory obstacles would have to be handled in a smooth manner to ensure interconnectedness and symbiosis between systems and transformation across all sectors. All these elements of the green transition are currently weak in Moldova and requires extensive support.

Moldova faces a challenge in promoting sustainable practices due to lack of knowledge and awareness on green-related topics. The absence of information contributes to social reluctance to change behaviors and attitudes which hinders the country to progress towards a greener future. At the same time there is a lack of understanding among the private sector about the potential economic opportunities that can arise from transitioning to green businesses. This can be achieved through analytical evidence, education, pilot projects, and others that demonstrate economic advantages of adopting green business model.

In Moldova green financing and investment is taking place in a fragmented manner lacking proper coordination from the government and collaboration among various stakeholders, including policymakers, financial institutions, and private sector entities. In such circumstances development of sustainable infrastructure and technologies, promotion of renewables, and adoption of sustainable business practices is taking place at a slow pace. The Government of Moldova can play a key role in facilitating green financing and investments by implementing supportive policies and regulations, providing incentives, partnerships and collaborative approaches.

The overall theory of change of this project is that:

IF

- The geopolitical situation in the region is stabilized and Moldovan institutions are continuing to function normally.
- EU approximation process (as a candidate country) continues, including improved collaboration with IFIs and other EU actors.
- There is willingness to continue on a sustainable development path pursuant to the NDS Moldova 2030 and its priorities for greening the economy and ensuring better environment for better quality of life.
- The European integration and Sustainable Development Agenda continue to serve as an incentive for greening the economy.
- There is a continuous political will and the key stakeholders embark on the transformative green agenda, including the private sector.
- The Relevant line ministries and institutions are cooperative and open to support the transformative changes, including to learn and acquire the required skills and capacities
- There is continuous engagement with key stakeholders through improved coordination mechanisms/platforms, as well as mobilization of local resources to promote ownership of the results from the implemented actions.

THEN

there will be a facilitated and enabled development of a greener, more resilient, healthier, and prosperous low-carbon society in the Republic of Moldova

Overall Objective: Support the Government of Moldova to engage sustainably in a transformative green agenda by enhancing awareness, building capacities and encouraging investments in low-emission and resource-efficient economy.

Specific objectives/outcomes/components: Support the Government of Moldova to:

1. Enable the socio-economic framework for a gender-responsive and inclusive green transition.
2. Increase the capacity and raise awareness on the inclusive green transition among all stakeholders.
3. Attract additional funding by promoting and piloting investments in green and innovative technologies, while evidence-based decision-making for green transition is improved by deploying a reliable air quality monitoring system.

Key results/Outputs: The Action aims to achieve the following results:

- 1.1. *Improved institutional coordination and stakeholders' participation in green transition policy processes through the establishment and strengthening of relevant stakeholder platforms, partnerships and networks, with secured gender-balanced participation and appropriate multilevel coordination mechanisms in place.*
- 1.2. *Improved evidence bases for policy dialogues and decision making on the potential for an inclusive green transition in the Republic of Moldova, including from the gender perspective.*
- 1.3. *Inclusive and gender-responsive green transition in key economic areas fostered through an agreed project pipeline and pilot initiatives developed.*
- 2.1. *Skills, knowledge, and expertise necessary for green transition are put in place, with women and youth promoted as agents of change for green transition at different levels (households, business and institutions).*
- 2.2. *Awareness raised and capacities created at national and local level, within private and public sector level to advocate for and advance the green development agenda in Moldova, while leaving no one behind.*
- 3.1. *Pilot green projects on energy and eco-innovation deployed with the view of attracting additional private investments (including empowering women to develop start-ups in these areas).*
- 3.2. *New business models set up along the circular economy value chain and in line with the clean and resource efficient production approach, making sure to integrate also a gender dimension (through dedicated support to women-led businesses).*
- 3.3. *The use of renewable energy technologies and innovative sustainable transport and mobility solutions expanded in view of contributing to the emissions reduction.*
- 3.4. *Evidence based monitoring and evaluation of progress facilitated through delivery and installment of regular air monitoring stations of the Moldovan air quality monitoring system.*

3.2 Indicative Activities and Implementation Approach

Specific objective/Outcome/Component 1. Enable the socio-economic framework for a gender-responsive and inclusive green transition. *The main objective pursued by the actions in this Component is to set up a shared vision on an inclusive green transition in Moldova, and secure ownership and commitment of the key stakeholders towards the green transition.*

As acknowledged in the introductory chapters, Republic of Moldova has gradually laid down the foundations of a green transformation since the adoption in 2012 of its National Development Strategy until 2020. Several strategic documents adopted in the last decade define the trajectory of this path, namely:

- Environmental Strategy 2014-2023 (currently under review and update);
- Climate Change Adaptation Strategy and Action Plan for the period 2014-2020, and a new CCA Programme with Action Plan until 2030 under development;
- National Programme for the Promotion of Green Economy, with a Road Map 2018-2022, and a new one until 2027 under development;
- Low Emission Development Strategy until 2030 (LEDS) and its Action plan;

- National Development Strategy “Moldova 2030”

Evolvement towards greening the economy is measured periodically based on green growth indicators developed by OECD and reflected in state of play reports (last one for 2021³³). One substantial gap defining the slow progress in implementing this comprehensive strategic framework is the **lack of systematic governance approach towards implementation and overall green transformation.**

Although a Sustainable Development Council was created after Moldova committed to implementing the 2030 Agenda for Sustainable Development in 2015, it has not been operationalized as a horizontal governance platform for implementing in synergy various sectoral policies. Instead, for cross cutting areas as climate change and green economy, separate frames were established, i.e., the inter-ministerial Working Group on Green Economy (WGGE)³⁴ and the National Climate Change Commission (NCCC)³⁵. While the NCCC is not yet operationalized, the WGGE is well functioning and represents a good basis for fostering green transformation of economic sectors and businesses on smaller scale. However, its scope needs to be further extended to cover stakeholders outside of state administration, while its very existence after completion of the EU4Environment programme is uncertain. In any case, **both forums need to be operationalized as part of an umbrella platform for sustainable development, as well as other forums to be explored to ensure a coherent coordinated approach in green transition policy-making and investments.**

Concrete actions are foreseen in Component 1 of the proposed intervention to **address namely the identified governance and cooperation issues:** by revising coordination mechanisms and establishing functional collaboration platforms and multilevel partnerships to engage in greener path of development (Activity 1.1); by promoting evidence based approach to the transition and the Green Deal opportunities for Moldova (Activity 1.2); and by developing a project pipeline and define initiatives to enable the green transition in key economic areas (Activity 1.3). Existing and emerging platforms (functioning as sectoral donors’ coordination forums, working groups for EU accession negotiations, etc.) will be supported to strengthen their coordination and governance practice.

Output 1.1. *Improved institutional coordination and stakeholders’ participation in green transition policy processes through the establishment and strengthening of relevant stakeholder platforms, partnerships and networks, with secured gender-balanced participation and appropriate multilevel coordination mechanisms in place.*

Main objective of this activity is to promote green transition in Moldova by establishing sound alliances with EU platforms and international organizations supporting the green transition, while building formal partnerships among relevant public institutions, sectors etc. and setting-up efficient coordination mechanisms, ensuring inclusive participation and balanced representation of men and women.

Sub-activity 1.1.1. Operationalize the relevant national and sectorial platforms for green transition decision making in Moldova (considering the already established ones and those emerging as e.g., the Green Economy Working Group, Climate Change Commission and Sustainable Development Council, Sectorial Donors Coordination Councils/Forums, EU accession negotiation groups, etc.). This action will **map the stakeholders** on national level from public, private, donor community and IFIs, define their roles for successful implementation of the green transformation, and establish respective **cooperation platforms where** gender-balanced representation will be secured, and formal coordination mechanisms will be designed. Sectorial donors’ coordination meetings will be supported as well under this activity where elements of the bio-economy could be one of the topics under discussion as well as the policy and legal frameworks that are of immediate need and others. Where needed, analysis of the national legislation that would enable partnerships in the targeted areas will be carried out, and respective recommendations

³³ <https://www.expert-grup.org/media/k2/attachments/Report-Green-Growth-Indicators-Republic-Moldova-2021-ENG.pdf>

³⁴ Established in 2016 and acting as National Implementation Committee (NIC) for the EU-funded regional programme EU4Environment in the Republic of Moldova.

³⁵ Established by GD 444/24.07.2020 to implement the inter-sectoral cooperation mechanism in the field of climate change mitigation and adaptation.

will be provided. This should result in multilevel alliances in priority sectors, with large stakeholder coverage and participatory mechanisms for businesses, CSOs and the science community. To ensure inclusive and balanced participation of women in the green transition policy processes, partnership with the Platform for Gender Equality in Moldova³⁶ will be fostered. The stakeholder's consultation process enabled under this sub-activity will support development of the pipeline of projects to be defined further under Sub-activities 1.3.1. and 1.3.2.

Sub-activity 1.1.2. Strengthen **networks** between schools/universities and existing youth organizations (as the Youth European Business Association – Moldova /YEBA/, Moldovan Youth for Development Association /MYDA/, the National Youth Council of Moldova /CNTM/, Youth Development for Innovation /Y4I/, Climate Kic, ClimateLaunchpad, etc.) - to enable the creation of competitive and future-proof competencies and skills amongst youth as well as innovative and forward-looking solutions for green transition inspired by youth.

Output 1.2. *Improved evidence bases for policy dialogues and decision making on the potential for an inclusive green transition in the Republic of Moldova, including from the gender perspective.*

Main objective of this activity is to explore the gaps and opportunities in the context of the EU Green Deal for Moldova (with a strong gender perspective), to enable the design of smart regulatory frameworks, essential in promoting energy and resource-efficiency and circular economy as key drivers of the green transformation.

Sub-activity 1.2.1. Conduct **analysis** of the **socio-economic implications of green transition** over the medium (5 years) and long (10-15 year) time horizon of meeting NDC policy targets: a) analysis and modeling of energy efficiency gains and increasing share of renewables in energy mix to achieve carbon emission reductions; b) assessment of the social impact of subsidy reform and energy tariff changes to come into line with EU policy directives; c) analysis and recommendations for application of market-based incentives to successfully reduce pollution, GHG emissions and to generate tax revenues for green investments. This analysis will have a strong gender perspective (*i.e. taking into account how the energy, climate and environment crises affect the budget of a women headed household*). Linked to UNDP's work on Integrated National Financing Framework, the assessment will evaluate a range of financing instruments to help crowd in private sector engagement along with support from donors, IFIs and national sources (included but not limited to the National Environmental Fund /NEF/). It will also examine the medium-term expenditure framework and link the budget cycle to effectiveness measures that drive policy reforms towards a green transition and will explore development opportunities of self-sufficient national capacities for green financial schemes.

Sub-activity 1.2.2. Conduct a **study** for application of the EPR in selected Waste Management Zones and **complete the respective legal framework** of implementing acts, guidelines, contractual arrangements (e.g., between EPROs and LPAs), reporting requirements, progress to targets assessment, etc., based on a needs assessment. The framework shall include a coordination mechanism among relevant authorities (MoE, MoEc, MAFI, MIRD) on the one hand, and EPROs on the other hand, with clear agendas, sector-related objectives for environmental protection vs. economic aspects in waste management. A roadmap for EPR implementation will complete the study, providing clear distribution of roles among the competent authorities and the business sector. The gap analysis and recommendations, developed by UNEP within EU4Environment, will be taken into account to address identified shortcomings in implementing the EPR legislation for WEEE (*and other waste streams if applicable*) in Moldova.

Sub-activity 1.2.3. Conduct a **cost-benefit analysis** and develop waste related business models for specific waste streams (e.g. *textile, plastic, construction wastes*), and provide analytical support to the establishment of a secondary raw material waste market (including support to the Ministry of Economy for

³⁶<https://womenplatform.net/organization/the-platform-for-gender-equality/#:~:text=The%20Platform%20for%20Gender%20Equality%20is%20a%20voluntary%20association%20of%20still%20open%20to%20new%20members>

the development of standards and secondary legislation as needed). This action will also aim to promote associations beyond the established one on WEEE, such as *used oil, cars/vehicles* and *tires*. This sub-activity is connected with Sub-activity 3.2.2. as it will inform on the potential business models in the waste-related sector which will be advocated for and operationalized by the private sector.

Sub-activity 1.2.4 *Developing policy planning frameworks to promote sustainable and inclusive urban mobility* as part of the green transition effort which will build on the ongoing strategizing process in the respective area by the Ministry of Infrastructure and Regional Development. This activity will deliver the National Mobility Programme for Moldova and an Action Plan, which will inform on the innovative solutions to be tested under activity 3.3.3.

Output 1.3. *Inclusive and gender-responsive green transition in key economic areas fostered through an agreed project pipeline and pilot initiatives developed.*

Using the platforms and alliances established under 1.1 and based on the analyses carried out under 1.2, this activity will foster agreement between the different stakeholders on a pipeline of projects that would step-up the green transition of the Moldovan economy in an inclusive and gender-responsive way.

Sub-activity 1.3.1. Develop a **pipeline of projects** promoting energy- and resource- efficiency and circular economy practices, as well as sustainable mobility/transportation systems based on the Green Economy Programme of Moldova, feasibility studies, the analysis of market-based incentives/value chain carried out under this component and/or resulting from relevant national policy planning frameworks. In addition, the ideas for the pipeline of projects will result from the consultation process with stakeholders and beneficiaries of the projects enabled by established platforms, alliances, and coordination mechanisms (Sub-activity 1.1.1.). The general priorities and selection criteria for the pipeline of projects will be agreed with the Donor but in the first instance will be guided by the most urgent needs of the Government of Moldova in terms of EU approximation process but also by the Regulation 684 of 29 September 2022 which stipulates the procedure for elaboration and evaluation of the public investment projects.

Sub-activity 1.3.2. Set up the conditions (a proof of concept) for **agreed pilot initiatives** (from Sub-activity 1.3.1.) in three selected green transition areas (circular economy/waste management; clean energy transformation; greener transportation, and other priorities).

Specific objective/Outcome/Component 2. Capacity and awareness on the inclusive green transition increased among key stakeholders;

*Building on the shared vision for an inclusive green transition in Moldova set up under Component 1, the actions in Component 2 will aim to **increase awareness of the green agenda** amongst decision-makers and society, while **supporting capacity development** of key stakeholders and government institutions.*

Components 1 and 2 are interdependent and the planned activities therein are closely related. The platforms established under Component 1 will enable an enhanced dialogue, best practice sharing and coordinated efforts on green and environmentally sustainable activities among all stakeholders involved, while Component 2 activities will strengthen the multi-level capacities to implement the transformative policies required for an inclusive green transition. As a joint outcome, the actions envisaged in the two components are expected to bring along high-political commitment and to put in place reform policies that would increase funding and secure investments for the green agenda.

At the 8th Environment for Europe Ministerial Conference (Batumi, June 2016) ministers from 27 countries, including Republic of Moldova, endorsed a Strategic Framework for Greening the Economy and launched the so-called **Batumi Initiative on Green Economy (BIG-E)**³⁷, which consists of voluntary commitments to operationalize the Strategic Framework until 2030. Moldova committed in five BIG-E areas of green economy transition³⁸, first of which was to

³⁷ <https://sdgs.un.org/partnerships/batumi-initiative-green-economy-big-e>

³⁸ <https://www.greengrowthknowledge.org/big-e/browse/country/302>

strengthen the institutional and expert capacities able to deliver on greener and sustainable development pathway. Other commitments include: developing principles for greening the economy *through small and medium enterprises* (SMEs), and include these principles into national strategies, policies and action plans; implementing national programmes and actions for *renewable energy and energy efficiency*; promoting *organic agriculture* as a way to ensure sustainable development of natural resources; and implementing the concept of *Resource Efficient and Cleaner Production (RECP)* to increase resource efficiency and environmental performance of enterprises and organizations in the country.

The Batumi Initiative served as leverage for initiating and sustaining discussions on the green economy transition in Moldova and creating an inter-ministerial policy process to bring forward such an agenda involving key stakeholders, including the public at large and the private sector. Instrumental in this process is the EU support through the previously mentioned EaP regional programme EU4Environment, which has a well anchored Green Economy component. Namely under this programme the inter-institutional Working Group on Green Economy became operational, and the Programme for the Promotion of Green Economy was developed. The proposed **Component 2 actions will build on and aim to strengthen the EU4Environment results** in this area, with targeted capacity building, awareness raising and active networking measures.

Despite the efforts made to bring green economy patterns up in the government's agenda, it is admitted that required reforms have not happened in the pace and in the shape needed for a sustainable transformation to take place. Since 2017 the country has gone through shaking **administrative and governmental reforms, both on central and local levels**, which are still ongoing. This has hindered the process of gradual institutional strengthening and stability, slowed down decision making, and delayed development partners' support due to lack of clarity on stakeholders, target groups and results ownership. With the new democratic Government taking office in mid-2021, the re-establishment of the Ministry of Environment and reshuffling of a number of implementing agencies, it is assumed that capacities for a green transformation could be built in a relatively stable institutional environment.

The proposed interventions under Component 2 (**Output 2.1**) will therefore focus with priority on strengthening the capacities of the inter-ministerial Working Group on Green Economy³⁹, currently functioning as National Implementing Committee of EU4Environment. A needs assessment is envisaged to underpin prioritization of the capacity building measures. As the Climate Change Commission (CCC) will also be operationalized (under Component 1) as a key platform for an inclusive green transition, the proposed actions will target it as well, taking into account the capacity building assessment and action plan developed under the National Adaptation Planning process (NAP-2) supported by UNDP. Target groups include the line ministries and implementing agencies in the WGGE and the CCC, with the Ministry of Environment and Ministry of Economy on the lead. The central role of the Ministry of Finance as manager and coordinator of budget and development aid support will be strengthened. The scientific community (relevant institutes at the Academy of Science, technical universities, institutes for economic research and innovations, etc.), business associations and civil society organizations will also be targeted by relevant capacity building actions (to be defined by the needs assessment). At least 100 experts and decision makers will benefit from trainings and other capacity building activities.

Output 2.1 will result in **strengthened inter-ministerial collaboration and coordination for green economy promotion by enlarging the dialogue on green transition** with more stakeholders. On-demand support for policy development and targeted capacity strengthening will be ensured through the establishment of an expert facility instrument. Thus, enforced capacities will allow environmental and sustainable development performance to be improved.

Awareness raising Output 2.2 intends to increase responsiveness and building consensus around the importance and benefits that an inclusive green transformation could bring. The activities will both target and involve a large variety of stakeholders – from high level government representatives and civil service, through business and CSOs, to mass media, thus resulting in amplified awareness and multi-level dialogues on the challenges and opportunities of the green transformation. It will also establish communication tools

³⁹ Successor of the Working Group on Sustainable Development and Green Economy established in 2015.

and potentially enhance the understanding and use of the Greening SMEs and RECP Principles (promoted within the EU4Environment programme). Stakeholders-driven initiatives within this activity will materialize based on the networks built under Component 1, while the beneficiaries will include the Chamber of Commerce and Industry, Institute for Economic Research, and private companies.

Output 2.1. *Skills, knowledge, and expertise necessary for green transition are put in place, with women and youth promoted as agents of change for green transition at different levels (households, business and institutions).*

The main objective of this activity is to put in place skills, knowledge and expertise necessary for an inclusive green transition, targeting at least 100 officials and experts from the stakeholders.

Sub-activity 2.1.1. Assess the capacity needs of the leading ministry, sectorial ministries, the private sector, the banking sector, scientific community and CSOs in the area of green transition (target groups TBD, potential topics circular economy, eco-innovation, resource and energy efficiency, climate change mitigation and adaptation, green financing, access to EU green finance by the private sector and big enterprise).

Sub-activity 2.1.2. Develop and implement the Capacity Development Programme in the area of green transition for the identified target groups, with a great focus on gender aspects as well as including children and youth. This Sub-activity is interconnected with Sub-activity 2.1.1. and will enable operationalization of the later.

Sub-activity 2.1.3. Establish on-demand support to promote policy/legal instruments ensuring sustainability and greening of the country's economy

An ad-hoc expert facility will be established to support development of policy instruments and other measures to accelerate the EU accession process, in particular relating to areas under the EU Green Deal. This support will be provided *on-demand* by the key beneficiaries of the project and could cover impact studies, draft strategic and other policy documents, draft legal instruments, EU negotiation support, etc.

Output 2.2. *Awareness raised and capacities created at national and local level, within private and public sector level to advocate for and advance the green development agenda in Moldova, while leaving no one behind*

This activity will aim to increase the attractiveness of green and circular economic patterns while encouraging responsible use of resources and climate positive practices.

Sub-activity 2.2.1. Support **high-level talks within the stakeholder platforms** established under Component 1, regarding: 1) key actions and policies required to achieve environmental and climate objectives and for greening of the economy: sectors, budgets (national, local, sectorial); 2) measures to increase **access to the EU market for businesses** and products that are in line with green standards.

Sub-activity 2.2.2. Organize sector-based workshops and seminars to increase the awareness on the importance of reliable and up-to-date sectoral and environmental data and information for taking informed decisions on green transition, as well as for delivering quality climate services.

Sub-activity 2.2.3. Support media organizations and individual journalists (encouraging women participation) to access reliable information and engage sustainably on topics such as climate change, the circular and bio-economy, and other similar topics. This activity will build on the established media

networks as part of the Citizens Empowerment Project⁴⁰ implemented by GIZ (where 240 mass media representatives were trained to raise awareness at the local and regional levels about sustainable development and local public services, as well as the impact on climate change). In addition, this sub-activity will contribute to strengthening of the role of media in delivering the green transition concept to the society, triggering changes in consumption pattern, exchanging practice with environmental journalists of other countries etc.

Sub-activity 2.2.4. Implement collaborative initiatives and programs between schools, universities and experts/academia within civil society and public administration to foster decisions and sustainable

to adopt green development concepts in such areas, but not limited, to waste management, mobility planning and sustainable energy for all.

Specific objective/Outcome/Component 3. Additional funding attracted by promoting and piloting investments in green and innovative technologies, while evidence-based decision-making for green transition is improved by deploying a reliable air quality monitoring system.

While components 1 and 2 aim at *delivering the enabling conditions* and build the foundation of a transformative green agenda for the Republic of Moldova, *channeling investments into green technologies and innovative solutions* must be the next step to unleash a long lasting and sustainable economic development for Moldova. The **objective of Component 3** is namely to design and operationalize activities with high resource-efficiency and GHG-reduction potential through innovative, best-practice and smart-financing programs. The actions in this component will contribute to the overall modernization of Moldova's economy with the intention to reduce the country's carbon footprint. It will target business support organizations, SMEs, and public-private partnerships with LPAs, strongly encouraging women-led and young entrepreneurs' initiatives. The proposed activities aim at attracting at least 1,000,000 EUR additional private investments in green and eco-innovative projects.

Building on the umbrella conditions for an inclusive green transition (established under components 1 and 2) and in line with the European Green Deal, the **interventions in Component 3 will be framed around the following pillars:**

- 1) **Circular economy, energy- and resource- efficiency:** with a specific focus on business models, practices and eco-technologies along the circular value chain, in particular efficient management of natural resources and innovative ways of waste management in view of keeping raw and secondary materials into economically meaningful value chains (with priority focus on SMEs and encouraging women-lead businesses).
- 2) **Low-carbon energy technologies and systems:** PPPs with LPAs will be promoted, with specific focus on renewables and their potential to address the energy security and poverty while contributing to climate change mitigation.
- 3) **Environmental monitoring and information sharing:** with a view to raise awareness on the benefits of reduced air pollution, thus increasing evidence and efficiency of undertaken measures (e.g. in the energy and transport sectors).

In Moldova the **energy** sector has the greatest potential for climate change mitigation, therefore implementation of sustainable energy solutions provides an opportunity not only to reduce the GHG emissions, but also to create sustainable partnerships empowered to deliver new energy technologies and systems. **Waste** is another considerable GHG emitter and a major polluter along with the industrial processes, but which at the same time can generate new streams of secondary materials and new economic opportunities. Looking beyond GHG pollution, **transport** remains the main source of air pollution, especially

⁴⁰ <https://www.eu4civilsociety.md/en/page/about>

in urban areas. Therefore, the actions to be supported under Component 3 will be streamed out of the strategic priorities in these sectors, making sure to integrate a strong gender dimension.

The interventions under Component 3 should pave the way for further investments in low-carbon, energy and resource efficient practices, thus supporting the emerging business opportunities that eco-innovation and circular economy has to offer, and boosting private initiatives. The actions proposed around the pillars described above, are packed up in the following activities.

Output 3.1. *Pilot green projects on energy and eco-innovation deployed with the view of attracting additional private investments (including empowering women to develop start-ups in these areas).*

In Moldova there are about 57,200 SMEs representing around 98,6% of the total enterprises, 60% of employment and generating more than 39% of the country's income.⁴¹ Therefore, facilitating transition to a resource- efficient and circular economy namely by the SMEs would produce most tangible results. Activity 3.1. will invest in this by scaling up and building on the results achieved by EU4Environment in this area. A Fast Track Challenge Programme will be launched to support innovative green solutions in the targeted economy areas. All sub-activities under this activity will aim at empowering women to develop start-ups in these areas.

Sub-activity 3.1.1. By the end of 2022 EU4Environment finalized RECP assessments of 15 SMEs, with 15 business cases of most relevant measures for resource efficiency improvements. Another assessment of eco-innovation potential for 8 SMEs is also under way whereas in 2023 the development of roadmaps for 5 of them is planned.⁴² The present action will co-finance implementation of the investment plans for up to 10 SMEs to introduce RECP measures in their business processes.

Sub-activity 3.1.2. Introduce a Fast Track Challenge Programme to offer financial support for innovative complementary **green solutions for the ongoing businesses run by the private sector** in the area of energy efficiency and renewable, waste circularity EE , as well as sustainable mobility and transport. Co-financing from the private sector would be one of the requirements for participation of the private sector in the announced calls.

Output 3.2. *New business models set up along the circular economy value chain and in line with the clean and resource efficient production approach, making sure to integrate also a gender dimension (through dedicated support to women-led businesses).*

Despite some improvements, Moldova's CO₂ and energy productivity remains one of the lowest among the Eastern Partnership (EaP) countries and well below the EU level. To show-case a less wasteful and more resource-efficient approach of a competitive economy, particular pilot investments will be tailored by this activity towards improving environmental performance in the areas of waste management, energy efficiency and renewables, and urban mobility. Actions will be focused on: application of the extended producer responsibility for specific waste streams; eco-innovation in plastic, textiles, construction waste management; introduction of smart meters for energy audits and reporting; digital solutions in the traffic control. A gender dimension will be integrated into this action through dedicated support for women-led businesses.

Sub-activity 3.2.1. **EPR principle adopted** for managing the specific waste streams, and **pilot initiatives** launched in three waste management zones where investments in integrated WM infrastructure are initiated.

Pursuant to the investment loans provided by EIB and EBRD to Moldova, the development of an integrated waste management infrastructure is to be launched in 2023 in three waste management zones where feasibility studies are completed and updated (*WMZs 1,5 and 8 as defined pursuant to the National Waste*

⁴¹ Source: [Activity of small and medium enterprises in the Republic of Moldova in 2020 \(gov.md\)](#)

⁴² Source: [EU4Environment progress and plans 2022-23](#) (joint presentation by the EU4Environment implementing partners at the meeting of the EU4Environment National Implementation Committee held on 09.09.2022)

Management Strategy 2013-2027). In parallel, extended producer responsibility principle is under development to manage the specific waste streams (packaging, WEEE, batteries, used oils etc.). The proposed action will therefore support **initiatives with the private sector** to ensure that various streams of waste that could be recycled (ex. Glass, paper, metal, tires etc.) do not end up at the facilities for final disposal. The aim is to enable the private sector to manage such waste at the source. **Pilot initiatives in the three targeted WMZs** (e.g. *deposit return system, take back and/or pay-as-you-throw mechanisms, etc.*) will be implemented, to complement EIB-EU and Member States' investments in waste management infrastructures. These initiatives are expected to step up deployment of already launched ones (e.g. *the mandatory deposit return system currently being introduced at the markets with more than 500 m²*). The project will facilitate engagement between the LPAs and the private sector entities interested to be part of the EPR approach in order to establish collaborative approach towards the integrated waste management system in the respective WMZs.

The action will build on the results (*analytical, legal and institutional*) targeting EPR establishment and delivered under Activity 1.2. Engagement of the Ministry of Environment, Ministry of Economy, Ministry of Finance and other relevant stakeholders (dealing with the economic agents) will be sought within the collaboration platforms set up under Component 1, and strengthened with targeted capacity building under Component 2.

Sub-activity 3.2.2. Support **start-ups to develop business models** in waste-related area for specific waste streams encouraging women-lead businesses and youth initiatives. Under this sub-activity, the selected grantees will benefit from financial assistance and advisory support in terms of co-financing opportunities during the preparation of the applications, business plan development, trainings and workshops on newest recycling technologies and others relevant, information sharing platform and partnerships, coaching and mentoring and others related to ensure that the start-ups are successful. The potential business models will be identified under Sub-activity 1.2.3 and disseminated widely for further uptake and implementation. During the implementation of Sub-activity coordination with and learning from ODA experience will be ensured to ensure connection with the existing green financing instruments. During the announced calls, the selected applicants would have to demonstrate available co-financing from own resources or leveraged from the existing green financing instruments (i.e. from ODA, National Ecological Fund) and the selected advisory company would provide support in that sense.

Creation of **business models for recycling, reuse** and repair of specific waste streams (e.g. waste from *textile, construction, wood, etc.*) will be encouraged through this activity, while actions envisaged in Component 1 (1.2.3.) are foreseen to secure the development of standards for secondary raw materials. Support could be provided for: establishing points for recycling accompanied by relevant incentivizing schemes; introducing digital information systems on specific waste streams collection and treatment; and other initiatives related to waste reuse, recovery and recycling (*including demonstration of the economic benefits of acquiring recovered secondary materials, using more energy efficient home appliances versus less efficient secondhand products, etc.*). The action shall also aim to promote associations beyond the EPR schemes established for WEEE, such as for *used oil, end-of-life vehicles and tires*.

Output 3.3. *The use of renewable energy technologies and innovative sustainable transport and mobility solutions expanded in view of contributing to the emissions reduction.*

The main objective of Activity 3.3. is to demonstrate the potential of RES supporting systems and of innovative technologies in the mobility&transport sector aiming at GHG and other emissions reduction. To that end, foreseen actions will: promote the establishment of PPP for the application of *net metering*; support the development of so-called *energy plantations* on private land with consideration of alternative land use and trade-off opportunities; and pilot *of sustainable mobility&transportation measures* in line with the priorities outlined in the key relevant policy documents.

Sub-activity 3.3.1. Expand the use of **renewable energy technologies and systems**

According to the Law on the promotion of use of renewable energy sources (Law 10/2016), the final consumer has the right to inject into the grid the excess electricity produced from renewable energy sources and get it back when no electricity is produced (*net-metering*). All types of installations operating on renewable energy sources with a capacity below 200 kW are eligible for net-metering. Consumers that produce electricity for self-consumption from installations with a capacity below 200 kW can also benefit from a net-metering support scheme, but it is currently at a nascent stage with only 2600 beneficiaries currently using net metering so far with 46 MW installed capacity⁴³. The proposed action will support expansion of the net metering/net billing in cooperation with the main electricity providers in Moldova by attracting private investments through a feasible financing mechanism to be designed at the launching of the project under the guidance of the Ministry of Energy and the Energy Efficiency Agency. It will also explore the potential opportunities for PPPs in the energy sector, taking into account best European practices, as well as the findings and recommendations in the EBRD's Assessment of the Quality of the PPP Legislation in Moldova and of the Effectiveness of its Implementation⁴⁴.

Sub-activity 3.3.2. Energy plantations for solid biomass fuel production will be established and piloted as business model for local energy management.

Given the growing number of biomass thermal plants operational in Moldova for powering households and public buildings as hospitals, schools and kindergartens, this model should deliver social, economic and environmental values by providing access to more affordable and cleaner energy in vulnerable segments of the society. The action will take into account and build on a number of RES projects promoting biomass and funded by development partners since 2010 (EU, EBRD, GEF, SIDA, USAID, the World Bank, the Japanese Government's 2KR programme, etc.). Implementation of this activity will follow a staged approach. As a first step an analysis of the past and current investments in the biomass sector will be carried out and building on the lessons learned and findings of the relevant assessments, the investments into energy plantations and other areas of the sector will be explored. The investments into energy plantations will also be aligned with the Long-Term Programme for development of the biomass sector under development with EU support but also with the recently approved National Afforestation Programme which envisages establishment of private forest, including energy plantations. Alternative land use and trade-offs would be explored to inform the establishment of the energy plantations. Participation of the private sector in the expansion of the energy plantations will be explored as well with view of establishing business models for local energy management and attracting private investments into the new emerging sectors. The private investments will materialize through exchange of know-how, transfer of technologies, co-financing from the solid biomass producers, etc and other co-participation financing instruments to be clarified at the initiation stage of this activity.

Sub-activity 3.3.3. Piloting of sustainable mobility and green transportation measures in line with the key relevant policy frameworks

A new transport strategy is under development where the green targets will be aligned with those set up in the Programme for the Promotion of Green Economy. In addition, a National Mobility Programme and Action Plan will be delivered under component 1 of this Action. The proposed activity aims at **testing intelligent transport system technologies and innovative sustainable mobility solutions in line with these key policy frameworks (Sub-activity 1.2.4.)** Depending on the availability of finance, support for measures to green the transport sector thus contributing to both emissions reduction and improved mobility will be explored with the stakeholders and selected for piloting (e.g. *advanced multifunction sensors to control traffic signals, incentive mechanisms for the vehicles fleet renewal, development and marketing of biofuels, etc.*).

⁴³ [NUMĂRUL UTILIZATORILOR DE ELECTRICITATE PRIN CONTORIZARE NETĂ DIN MOLDOVA A CRESCUT CU 40% ÎN IANUARIE – FEBRUARIE - Infotag](#)

⁴⁴ <https://www.ebrd.com/downloads/legal/concessions/moldova.pdf>

Output 3.4. Evidence based monitoring and evaluation of progress facilitated through delivery and installment of regular air monitoring stations of the Moldovan air quality monitoring system.

According to WHO assessment⁴⁵ 15% of deaths from stroke and ischemic heart disease in Moldova are caused by air pollution, with energy and transport being the main sources of polluting emissions. In its Programme on the Promotion of Green Economy the country has adopted measures for reducing air pollution by targeting solutions in specific sectors, such as sustainable transport, green construction, and energy efficiency. A few actions with this respect are also envisaged in the present proposal (Activity 3.3 in particular). A set of green growth indicators have been developed (with OECD support within EU4Environment) to measure the environmental footprint of economic activities, to track progress towards greening the economy and provide important insights for public policies. However, air emissions measurement and assessment are hindered by the lack of a reliable air quality monitoring system in the country.

What cannot be measured, cannot be improved, therefore Output 3.4. will **support filling up this particular gap**. A new Law on Atmospheric Air Quality (98/2022) was promulgated in 2022 and will come into force in two years (May 2024). It provides a new approach to air quality monitoring and management, in compliance with the Air Quality Framework Directive. The proposed action will be guided by the requirements of this law, since it is approximating the respective framework EU Directive on Clean Air for Europe (2008/50/EC). It will be informed also by the *Strategy for the implementation of an EU compliant ambient air quality monitoring and management in the Republic of Moldova*, developed in 2018 with the support of GIZ⁴⁶. The Strategy identifies that for an EU compliant air quality monitoring a minimum number of 18 monitoring stations is required (5 of which in the agglomeration Chisinau). A station map of the Moldovan network was drawn up in the Strategy, and a detailed cost analysis was carried out based on market prices in Europe. Investment costs of about €3,400.000 is estimated for the implementation of the complete Moldovan network with 18 stations plus requisite infrastructure. Additional investment is required for establishment of a state-of-the-art analytical laboratory.

Sub-activity 3.4.1. The targeted action under Activity 3.4. will support the **establishment of an EU-compliant Air Quality Monitoring System** in the Republic of Moldova by financing the delivery and installation of ten monitoring stations equipped with measuring and calibration devices, thus unlocking additional assistance both for technical capacity building (e.g. through a Twinning project) and for investments in reliable emissions inventory and air quality assessment for evidence-based information and decision making.

Sub-activity 3.4.2. Following a needs assessment, the analytical laboratory of the Environmental Agency will be upgraded to enable air quality monitoring and analysis in terms of the composition of the air, presence of pollutants and potential threats associated with the poor air quality.

IV. UNDP MOLDOVA RELEVANT EXPERIENCE, LESSONS LEARNT AND INTERVENTIONS RATIONALE

UNDP is the leading agency in the area of climate change and environment providing policy-related guidance and support in approximation with the relevant EU acquis in line with the country's needs and in achieving the assumed international commitments.

Structural transformations and resilience building are core elements of UNDP's work, mainstreamed throughout all UNDP's programmes and projects. In addition to the policy support, demonstration of the on-the-ground solutions through the UNDP programme and projects is the applied approach.

⁴⁵https://cdn.who.int/media/docs/default-source/country-profiles/environmental-health/environmental-health-md-2022.pdf?sfvrsn=7ec4a328_4&download=true

⁴⁶ Within the Regional Programme "Capacity Development for Climate Policy in the Western Balkan, Central and Eastern Europe and Central Asia, Phase II", supported by the German Federal Ministry for the Environment, Nature Conservation, Building and Nuclear Safety (BMUB).

In Moldova UNDP has set the enabling framework for the climate change adaptation, mitigation and overall for the environment sector, demonstrated by concrete results such as: (1) the National Adaptation Planning Process in 2 iterations, (2) support to the two generations of NDC and the Low Emission Capacity Building for its implementation, (3) establishment of the National Environmental Agency as a key institution for implementation of the environment policy documents and identification of the main environmental objectives as part of the National Environment Strategy.

UNDP Moldova has also demonstrated sufficient capabilities for advancement of the renewable energy in the country through the biomass investment project which contributed to the increase in the share of the renewables in the energy mix from 5% to 17%. The interconnection between the climate and the energy sector is currently being strengthened through the National Climate and Action Plan which is under development with UNDP expertise, in parallel with the transposition of the Directives and Regulations that form the 3rd Energy Package.

Through the Green Cities Project, financed by the Global Environmental Facility (GEF), UNDP Moldova has demonstrated various eco-innovative investments approaches for the areas relevant for the Green Deal such as energy efficiency, mobility and low-carbon transportation, renewables, energy efficiency, waste circularity and behavioral experimentation.

Engagement with women groups, at the household and entrepreneurship levels, as part of the “Resilient Communities through Women Empowerment” Project, inclusively, has laid a solid ground for building further their capacities in the area of green development.

UNDP has effective structures and procedures in place to ensure results-based management and delivery of the following functions:

- Capacity assessment and screening of beneficiaries in a fair and transparent manner and increase the capacities of final beneficiaries to implement the energy-related support
- Effective and efficient Monitoring & Evaluation procedures, and social and environmental safeguards
- Capacity to implement complex large-scale initiatives, including large scale procurement and recruitment at national and international level
- Expertise, knowledge and best practices from the region, made available through the Regional advisors and service centre, and collaboration with other UNDP offices from Central and Eastern Europe and CIS countries.
- Gender equality commitments of UNDP corporately and in Moldova.

The United Nations Sustainable Development Cooperation Framework (UNSDCF) for the Republic of Moldova 2023–2027⁴⁷ place the green transformation of the country’s economy among the main priorities of national development (*Strategic priority 4: Green Development, Sustainable Communities and Disaster and Climate Resilience*), and UNDP will be the core implementing agency to deliver on this priority. The proposed Action is designed to substantially contribute to the achievement of these strategic goals by targeting the areas of resource-efficiency, circular economy, clean energy and mobility.

4.1. Methodological Approach

Ensuring strategic partnerships with line ministries, sectoral coordination structures and the private sector will be key to achieving the goals of the proposed Action. In particular, the private sector will play a pivotal role in supporting research and innovation, and in streamlining investments in green production and technologies. The Government will also have a key role in promoting and supporting green investment and the transition to green energy and in improving policy frameworks. The main partners will be: the Ministry of Environment; the Ministry of Economy; Ministry of Energy, Ministry of Infrastructure and Regional Development, National Environmental Agency, Ministry of Education, the local public authorities; the

⁴⁷ Source : https://unsdg.un.org/sites/default/files/2022-06/Moldova_Cooperation_Framework_2023-2027_0.pdf

Organization for Small and Medium Enterprises; Sector Development business associations; industrial organizations; IFIs and CSOs, UNIDO and UNEP

While the EU is the donor of this project, the Ministry of Environment will be the key leading beneficiary guiding the implementation of this project in line with the national priorities, and the assumed EU association commitments in the area of environment, climate change and overall green transition. The project will also closely cooperate with a number of other ministries such as the Ministry of Energy who is mandated with the energy-related policy development and who will be supporting implementation of the energy-related activities, as well as with the Ministry of Infrastructure and Regional development responsible for the sustainable mobility planning sector. Cooperation with the Ministry of Economy will be in terms of promotion of the new business models in the area of waste circularity which require standards, legal frameworks, etc to advance.

The project will capitalize on the work of UNIDO to support further promotion of RECP and implementation of the available business plans, and on the work of UNEP ensuring functioning of the Green Economy Working Group.

As coordination, cooperation and inclusiveness are pivotal in pursuing a cross-cutting green development agenda, for the implementation of this Action a series of national and regional platforms, as well as good practices and approaches will be applied, as follows:

National platforms

The *Inter-institutional Working Group on the promotion of Sustainable Development and Green Economy*, established in 2016 for the implementation of the Program on the Promotion of Green Economy and the *Climate Change Commission*, established in 2020 to implement the inter-sectoral cooperation mechanism in the field of climate change mitigation and adaptation, are considered most relevant national platforms to deliver on the green transition agenda. The Action foresees providing support to these platforms to improve the coordination among stakeholders and to facilitate deployment of potential development partners' assistance for green transition actions, while ensuring there is no duplication of efforts or overburdening of authorities with additional monitoring and multiple reporting exercises.

A *Green Growth Digital Platform* to monitor the progress of the Republic of Moldova towards a green economy, based on green growth indicators, developed within the EU4 Environment programme (in Romanian and English languages) and hosted on the Ministry of Environment website. This is the first web portal in the Eastern Partnership region addressing the green economy monitoring. This platform will be used by the Action, as it helps tracking the progress in the green transition, inform decision making, demonstrate accountability and raise public awareness of the links between economic growth and environmental sustainability.

Platform for Gender Equality in Moldova, launched in 2015 as a voluntary association of individuals and businesses, acts as a unified voice for the promotion of gender equality in all development areas. UNDP will actively partner with the platform to foster the gender dimension in the Action.

*The National Youth Council of Moldova (CNTM)*⁴⁸ established in 1999, which promotes youth interests in Moldova, contributing to the development of associative youth structures through training programs and educational activities, information campaigns, lobbying, and consulting work. The Action will rely on CNTM's support to promote green transition activities, including among the most vulnerable youth.

UNDP platforms

The Energy Hub: established by UNDP as an integrator of services and platform for partnerships. This Action will benefit from the capacities, methodologies and services to be provided by the Hub such as policy

⁴⁸ <https://orgs.tigweb.org/national-youth-council-of-moldova-cntm>

advisory services, innovative business models and financial mechanisms, as well as digital transformation for clean energy.

The Digital Transformation Initiative, based in the UNDP headquarters, provides new use of data produced from UNDP projects. The support from the Initiative may include data collection, assessment and presentation tools, ready to use digital applications, and other innovative solutions.

The GreenTechRangers platform, established by UNDP to enable and support the entrepreneurship in the GreenTech, CleanTech and EcoTech industry in Moldova. The main innovation of GreenTech Rangers is the *learning-and-community-building online platform*, which is a web tool allowing users to benefit from e-learning, networking, collaboration, and team management according to their needs.

EU Platforms

*The European Circular Economy Stakeholder Platform*⁴⁹ which will support the Action with critical information on good practices, strategies and knowledge highlighting and promoting cross-sector opportunities for accelerating the transition to a circular economy.

*Best Practice Platform to Support the Transition Towards a Green Economy (GreenEcoNet)*⁵⁰ represents the first European platform to support SMEs in greening their business and helping them take part in a transition towards a green economy. The platform provides through a user-friendly navigation system: access to best-practice green solutions, products and services; access to economic, financial and planning tools to transform their business into a green business; and access to new market opportunities by showcasing solutions, products and services.

*Climate ADAPT*⁵¹ is a partnership platform between the European Commission and the European Environment Agency that aims to support in adapting to climate change by helping users to access and share data and information on: expected climate change in Europe; current and future vulnerability of regions and sectors; EU, national and transnational adaptation strategies and actions; adaptation case studies and potential adaptation options; and tools that support adaptation planning. The Action will resource on the platform e.g. for its activities relating to implementation of climate services.

International platforms

*Sustainable Development Knowledge Platforms*⁵² make readily available a wide range of knowledge and capacity development opportunities and resources related to the Sustainable Development Agenda. These knowledge platforms serve as online hubs for various partnerships in support of SDG implementation, host e-learning courses, and offer repositories of knowledge products on topics relevant to sustainable development. They include (but are not limited to) documentation of best practices and government and stakeholder innovations; progress and thematic reports; and support to partnerships through the resource facility and SDG helpdesk.

*The Green Growth Knowledge Partnership (GGKP)*⁵³ established in 2012 is a global community of policy, business, and finance professionals and organisations (as OECD, WB, UNEP) committed to collaboratively generating, managing, and sharing knowledge on the transition to an inclusive green economy. The Action will benefit from the resources in the GGKP's three knowledge platforms – the *Green Policy Platform*, *Green Industry Platform*, and *Green Finance Platform* which offer access to the latest research, case studies, guidance, and tools to empower policy makers, SMEs, banks and insurance companies to take evidence-based decisions about greening their operations. Currently users can browse knowledge and learning

⁴⁹ <https://circulareconomy.europa.eu/platform/>

⁵⁰ <https://www.ecologic.eu/9245>

⁵¹ <https://climate-adapt.eea.europa.eu/>

⁵² <https://www.unescap.org/2030-agenda/sustainable-development-knowledge-platforms>

⁵³ <https://www.greengrowthknowledge.org/about-us>

throughout the world (193 countries) and across economic sectors (49 thematic areas). Webinars, courses, and academic programmes are also featured on the platforms to facilitate ongoing learning and capacity building actions.

*International Renewable Energy Agency IRENA*⁵⁴ serves as the principal platform for international co-operation and a repository of policy, technology, resource and financial knowledge on renewable energy. IRENA conducted a Renewable Readiness Assessment (RRA) for Moldova that identified challenges in RES deployment and provided recommendations to introduce a more enabling environment for renewable energy. This Action will consider the IRENA's recommendations and its best practices when implementing its activities in the energy sector (net metering piloting).

Good practices and approaches:

Human rights-based approach (HRBA): HRBA endures implementation of leaving no one behind principle and when promoting the green transition in the framework of this Action, a special attention will be paid to disadvantaged groups to properly engage them in the planning and implementation processes.

Participatory approach: for a green transformation to be successful and inclusive, a highly participatory approach should be followed. This principle will be embedded in all activities of this Action, with an emphasis on the participation of different societal groups (public and private sector, women, youth, and socially vulnerable), especially with regards to capacity building activities, awareness raising, and piloting new business models towards the green and circular economy.

Comprehensive capacity building actions: cross cutting interventions in the Action (Component 2) are envisaged to ensure multi-dimensional capacitating of all stakeholders in the process of green transformation, with three mutually reinforcing levels of capacity to be tackled: policy, institutional, and individual.

National ownership and accountability: in line with this approach, the Action will provide support to the national counterparts at different levels to develop their capacities to lead, manage, achieve and account for their national priorities for green development, resilient society and sustainability.

Collaborative approach: the Action was designed in line with this approach to ensure follow-up collaboration with the main actors involved in an inclusive green transition. Besides the national platforms that will be strengthened for the purpose, the convener role that UNDP usually plays at the country level, will enable a comprehensive engagement process, bringing together a wide range of stakeholders, breaking the silos across sectors to advance the green transition in an inclusive, gender-responsive and equitable manner.

Innovative approach: there are numerous innovation and digital transformation elements in this Action that are focused on ensuring that proposed measures and solutions are facilitating inclusion and participation of SMEs, decisions are evidence-based, and digital technology is an accelerator of efficiency and growth. Where possible, the action will seek engagement with the local ICT sector to rapidly source technologically feasible digital solutions.

A needs-driven approach: multiple interventions are informed by targeted needs and capacity assessments (for the activities in Component 2), as well as by feasibility studies and/or cost-benefits analyses (for the activities in Component 3).

⁵⁴ <https://www.irena.org/>

4.2. Lessons Learnt

The experience from the implementation of previous programmes and projects targeting green economy development, environment and climate change, have brought the following main lessons learnt:

- Proposed programmes and actions must be *based on most recent analyses of the targeted areas and endorsed by both the beneficiaries in the country and the development partners*. The EU support has been triggered by Moldova's strong recent engagement with the values deriving from the Sustainable Development Agenda, the Paris Agreement and the European Green Deal through its aspirations for EU accession. As such, the proposed Action is nationally driven, and the ownership of the central public authorities is high in the circumstances that engaging on a greener and more sustainable development path is a central priority of the current Government.
- *Establishing open policy dialogue fora* by using or strengthening existing governance mechanisms to make these fora more inclusive of all key stakeholders is crucial for the sustainability of implemented programmes. Namely such approach of building platforms and alliances on an inclusive green transition is considered by this Action. It will enable consideration of factors that are beyond one particular sector and shall permit for robust dialogues among variety of stakeholders, understanding of challenges and demonstration of opportunities, as well as scaling up or replication of transformative solutions at various levels (central governance, regions, communities, public and private, etc.).
- *Policy-level interventions, capacity building and piloting of measures on the ground* are key to ensuring the ownership over and sustainability of the green transition-related interventions, beyond the project implementation period. The three components of the proposed Action cover namely these drivers of change and aim to ensure that mechanisms to establish and maintain an effective institutional memory are put in place at central governance level.
- *Channeling the EU and other donors support through local entities with due sectoral experience and sound financial management* can increase efficiency of the interventions and their impact and sustainability. Limited national technical knowledge and expertise confirmed during implementation of various donor's initiatives in the green economy area will be overcome by liaising with national and regional rosters of partner UN agencies, IFIs and other structures to tap into their pools of experts and expedite their deployment for implementation of the Action. While targeted capacity building activities underpinning Component 2 will help to sustainably fill in this gap.
- *Gender mainstreaming helps improve results* of initiated programmes and measures by better reflecting the needs of target groups, existing imbalances and barriers. Through actively engaging national gender equity and women-in-business platforms this Action will make sure that women, men and vulnerable groups equally benefit from, but also contribute to the green transition agenda undertaken by Moldova.
- While there might be important and significant advance on the policy side, *implementation of green and eco-innovative solutions on the ground* could lag behind. This Action will involve financing mechanisms to accelerate investments and uptake of green technologies, as well as market growth of secondary raw materials, which should improve the sustainability of results.
- *Technological and social innovation is a key enabler for achieving successful transformation*, therefore this Action will foster system-wide innovation by putting a special emphasis on using the latest digital technologies and solutions, as well as social innovation methods to support SMEs, including the most vulnerable to become more resilient, as well as to find new coping mechanisms and faster overcome the challenges associated with green transition.
- *Demonstration of socio-economic benefits* delivered by implemented programmes and projects would minimize resistance to transformation changes in the context of a green agenda. Building on this lesson learnt, the Action envisages scaling the behavioral intervention to induce more responsible consumption and production patterns. Small-scale pilots of green transformative solutions (e.g. in the waste recycling and materials recovery area), as well as concrete green transformation initiatives with SMEs that have proved high feasibility and replicability potential are envisaged, in order to ensure positive momentum and leverage continued support to the green agenda-driven modernization process.

V. SUSTAINABILITY

By including the green transition agenda in its National Development Strategy 2030 and in its key strategic partnerships (with EU, UN and other development partners), as well as by submitting the 2nd NDC with more ambitious GHG emission reduction targets, Republic of Moldova demonstrated ownership for significant changes in key sectors of its economy towards a more sustainable path of development. This is a momentum on which the proposed Action will build upon to achieve sustainable results.

The Action has been developed in close dialogue and consultation with the Government and stakeholders from civil society and the private sector, while the selection of priorities and targets has been aligned with national priorities and the country's aspirations relating to its accession to the European Union. In addition, the proposal places a strong focus on synergies with the EU Association Agreement and respective strategic plans and priorities, which should further contribute to the sustainability of results under the outcomes.

An inclusive green transition requires *strong capacities at all level of governance, an enabling legal and policy environment, institutional and human capacity development, as well as the engagement of partners and beneficiaries throughout the stakeholders' specter* (including from the most vulnerable groups). To that end, the Action foresees relevant capacity development measures to ensure that the partner institutions are able to take ownership of results. The sustainability of the Action will be ensured through continuous engagement and collaboration with the key actors in the areas of green transition – from policy makers through public service providers and private entities managers, by implementing coherent and complementary actions addressing the various dimensions of the transition. The aim is to build partnership models which are long lasting, transformative, scalable, and can continue beyond the project lifetime and without further external assistance. While targeted investment in human capacity at personal level of the stakeholders will ensure ownership of results and further continuation of activities.

Another critical assumption underlying sustainability of the Action outcomes relate to the commitment of Government to *attract and allocate sufficient funding and to implement environment and climate related priorities*. Applying effective instruments to increase investment from the private sector, to promote the sustainable use of natural resources and build the resilience of people and communities is of utmost importance for a green transition agenda. Therefore, policy answers that motivate private enterprises (focus on SMEs) to integrate innovative climate-smart solutions and renewable energy, as well as environmentally-friendly waste management methods and responsible consumption and production patterns, will underpin all interventions through this Action.

Communication on the green transition challenges, but also opportunities is another important cornerstone of the successful green transition. To that end the Action will run (under Component 2) large awareness raising and communication campaigns while in parallel strengthening the communication platforms and systems to provide information on the benefits of the green growth in a consolidated manner. The sustainability of this action will be ensured through engagement with the Environment Agency and other institutions mandated with the awareness raising and communication actions through provision of tools, instruments, trainings, methodological guidance and policies with mainstreamed communication actions. Interventions (under Component 3) related to the establishment of the national air quality monitoring system enabling a better, evidence-based decision making, will further strengthen the communication and outreach potential of the Action results.

VI. RISK ASSESSMENT

Green development being one of the key priorities in Moldova's sustainable development agenda, the UNSDCF formulation process carefully assessed the risks and identified certain multidimensional threats that may impact the development trajectory of the Republic of Moldova, mainly derived from the military conflict in Ukraine. The vulnerability of Moldova to geopolitical developments with impact in the Transnistrian region, the economic and gas crisis, and possible environmental hazards may impede the effectiveness of the present Action (as of the UNSDCF), particularly in relation to vulnerable groups.

According to the UN Development Cooperation Framework, these risks will be managed through a solid inter-agency risk management plan, which will be reviewed and updated periodically. Special Results Groups will monitor the risks and opportunities envisaged in the risk management plan, and findings will inform decisions and updates of the UNSDCF in relation to assumptions and risks. UNDP-Moldova, as implementing agency of the proposed Action, will closely follow the risk management plan and actively contribute to its implementation. The main risk assumptions and possible risk management actions are presented in the following table.

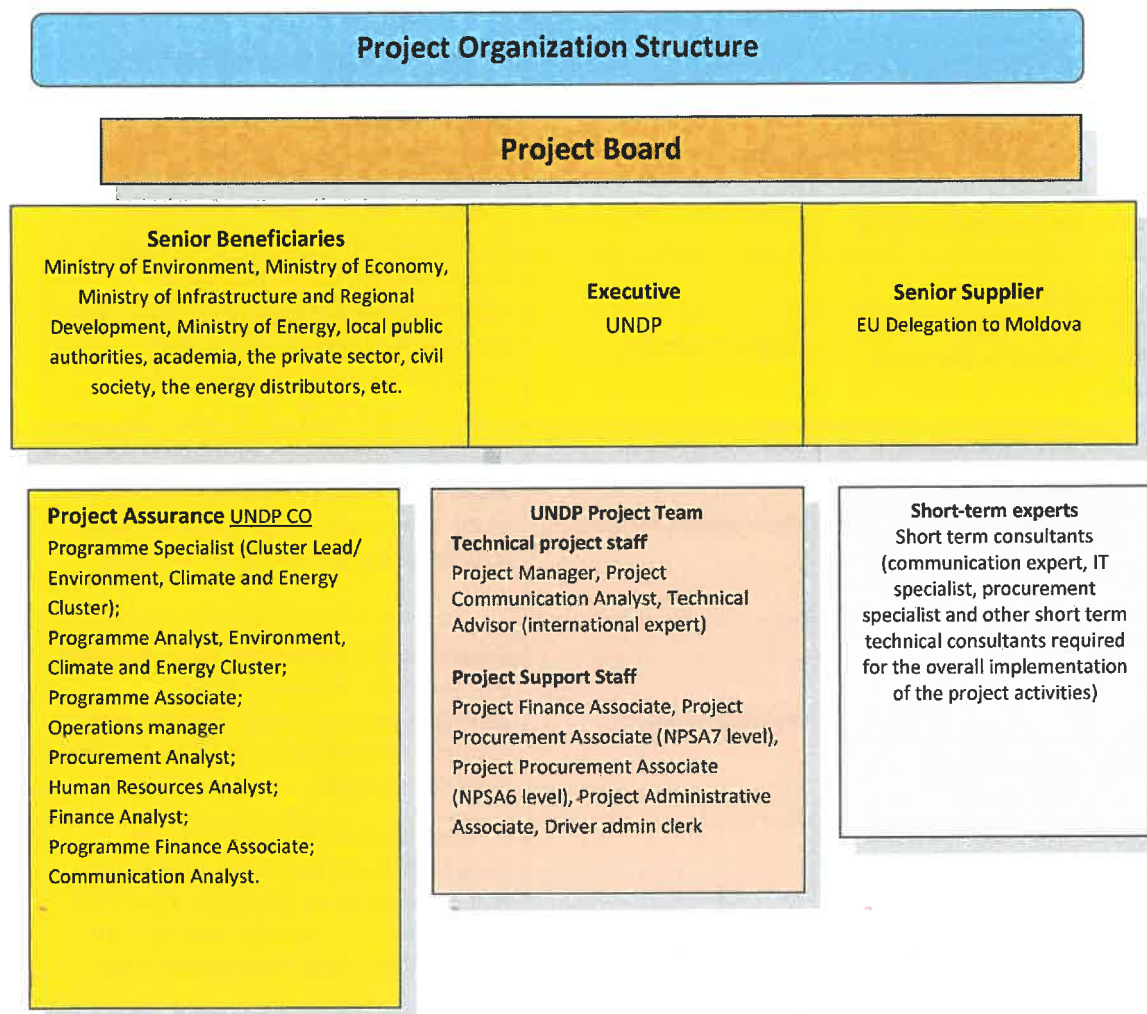
Description of risk	Type and Category	Risk management actions
Vulnerability of Moldova to geopolitical developments deriving from the war in Ukraine and its impact on the country's energy security, trade and economy.	External/high	Subject to the UN inter-agency risk management plan under the UNSDCF, to be reviewed and updated periodically.
Political stability may be undermined by challenges in the gas and energy sector.	Political/medium	Subject to the UN inter-agency risk management plan under the UNSDCF, to be reviewed and updated periodically.
Post- COVID-19 related measures, inflation and the gas crisis limit budget allocations for spending on the green agenda priorities.	Economic/high	Make sure that GT priorities and considerations are mainstreamed in the national plan(s) for recovery and resilience and taken into account in project proposals for DPs' financing.
Possible environmental/climate hazards (including extreme drought and flooding) may increase poverty and force budget reallocations from the development sphere to address emergencies.	Environmental/medium	Make sure, if budget reallocations take place, to mainstream GT considerations into the building-back-better process.
Possible changes in the composition of the Government and / or the governance priorities; lack of agreement on the country's development prospects and / or legislative and budgetary priorities.	Political/medium	Ensure that GT actions are mainstreamed into the sectoral development plans/programmes (most of which are currently in the process of update for the period until 2030).
Poor coordination between ministries and responsible administrative authorities in the process of implementing the Action.	Institutional/medium	Continuous policy dialogue with all stakeholders on the reform agenda, to reach consensus on priorities related to the country's sustainable development path and the role of the green agenda therein.
Insufficient capacities and high turn-over of staff in the specialized institutions in the sector areas relevant to green transition	Institutional/medium	Targeted capacity building measures of the key stakeholders in the areas of a green agenda are envisaged in the Action.
Limited capacity and poor awareness on green transformation issues of the staff within the authorities responsible for the implementation of the Action.	Institutional/low	Targeted awareness raising campaigns on the risks and opportunities of a transformative green agenda are envisaged in the Action.

VII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

The UNDP Country Office in Moldova (UNDP CO) will implement this Action and will be responsible for producing outputs and use of resources. As such, it will bear the overall accountability for delivering the Action in accordance with 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 Action. The Action will be carried out under UNDP's Direct Implementation Modality (DIM).

For the activities of the Action a multi-stakeholder approach will be followed to ensure wide participation and consensus. The main counterparts of the Action will be national and local stakeholders, including the Ministry of Environment, Ministry of Economy, Ministry of Infrastructure and Regional Development, Ministry of Energy, local public authorities, academia, the private sector, civil society and the energy distributors, etc.

A core team of Action⁵⁵ staff to manage and administer the successful implementation of the Action will be established during the Inception phase.



7.1. Project Board

The Action will be managed at the highest level by the Project Board. The Project Board is (co) chaired by the UNDP, while its composition will be suggested by UNDP and approved during the Local Project Appraisal Committee and should be participatory and include as many relevant stakeholders as possible. At least representatives of the European Union (EU Delegation to Moldova), UNDP, along with representative of the Ministry of Environment, Ministry of Economy, Ministry of Infrastructure and Regional Development, and representative of the local public authorities will be considered. The final composition of the Project Board will be approved with the participation of the Local Project Appraisal Committee consisting of national and local authorities, civil society, and donors. Formal minutes shall be prepared and adopted for each meeting of the Project Board, detailing any proposals made and decisions taken.

The Project Board will steer and provide advice on the overall Project implementation and will meet at least twice per year in order to ensure the efficient monitoring and evaluation of project results and maintain continuous cooperation between all Actions' partners at all stages of project implementation.

⁵⁵ In the sense of this document, Action and Project have the same meaning

The Project Board will be responsible for approving annual work plans, assessing progress, discussing lessons learned, and taking decisions on proposals and recommendations presented by any of its members. It shall discuss and decide upon specific Action 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 Action and its beneficiaries. The Project Board will also provide a forum for sharing the key results of the Project, as well as discussing changes or challenges in the sector and proposing solutions. Prior to the approval by the Board Members, the annual work plans will be formulated in line with the DoA and in consultation with the senior beneficiaries of the project.

Specific Responsibilities of the Project Board:

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

The Project Board is a mechanism for consultation and consensus-based steering of Action. However, in case a consensus cannot be reached, a final decision shall rest with UNDP, based on an agreement with the Delegation of the European Union to Moldova.

7.2. Project Management Structure and Project Office costs

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

The management of the Action will be performed by a dedicated Project Manager who will be assisted by the Chief Technical Advisor and the Project implementation team. The Project Manager will be responsible for the management and coordination of all Project Activities and will be charged 100% to the Project budget. The tasks listed in the Description of the Action, undertaken by staff assigned to the Project team are directly attributable to the implementation of the Action. The Project team will comprise of full-time dedicated staff and part-time specialized staff to technically contribute to various Action components and activities. The part-time specialized staff will be charged through direct project costs for the time spent directly attributable to the implementation of the Action.

Besides the **Project Manager**, the UNDP Project team would include the following staff:

- a) **Project Finance Associate**, responsible for performing financial duties related to the implementation of the Action activities. The Finance Coordinator will be charged 100% to the Action budget
- b) **Project Procurement Associate, level NPSA-7**, responsible for performing procurement and contracting duties related to the implementation of the Action activities. The Procurement Coordinator will be charged 100% to the Action budget

- c) **Project Procurement Associate, level NPSA-6**, responsible for assisting procurement and contracting duties related to the implementation of the Action activities. The Procurement Associate will be charged 100% to the Action budget.
- d) **Project Administrative Associate, on NPSA6**, responsible for assisting in the organization of financial and administrative processes for Action's needs and providing support to office maintenance. The Admin Associate will be charged 100% to the Action budget.
- e) **Project Communication Analyst**, responsible for ensuring the fulfilment of the communication and visibility activities related to the Action and for preparation, implementation and oversight of the communication and visibility activities of the Action 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 Action budget.
- f) **Driver admin clerk**, responsible for assisting in the effective and efficient management of the project through a range of actions, including driving and administrative support management. The driver clerk will be charged 100% to the project budget.

Project Assurance is a key element of the PRINCE2 project management method, upon which the Project Management Arrangements are based. 'Assurance' is essentially an independent audit function, whereby the Project Board can monitor progress against agreed work plans.

Specific 'Assurance' tasks are to:

- Ensure that risks and issues are properly managed and monitored, and that the logs are regularly updated;
- Ensure that Project Progress/Financial Reports are prepared and submitted on time, and according to standards in terms of format and content quality and submitted to the Project Board. The format and the content of the reports shall be in line with the stipulations of General Conditions of the Agreement.

Quality assurance is required for all UNDP Project and projects, regardless of their budget, size, location, duration, characteristics, context and 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 errors,
- Help ensure the quality of internal and external reporting, through the maintenance of proper records and information flow; 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 for the implementation of the Action include specific tasks related to activities under this Action that require higher level of quality assurance, monitoring and control in processing for finance, procurement, human resources, administration, travel, assets management etc.

In addition to the above-mentioned Project team, the following staff from the UNDP CO is envisaged to provide its support, to ensure the quality assurance and enable implementation of the Action's activities as reflected in Heading 1 of the Budget of the Action:

- **Programme Specialist/Cluster Lead** (Environment, Climate and Energy Cluster) is responsible for the overall quality assurance of the project implementation and will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 25% of the working time.
- **Operations Manager** is responsible for the overall oversight and quality assurance of operations related activities to ensure full compliance with UNDP and EU rules, regulations, and policies. The Operations Manager will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 10% of the working time.
- **Programme Analyst** (Environment, Climate and Energy Cluster) is responsible for technical quality assurance of the project implementation and will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 20% of the working time.
- **Programme Associate** ensures Action support and quality assurance for reporting and monitoring and will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 20% of the working time.
- **Procurement Analyst**, responsible for providing support in identification of procurement modalities, facilitating quality, transparent, effective and fast procurement processes; support the Action in the launch and publicity of procurement processes; advising in Action procurement/tender evaluation processes; support in negotiations with potential contractors (as needed); assisting in the process of contracting and monitoring of contracts. The Procurement Analyst will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 22 % of the working time.
- **Human Resources Analyst**, responsible for providing support, advising and verifying human resources processes for the needs of the Action, including staff selection and recruitment processes, staff human resources benefits administration and management, recurrent personnel management services: staff payroll and banking administration and management etc. The Human Resources Associate will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 10 % of the working time.
- **Finance Analyst**, responsible for providing guidance and support in monitoring and evaluation, ensuring, ensuring effective and transparent utilization of resources and integrity of financial transactions, revenue management and complex financial analysis, for the needs of the project, in line with UNDP rules and regulations, as well as donor requirements. The Finance Analyst will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 20% of the working time.
- **Programme Finance Associate**, responsible for providing support related to accounting matters, including creation and application of deposits, management of bank accounts and of bank cards issues for the Action personnel, verifying and validate the payroll results for the Action staff, time payment of salaries, processing of payments (disbursements), travel management etc. The Finance Associate will be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 15% of the working time.
- **Communication Analyst**, responsible for providing support, advising and verifying communication processes for the needs of the Action. He/She is responsible for the clearance of the external communication of the Action, to ensure compliance with Communications and visibility plan of the Action and UNDP rules and regulations. The Communication Analyst will

be charged through direct project costs for the time spent directly attributable to the implementation of the Action, not exceeding 5% of the working time.

Expertise of Short-term consultants will be sought to advice and support the implementation, as required, included but not limited to communication expert, IT specialist, procurement specialist and other short term technical consultants required for the overall implementation of the project activities (budgeted under Annex III – Heading 1).

Additionally, national and international consultants/companies will be subcontracted to support smooth implementation and coordination of the project activities, such as International Technical Advisor, Team Leader (TL) Component 1, TL Component 2, TL Component 3, policy experts, capacity development consultants, green transition experts (energy, environment, climate, transport, waste), grant management expertise etc. These costs are budgeted under Annex III – Heading 6.

During the Action implementation, synergies and linkages with other ongoing projects, in particular in the areas of green urban development, renewables and energy efficiency, regional development and green economy implemented by UNDP will be maintained and strengthened.

The Project management team will ensure results-based project management and successful implementation of the Action within the 48 months Project period, close monitoring and evaluation of Action 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 Project office costs that will be incurred as part of the Direct Management and Implementation of the Project and that can be traced and attributed directly to the management of the Project's activities, are foreseen as follows:

- Subsistence costs for missions/travel for staff and other persons directly assigned to the operations of the Project office, are included in in Heading 1 of Annex III- Budget of the Action;
- Travel costs for staff and other persons (international and local) directly assigned to the operations of the Project office, are included in in Heading 2 of Annex III- Budget of the Action. The local transportation costs for Project staff and experts to/from regions (rent of car/or bus/taxi);
- UNDP costs of vehicle purchase, computers and IT equipment (notebook, monitor, ups, equipment for presentations (TV/projector) and other office equipment, accessories and software), office furniture, IT spare parts and supplies, other equipment (Mobile phones for staff/experts/consultants, Kitchen appliances etc., composing the UNDP Project office are envisaged in Heading 3 of the Budget (Annex III);
- Costs for the UNDP office (in Chisinau) are reflected in Heading 4 of the Budget of the Action (Annex III) including , vehicles costs, office rent, consumables – office supplies, other services (public cloud computing subscription, Zoom license, Docusign services, tel/fax, internet, electricity/maintenance/repairs etc.);

Cost for Office is based on:

1. *The average cost for the office space options available in the center of Chisinau city, based on market research done by other EU projects recently. A new office space will be rented for the team that will be recruited to implement the Project planned activities (for 10 full time staff and part-time consultants- office space of 150 sqm).*
2. *Monthly rate for stationery and office supplies is calculated based on average consumption estimations from other projects and based on market prices.*
3. *Monthly rate is calculated based on average consumption estimations from other projects and based on market prices and increase of the gas/electricity prices.*

4. Annual fee for corporate services as Public Cloud Computing (PCC) subscription fee, ZOOM license, DocuSign services fee per envelope.

- Financial transactions and financial statements might be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules and Directives of the UNDP; also in the Heading 5 of the Budget of the Action (Annex III) are envisaged: evaluation costs; translation and interpretation costs, costs of conferences/seminars / project coordination and networking meetings; visibility actions, miscellaneous.

Audits of the financial transactions and financial statements will be conducted in accordance with UNDP's audit policy to manage financial risk. The Office of Audit and Investigations has established a risk-based and structured approach for selecting and auditing specific DIM projects in order to provide UNDP stakeholders with an adequate level of assurance on the proper management of DIM projects.

VIII. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the Action will be monitored through the following monitoring and evaluation plan. The plan will be updated upon Action inception, if needed, during the implementation phase, through the approval of the Project Board. As provided in the General Conditions, representative of the European Commission shall be invited to participate in the main monitoring and evaluation mission related to the performance of the Action. The results of such mission shall be reported to the European Commission.

Monitoring Plan

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

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

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

Within the annual cycle:

- Based on the initial risk analysis submitted, a risk log will be activated in Quantum and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Quantum, a Project Summary shall be submitted by the Project Manager to the Project Board through Project Assurance, using the standard report format available in the Executive Snapshot.
- A project lesson-learned log shall be activated and regularly updated to ensure ongoing learning and adaptation within the organization, and to facilitate the preparation of the Lessons-learned Report at the end of the project.
- A Monitoring Schedule Plan shall be activated in Quantum and updated to track key management achievements.

Annually:

- Annual Project Summary Report. An Annual Project Summary Progress Report shall be prepared by the Project Manager and shared with the Project Board. As minimum requirement, the Annual Progress Report shall cover the whole year with updated information as well as a summary of results achieved against pre-defined annual targets at the output level.

- Final report with results of the Project achieved throughout the Action implementation years shall be prepared by the Project Manager and shared with the Project Board.
- Both, the annual and final reports shall comply with the EU reporting requirements.

Evaluation

A final Evaluation will be commissioned by the UNDP at the end of Action implementation. This will focus on relevance, impact, sustainability, effectiveness and efficiency, non-contentiousness and appropriateness of delivered activities. In addition to that, evaluation will be conducted for the implemented sub-activities. Lessons learned and the experience gained throughout the implementation of the Project will be disseminated and shared as widely as possible. The preparation of the Terms of Reference for the Action evaluation will be agreed with the EUD in line with article 9 of the General Conditions of the Contribution Agreement.

Financial transactions and financial statements shall be subject to the internal and external auditing procedures laid down in the Financial Regulations, Rules, and directives of UNDP (in accordance with the Financial and Administrative Framework Agreement between the EU-UN).

IX. REPORTING

Narrative and financial reports will be provided based on the article 3 of the General Conditions.

Additionally, progress updates will be presented as part of the Project Board meetings, using the update of the Work Plan as per information recorded in Quantum.

In addition to the above-mentioned reports, UNDP will ensure that progress and situation reports, publications, press releases and updates, relevant to the Action, are communicated to the EUD as and when they are issued.

X. VISIBILITY OF ACTION RESULTS

All Project activities will ensure visibility of the EU's contribution to this Action in line with the FAFA, General Conditions, [as well as Joint Visibility Guidelines for EC UN Actions in the field or any successor document](#)".

Key part of the Action will be to ensure that the opportunities and benefits from the green transition are widely disseminated and known, so to ensure sustainability of the targeted interventions.

- A Communication and Stakeholders Engagement Strategy will be developed at the Inception phase and implemented through the Action duration.
- Media campaign will be planned as part of the Communication and Stakeholders engagement Strategy and carried out through the Action implementation.
- Success stories will be collected and widely disseminated as Action results through the media campaign, the Action's website, targeted awareness raising seminars, etc.
- A green transformation branding and marketing strategy will be developed to ensure continuity and uptake of the Action results.
- The visibility activities envisage events, Press trips & conferences, public events UNDP, media monitoring, Grand events, workshops, high-level dialogues, sectorial and networking meetings, study visits, promotional materials, Audio visual materials and others as per Annex 3. General project visibility activities were budgeted under Annex 3-Heading 5 and outcome specific visibility and awareness rising activities were budgeted under Heading 6 per each component.

In addition, all communication and visibility materials and items produced in the framework of the project will be coordinated with the Project Manager and Communication and Visibility team of EU Delegation through EU DigiTool Platform.

Whenever requested by the EU, the project should support the EU's own communication actions by sharing content related to the implementation of this specific action or supporting access to project for campaigns or media actions managed by EU (through its own communication contracts and specific projects, such as Strategic Communication and Support to Mass Media', 'Visibility to EU and EU assistance' and 'OPEN East Neighborhood Communication').

XI. ANNEXES TO THE DESCRIPTION OF THE ACTION

Annex A: LOGFRAME

Intervention Logic	Indicators	Baseline	Target	Sources and means of verification	Assumptions
Support the Government of Moldova to engage sustainably in a transformative green agenda by enhancing awareness, building capacities and encouraging investments in low-emission and resource-efficient economy	<p>I1. Carbon emissions per capita at country level</p> <p>I2. Share of recycling in the total waste at country level</p>	<ul style="list-style-type: none"> 12. 4,4t CO²e (2020) 13. 44,4% (2018) 	<ul style="list-style-type: none"> 12. 4.208 tCO² (2027) 13. 50% (2025) 	<ul style="list-style-type: none"> • Statistica.md • The country National Determined Contribution (NDC) update foreseen by 2025 or 2026 • National Development Strategy National Communication reports Communication • EU4 Climate for Moldova based on clima.md 	•
Overall objective/Impact					

SA IG

Intervention Logic	Indicators	Baseline	Target	Sources and means of verification	Assumptions
<p>1. Socio-economic framework for a gender-responsive and inclusive green transition enabled</p> <p>2. Capacity and awareness on the inclusive green transition increased among key stakeholders</p> <p>3. Additional funding attracted and by promoting and piloting investments in green and innovative technologies, while evidence-based decision-making for green transition is improved by deploying a reliable air quality monitoring system</p>	<p>1.1 Number of policy documents supporting green transition developed or revised in consultation with civil society (GERF 2.29) disaggregated by category/type of documents</p> <p>1.2 Number of written contributions made public by participants to the platforms and other events related to the project, disaggregated by type of contribution (research paper, other)</p>	<ul style="list-style-type: none"> 1.1 Zero 1.2 Zero 	<p>1.1 6 documents including at least regulatory framework for EPR legislation for WEEE, batteries and accumulators and packaging waste</p> <ul style="list-style-type: none"> 1.2 Five 	<ul style="list-style-type: none"> 1.4, 1.5 and 1.2 Project reports and results of monitoring and evaluation activities. 1.1 Baseline and endline surveys carried out with support of the Action 1.3 Green Growth Indicators Report 	<p>European integration and Sustainable Development Agenda continue to serve as an incentive for greening the economy.</p> <p>There is a continuous political will to embrace the transformative green agenda for the Republic of Moldova.</p>
	<p>1.3. Additional private investment attracted on green-and eco-innovation projects.</p> <p>1.4 Number of Micro, Small and Medium Enterprises applying Sustainable Consumption and Production practices with EU support (GERF 2.6)</p> <p>1.5 Number of (a) jobs, (b) green jobs supported/sustained by the EU (GERF 2.13)</p>	<p>1.3. Data not available.</p> <p>1.4 – Five (with UNIDO)</p> <p>1.5. 614 (2018, Biomass Project)</p>	<p>1.3. 1 mln EUR</p> <p>1.4 – 15 (including 10 new MSMEs)</p> <p>1.5 150 additionally</p>	<p>Environmental Performance Review for the RM</p> <ul style="list-style-type: none"> 1.5 Reports of previous UNDP projects 	<p>Relevant line ministries and institutions are cooperative and open to support the transformative changes and apply policy documents</p> <p>Political stability and integrity of the country, no (war) conflict escalation.</p>
	<p>1.1.1. Number of public officials that participated to the</p>	<ul style="list-style-type: none"> 1.1.1.1 Zero 	<ul style="list-style-type: none"> 1.1.1 50 including at least 40% women 	<ul style="list-style-type: none"> Annual and quarterly work plans and reports. 	<p>Continuous engagement with key stakeholders</p>
<p>Output Improved</p>	<p>1.1.</p>				

SI. IG

Intervention Logic	Indicators	Baseline	Target	Sources and means of verification	Assumptions
<p>institutional coordination and stakeholders' participation in green transition policy processes through the establishment and strengthening of relevant stakeholder platforms, partnerships and networks, with secured gender-balanced participation and appropriate multilevel coordination mechanisms in place</p> <p>Output 1.2.</p> <p>Improved evidence bases for policy dialogues and decision making on the potential for an inclusive green transition in the Republic of Moldova, including from the</p>	<p>supported platforms, events and researches for inclusive green transition ,disaggregated by sex</p> <p>Number of CSO representatives that participated to the platforms, disaggregated by sex and by CSO priorities (Women CSO, Youth CSO, both, other)</p> <p>Number of other participants to the platforms, including academia</p> <p>1.1.4. Number of R&I initiatives and/or collaborative initiatives sponsored by the program in green transition priority areas in partnership with universities and/or schools and/or youth organizations</p>	<ul style="list-style-type: none"> 1.1.2 Zero 1.1.3 Zero 1.1.4 Zero 	<ul style="list-style-type: none"> 1.1.2 25 including at least 30% women and 70% men ; and at least z Women CSO and z Youth CSO 1.1.3 25 including at least 10 from academia 1.1.4 – At least 6 RI or collaborative initiatives 	<ul style="list-style-type: none"> 1.1, 1.2, 1.3 Reports/minutes from meetings, trainings etc. 1.1.1, 1.1.2, 1.1.3 Lists of attendants from meetings Communication and Visibility events. Needs assessment 	<p>to be ensured, as well as mobilization of local resources to promote the local ownership of the results of the implemented action.</p>
	<p>1.1.5. Status of legal instruments to complete and make operational the EPR system in Moldova.</p> <p>1.1.6. Status of knowledge on innovative waste related business models</p> <p>1.1.7. Number of policy documents supporting a sustainable urban mobility planning.</p>	<p>1.1.5. EPR legislation for WEEE, batteries and accumulators and packaging waste is adopted, but the regulatory framework of implementing acts, guidelines, reporting requirements etc. needs further work,</p>	<p>1.1.5 Developed in consultation with platform participants with roadmap for operationalization of the EPR schemes in 3 WM zones.</p> <p>1.1.6 Cost-benefit analysis conducted and waste-related</p>	<p>1.1.5, 1.1.7 Policy documents</p> <p>1.1.6 Deliverable of cost benefit analysis</p>	

Intervention Logic	Indicators	Baseline	Target	Sources and means of verification	Assumptions
<p>gender perspective</p> <p>Output 1.3. Inclusive gender-responsive green transition in key economic areas fostered through an agreed project pipeline and pilot initiatives developed.</p>		<p>1.1.6 Weak knowledge available</p> <p>1.1.7. A new transport strategy is under development where the green targets will be aligned with the Programme for the Promotion of Green Economy. The strategy needs to be operationalized through specific programme of actions.</p>	<p>business models for specific waste streams are defined and widely disseminated</p> <p>1.1.7 One policy document developed supporting sustainable national mobility planning (National Sustainable Mobility Programme and Action Plan)</p>		
	<p>1.1.8. Number of fundraising planning instruments produced by the stakeholders, fostering an inclusive green transition.</p> <p>1.1.9. Number of sponsored pilot private sector initiatives in selected green transition areas</p>	<p>1.1.8 - Zero</p> <p>1.1.9 Data not available on pilot initiatives targeting green transition in an inclusive and gender sensitive way.</p>	<p>1.1.8 At least 1 pipeline of priority</p> <p>1.1.9 At least 3 proof of concepts in the green transition areas defined and covering such areas as circular economy/waste management; clean energy transition; greener transportation</p>	<p>1.1.8 Fundraising planning deliverables</p> <p>1.1.9 List of sponsored initiatives (in progress reports)</p>	
<p>Output 2.1. Skills, knowledge, and expertise necessary for green transition</p>	<p>2.1.1. Status of capacity needs and development plan in the area of green transition</p> <p>2.1.2. Number and percentage of people benefitting from the Capacity Development Programme that</p>	<p>2.1.1 Unavailable</p> <p>2.1.2 – Zero</p>	<p>2.1.1 Developed and available with focus on gender aspects, children and youth</p>	<p>2.1.1 Deliverables for capacity building</p> <p>2.1.2 Post-training surveys results (with feedback on</p>	<p>Continuous engagement with key stakeholders to be ensured, as well as mobilization of</p>

Intervention Logic	Indicators	Baseline	Target	Sources and means of verification	Assumptions
<p>are put in place, with women and youth promoted as agents of change for green transition at different levels (households, business and institutions)</p> <p>Output 2.2. Awareness raised and capacities created at national and local level, within private and public sector level to advocate for and advance the green development agenda in Moldova, while leaving no one behind</p>	<p>expressed enhanced capacities on green transition issues, disaggregated by sex</p> <p>2.1.3. Number of policy documents supported by the ad-hoc expert facility by type of documents</p> <p>2.1.4. Number of media organizations and individual journalists (disaggregated by sex) reporting improved capacity on green transition- or relevant topics such as climate change, the circular and bio-economy.</p>	<p>2.1.3 Zero</p> <p>2.1.4 Zero</p>	<p>2.1.2 100 people with approx.. 50% of each sex</p> <p>2.1.3 At least 2 policy documents and 2 policy instruments</p> <p>2.1.4 .10 media organizations and/or 50 individual journalists (half of which women)</p>	<p>improved capacities and sex of participants)</p> <p>2.1.3 Policy documents</p> <p>2.1.4 Press releases / Media report in progress reports</p>	<p>local resources to promote the local ownership of the results of the implemented action.</p>
	<p>Output 3.1. Pilot green projects on energy and eco-innovation deployed with the view of attracting</p>	<p>3.1.1. Indicator: Number of private companies supported by a Fast Track Challenge Programme to introduce innovative green solutions into their business operations (<i>disaggregated by sex and age group of the owner</i>).</p>	<p>3.1.1.1 14 companies</p>	<p>3.1.1 At least another five companies</p>	<p>3.1.1, 3.1.2, 3.1.3, Annual and quarterly work plans and reports.</p>

Intervention Logic	Indicators	Baseline	Target	Sources and means of verification	Assumptions
<p>additional private investments (including empowering women to develop start-ups in these areas)</p> <p>Output 3.2. New business models set up along the circular economy value chain and in line with the clean and resource efficient production approach, making sure to integrate also a gender dimension (through dedicated support to women-led businesses).</p> <p>Output 3.3. The use of renewable energy technologies and innovative sustainable transport and mobility solutions expanded in view of contributing to</p>	<p>3.1.2. Number of zones with working EPR schemes established and pilot initiatives launched</p> <p>3.1.3 Number of Green start-ups/business models/initiatives</p>	<ul style="list-style-type: none"> 3.1.2 Zero 3.1.3 Zero 	<ul style="list-style-type: none"> 3.1.2– Three (3) 3.1.3 – 13 including 3 in eco-mobility and 10 in waste related solutions 		<p>Key stakeholders are well informed to promote the local ownership of the results of the implemented action.</p>
	<p>3.1.4 GERF 2.4 Renewable energy generation capacity installed (MW) with EU support</p> <p>3.1.5 Number of air quality monitoring stations installed and functioning as part of an overall National AQ Monitoring and Information System.</p>	<p>3.1.4. 44.6 (2028)</p> <p>3.1.5 One AQ monitoring station in Chisinau.</p>	<p>3.1.4 TBD</p> <p>3.1.5 Additional 10 AQ monitoring stations</p>		

SI, IG

Intervention Logic	Indicators	Baseline	Target	Sources and means of verification	Assumptions
<p>the emissions reduction</p> <p>Output 3.4. Evidence based monitoring and evaluation of progress facilitated through delivery and installment of regular air monitoring stations of the Moldovan air quality monitoring system</p>	<p>.</p>				

SI IG

Annex B: THEORY OF CHANGE DIAGRAM

Project Impact	Facilitate and enable the development of a greener, more resilient, healthier, and prosperous low-carbon society in the Republic of Moldova		
Project Objective	Support the Government of Moldova to engage sustainably in a transformative green agenda by enhancing awareness, building capacities and encouraging investments in low-emission and resource-efficient economy		
Project outputs/components	Socio-economic framework for a gender-sensitive and inclusive green transition enabled;	Capacity and awareness on the inclusive green transition increased among key stakeholders;	Additional funding attracted by promoting and piloting investments in green and innovative technologies, while evidence-based decision-making for green transition is improved by deploying a reliable air quality monitoring system.
Project activities/ Results Outputs	<p>Result 1. Improved institutional coordination and stakeholders' participation in green transition policy processes through the establishment and strengthening of relevant stakeholder platforms, partnerships and networks, with secured gender-balanced participation and appropriate multilevel coordination mechanisms in place..</p> <p>Result 2. Improved evidence bases for policy dialogues and decision making on the potential for an inclusive green transition in the Republic of Moldova, including from the gender perspective.</p> <p>Result 3. Inclusive and gender-responsive green transition in key economic areas fostered through an agreed project pipeline and pilot initiatives developed.</p>	<p>Result 1. Skills, knowledge, and expertise necessary for green transition are put in place, with women and youth promoted as agents of change for green transition at different levels (households, business and institutions).</p> <p>Result 2. Awareness raised and capacities created at national and local level, within private and public sector level to advocate for and advance the green development agenda in Moldova, while leaving no one behind.</p>	<p>Result 1. Pilot green projects on energy and eco-innovation deployed with the view of attracting additional private investments (including empowering women to develop start-ups in these areas).</p> <p>Result 2. New business models set up along the circular economy value chain and in line with the clean and resource efficient production approach, making sure to integrate also a gender dimension (through dedicated support to women-led businesses).</p> <p>Result 3. The use of renewable energy technologies and innovative sustainable transport and mobility solutions expanded in view of contributing to the emissions reduction.</p>

SI IG

		<p>Result 4. Evidence based monitoring and evaluation of progress facilitated through delivery and installment of regular air monitoring stations of the Moldovan air quality monitoring system.</p>
<p>Assumptions</p> <ul style="list-style-type: none"> • The geopolitical situation in the region is stabilized and Moldovan institutions are continuing to function normally. • Continuation of the EU approximation process (as a candidate country), including improved collaboration with IFIs and other EU actors. • There is willingness to continue on a sustainable development path pursuant to the NDS Moldova 2030 and its priorities for greening the economy and ensuring better environment for better quality of life. • The European integration and Sustainable Development Agenda continue to serve as an incentive for greening the economy. • There is a continuous political will and the key stakeholders embark on the transformative green agenda, including the private sector. • The Relevant line ministries and institutions are cooperative and open to support the transformative changes, including to learn and acquire the required skills and capacities • There is continuous engagement with key stakeholders through improved coordination mechanisms/platforms, as well as mobilization of local resources to promote ownership of the results from the implemented actions. 		
<p>Barriers</p> <ul style="list-style-type: none"> • Economic, political, and regulatory obstacles hindering transformation across all sectors. • Weak leadership from the government to drive transformative reforms and engage with stakeholders and partners in a collaborative manner. • Lack of enabling policy documents and instruments to set-up sectorial visions in the key areas of the green transition . 	<ul style="list-style-type: none"> • General, lack of knowledge and awareness on green-related topics, contributing to social reluctance to change behaviours and attitudes. • Limited capacity and poor awareness on green transformation issues of the staff within the authorities responsible for the implementation of the Action. • Poor coordination between ministries and responsible administrative authorities in the process of implementing the Action. 	<ul style="list-style-type: none"> • Limited understanding among the private sector about the potential economic opportunities that can arise from transitioning to green businesses. • Fragmented green financing and investment, lacking proper coordination from the government and collaboration among various stakeholders.

