

PROJECT DOCUMENT

Project Title: Support to confidence building across the Nistru river through advanced cross-river capacities for trade (long). Advanced cross-river capacities for trade (brief).

Project Number: 00106291

Implementation Mechanism: Direct Implementation Modality

Start Date: 1 May 2019

End Date: 30 April 2022

PAC Meeting date: 15 May 2019

Brief Description

The “**frozen conflict**” situation in Transnistria, a region that accounts for one third of the country’s total industrial production and almost the entire energy production, has led to a **decrease in living standard** and its **economy has not being able to fully benefit from the opportunities provided by the assistance offered to Moldova**. For instance, the development opportunities offered by the Association Agreement, signed by Moldova with the EU, as well as the DCFTA arrangements, are significantly out of reach for the region’s economy. After violent clashes and a ceasefire agreement in 1992, the official peace process had been sinuous, based on a rudimentary consensus on the broad parameters for negotiations. The region remains **isolated** and **suffers from a gradual erosion of social cohesion**. The Transnistria’s SME community, would it be in traditional agricultural sector or in other emerging industries (IT, tourism, crafts), has the potential to grow, launch new products and services and export once they are ready. For the moment, most small and medium enterprises on the left bank are not ready to trade and so their share in the external regional trade is negligible.

The proposed initiative will facilitate a **cross-river cooperation and integration of exporters**, will **expand access of Transnistria enterprises (particularly SMEs)**, to export promotion mechanisms on the right bank, as well as provide tailored support and build necessary skills, taking into account specific needs of current and future exporters from the region.

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

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

Expected results:

- Increased awareness among companies and business associations in the Transnistrian region on the opportunities provided by DCFTA, as well as the technical steps needed to access EU markets
- Improved capacities of business associations on both banks (at least 5 in Transnistria) to advocate for, cooperate and support the interests of the business communities across the river
- Over 60 companies from the Transnistria region received consultancy/certification support from cross river business development services institutions/networks to promote their exports, resulting in at least 40 partnerships or contracts signed
- More than 160 jobs created on both banks as a result of the support provided
- At least 4 processing facilities supported, allowing for cooperation of SMEs in joint export promotion, in particular in rural areas
- At least 10 companies improved their competitiveness due to the provided equipment
- At least 2 partnerships with retail chains abroad established
- 20 start-ups initiated/new companies accelerated, with at least 60% led by women.

Contributing Outcome (UNDAF/CPD, RPD or GPD):

UNDAF 2018-2022 Outcome 2: "The people of Moldova, in particular the most vulnerable, have access to enhanced livelihood opportunities, decent work and productive employment generated by sustainable, inclusive and equitable economic growth"

Indicative Output(s):


Output 1: Improved cross-river dialogue, exchange of information, knowledge, experience and understanding of the opportunities provided by DCFTA to companies from the Transnistria region (GEN2)

Output 2: Increased export activity of the business community from the Transnistria region as a result of better export promotion capacities and access to cross-river export support opportunities (GEN2)

Output 3: Micro, small and medium-sized enterprises across the Nistru river, in particular those led by women and benefitting vulnerable groups, are enabled to produce more competitive products (GEN2)

Total resources required:	USD \$2,200,979	
Total resources allocated:	Sweden:	\$ 2,100,979
	Romania TBC	\$100,000

Agreed by :

UNDP	
Valeria Ieseanu, UNDP Officer in charge	
Date:	24.05.19

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I. DEVELOPMENT CHALLENGE

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

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

The **development gap** is compounded by the fact that people in Transnistria are not fully benefitting from the opportunities provided by the assistance offered to Moldova due to status issues. For instance, the development opportunities offered by the Association Agreement, signed by Moldova with the EU, as well as the DCFTA arrangements, are significantly out of reach for the region's economy.

In terms of **economic development**, since 2006 Moldova benefited from a preferential trade regime with the EU, starting with the Generalized Scheme of Preferences (GSP+), moving in 2008 towards the Autonomous Trade Preferences (ATP) scheme. In June 2013 Moldova and EU finalized negotiations on a Deep and Comprehensive Free Trade Agreement (DCFTA), in force in early 2016. Transnistrian companies also benefitted from GSP+ and ATP arrangements, registering and obtaining export certificates in Chisinau, hence doubling the region's exports to the EU. At the end of 2015, Chisinau and Tiraspol, as well as the EU, agreed on a set of "trade facilitation" measures that enable Transnistrian companies to benefit from DCFTA provisions, thus extending its application to the whole territory of Moldova. EU and the right bank of the Nistru River, e.g. the area of DCFTA implementation, became a crucial market for Transnistrian exporters, cumulating 81% of total exports. Despite the volatility of the region's foreign trade, the total exports ratio to EU grew up to 32% (up to 49% with the right bank respectively). compared to only 7.5% of Transnistrian goods exported to Russia. However, most of the exports figure belong to a handful of large producers of metal, electricity, cement and textiles. In Q1-Q3 2017, only four companies in the region which are Moldova Steel Works, Moldova Power Plant, Rybnitsa Cement Factory and Tirotext accounted for 64.5% of export and cross-river sales which indicates a high concentration of the economy¹.

A practical expansion of DCFTA provisions in the region entails, however, a host of issues. First, Tiraspol has to change its "customs regime" on products originating from Moldova and the EU. Secondly, de facto authorities will have to ensure their companies' compliance with standards and certification of quality for exported goods via a set of comprehensive regulations. Systemic mechanisms to certify the origin and quality of goods will have to be developed. Finally, the region will have to revise its internal regulations to eliminate all non-tariff barriers that could obstruct mutual access to markets.

With support from the Swedish Government, UNDP carried out a **Structural analysis of the Export Potential of the Business Community in the Transnistria Region (Structural Analysis)**², widely discussed with stakeholders on both banks. Using, inter-alia, the **Market Systems Development Approach**, it identified some of the key gaps and root causes of the obstacles to economic growth

¹ Structural analysis of the export potential of the business community in the Transnistria region, June-November 2017, available upon request

² Ibidem

of the region, as well as in making this development sustainable, benefitting the most vulnerable, and enhance cross-river links and cooperation. Some of these issues are related to a low level of access to information on export opportunities, standards and EU quality requirements, particularly among SMEs and rural areas, but also among larger companies, market fragmentation, low productivity, availability of financing mechanisms, etc., low business cooperation levels, etc. It is recommended to focus **on focusing on micro, small and medium-sized companies (MSMEs), providing general support to established exporters to adapt to the new rules, tailored support to emerging exporters and start-ups** to promote diversification and higher added value, as well as work on the **development of a more active, organized and knowledgeable business community** that could serve as an influential partner in helping the region adapt and capitalize on the existing opportunities. The study, **advised to pay specific attention to supporting women entrepreneurs and businesses led by women**, as well as those that have a larger impact on the situation of vulnerable groups. The sectors of economy to focus the efforts on are some of the **traditional ones** (agriculture and food processing, light industry, heavy industry/machinery), as well as **emerging ones** (IT solutions and services, innovative businesses, tourism and handicrafts).

Since 2009, within the [EU-funded SCBM Programme](#), UNDP has gradually increased the support for business development and employment opportunities on both banks, involving Transnistrian stakeholders in cross-river activities. However, **more needs to and can be done to expand access to the new trade opportunities offered by DCFTA** for Transnistrian enterprises, as well as support economic growth that benefits the most vulnerable in particular, to **reduce the regional development gap**. Such an intervention would offer a **unique opportunity to capitalize on the opportunities offered by DCFTA, consolidate trade ties** across the river and with the EU.

Some of the obstacles that hinder the full use of the trade opportunities offered by DCFTA are systemic and depend on the progress of political negotiations for the region's status. However, preparatory work and very practical approaches to facilitate EU markets access can **create momentum** and necessary traction for more systematic reform in the region, generating new trade and cross-river cooperation opportunities, boosting direct investment, economic growth, jobs creation, **as well as leverage for conflict settlement** negotiations and cross-river cooperation

II. STRATEGY

A comprehensive solution to address the obstacles mentioned above and the trade barriers between the two banks of river Nistru lies in **addressing systemic disparities**, which are to be dealt with at the level of Working Groups and 5+2 political consultations. While these issues are of crucial importance, they belong to the realm of high-level political negotiations and are currently out of reach for development agencies.

Nevertheless, **preparatory work and very practical approaches to facilitating better access to EU/external markets can be sustained**, to create momentum and leverage for more systematic reform in the region, generate new trade opportunities, boost direct investment, economic modernization and new jobs creation. The existing **economic development barriers**, such as low economic diversification, low value-added agricultural production, general inefficiency of enterprises etc. are hindering access to European markets. From a **market systems development** perspective, finding ways to mitigate these difficulties would have a positive effect on the **livelihoods and sources of income of the population** on both sides of the Nistru, including **the most vulnerable**.

Theory of Change

The **Theory of Change (ToC)** of this intervention, therefore, proposes a complex of activities targeting micro, small and medium-sized companies from the Transnistrian region, mostly operating in the agri-food, service and ICT areas. It aims at improving their understanding of the DCFTA and

its opportunities and requirements through an awareness campaign; at enhancing their competitiveness through capacity building for compliance with the standards and support to the production chain, as well as at empowering them to penetrate external markets (preferably EU) through coaching and mentoring, but also through involving interested large EU importers. An additional host of activities will be aiming at enlarging the MSME sector in the Transnistria region through support to start-up, therefore creating more decent jobs and better livelihoods for the people on both banks, in particular the most vulnerable. These activities are expected to demonstrate the benefits of cooperation and thus contributing to reducing tensions across the post-conflict divide.

Within the aforementioned EU-funded CBM Programme UNDP already started to support business development and employment opportunities, involving Transnistrian stakeholders in cross-river activities. The business development component of the CBM package is fostering cooperation between business communities on both banks by (1) strengthening business cooperation; (2) building capacities of cross-river business development services - and (3) promoting a culture of entrepreneurship and supporting young entrepreneurs. This support will be continued within the fifth phase of the programme, which started in January 2018.

However, more needs to, and can be done to expand access to the new trade opportunities offered by DCFTA, especially for Transnistrian enterprises. In particular, support is needed in terms of developing a better **understanding and usage of the economic opportunities provided by the DCFTA, strengthening the business community's capacity to organize and advance its own interests** on technical matters, as well as **promote exports on EU markets**. Assistance is needed for a **better understanding of the macroeconomic situation in the region**, to enable meaningful and well-informed policy dialogue.

In this regard, as per the recommendations of the Structural Analysis, it is high time to **expand access to these new trade opportunities by launching a comprehensive process of integrating Transnistrian enterprises in local, regional and global trade facilitation frameworks**. The proposed initiative will **facilitate a cross-river cooperation and integration of exporters, expand access of Transnistria enterprises to export promotion mechanisms** on the right bank, as well as **provide tailored support and build necessary skills**, taking into account specific needs of current and future exporters from the region.

MSMEs in particular from both sides of the river are yet to take significant advantage from access to the European markets, about which they have relatively little information. Development in the region is inseparably linked to the SME sector development, which requires targeted investments in human capital development, lower costs for capital in the entire region, market intelligence aid and a support in marketing and promotion activities. In the long term, external economic vulnerabilities can only be decreased by developing the SME sector.

The rationale behind supporting MSME sector in the region does stem not only from the findings of the previously discussed study, but also from the known facts regarding the role of MSMEs in transition and developing countries. MSME development stands as a key instrument in poverty reduction as such businesses present a major source of employment and do generate significant domestic and foreign trade earnings.

The intervention will directly address one of the main priorities established within the United Nations Partnership Framework for Sustainable Development 2018–2022, agreed with the Moldovan Government³, in particular, **Outcome 2: The people of Moldova, in particular the most vulnerable, have access to enhanced livelihood opportunities, decent work and productive employment generated by sustainable, inclusive and equitable economic growth**. It will also be in line with UNDP's Country

³ <http://md.one.un.org/content/dam/unct/moldova/docs/pub/strateg/UNDAF%20Moldova%20EN.pdf>

Programme Document for Moldova⁴, in particular Output 2.2.: *Women, youth and people from regions with special status benefit from better skills, access to resources and sustainable jobs and livelihoods*. Also, it would support Moldova's progress towards the achievement of Sustainable Development Goals 1, 8,9,10, and 16

It also responds to the priorities established in the Swedish Results Strategy for Reform Cooperation with Eastern Europe, Western Balkans and Turkey 2014-2020, by contributing to the results area # 1 Enhanced economic integration with the EU, through improving the competitiveness of enterprises and their ability to adapt to the new challenges that the DCFTA brings.

It is in line as well with the Romania's development cooperation focuses for the period 2018-2021, by contributing to economic and trade cooperation through "sharing both, the positive and the negative experiences, and lessons learned in the past 20 years, during the transition towards a democratic state and market economy"

The Theory of Change of the intervention strategy also rely on the assumption that, as UNDP experience shows, **cross-river initiatives of this type have a synergetic positive effect**. First, **they bring enabling assistance to vulnerable groups** and second, due to their **reliance on joint efforts**, they **contribute to rebuilding channels for communication and cooperation** between the sides, creating an atmosphere conducive to social cohesion and reconciliation. Such a **shared approach to development** issues, **delivering tangible benefits to the public on both banks**, builds on previous important achievements, **establishing a positive cooperative dynamic between communities** on both sides.

Lessons Learned

The project strategy and ToC has been based on some of the **lessons learned** by UNDP from previous interventions, such as:

Building on shared needs and priorities

Previous UNDP interventions in the Transnistria region were successful because they were based on priorities and development needs of both sides. Ideas and projects were not imposed but closely coordinated with both. It is of paramount importance to coordinate projects on both sides, carefully inform the stakeholders and not to try cutting corners, which leads in the opposite direction – lack of trust. Projects that are transparent, open and that people understand and have the necessary buy-in, open up the region, create joint platforms and change the local environment. Experts and civil society leaders need to be involved to a far great extent in conceptualizing and defining areas for project work. This will ensure the necessary fine-tuning and "matching" ideas with reality. The success of the program depends on the degree to which it meets the priorities of the sides.

Practical approach. Projects need to be very practical, not theoretical, and the applied nature of these projects is a crucial ingredient of success, as it makes people interested. The idea is to help the sides determine their development priorities and then offer to them creative implementation scenarios that would stay away from difficult political issues that lead to deadlocks (as both sides are not willing to make concessions, fearing that they could later be used as "precedents"). The sides need to be prompted to generate new ideas and areas, as without this contribution, it will be difficult to maintain the pace of the program at the next phase.

Presence on the ground and in-depth understanding of the operating environment. An in-depth knowledge and understanding of the operating environment is needed, as this will determine what is possible and what is not possible at any given stage. Even though the program itself is not political, it depends on the political environment and is sensitive to changes within that environment.

⁴ <http://www.md.undp.org/content/dam/moldova/docs/Legal%20Framework/CPD%202018-2022.pdf>

Invest in capacities development and skills. It is of paramount importance to enhance the capacity of organizations, companies and people from both sides for joint work, as it is quite limited. Both, implementing capacity - to "deliver" large joint projects needs to be enhanced, as well as local capacities for peace – i.e. to approach arising conflicts in a constructive, positive manner, and the capacities that would enable partnerships across the divide to last.

Realistic expectations Tasks and objectives should be realistic and refrain from raising expectations that cannot be fulfilled. Overambitious goals may tip off the balance the wrong way.

Key principles in the Implementation approach:

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

Key principles that would be at the base of the intervention strategy include ownership, transparency, continuity, flexibility, responsiveness and a conflict-sensitive and win-win approach. Initiatives and activities within the project will have the buy-in of key actors on both sides from the earliest stages (**ownership** and **transparency**). They will build on the momentum and entry points created in other/previous interventions (**continuity and synergy**). Projects will be implemented during a time when political developments may affect implementation or the environment in which implementation is occurring. Therefore, projects will be designed in a way to take advantage of breakthroughs in relations between Chisinau and Tiraspol and to protect against setbacks. When planned activities for joint cooperation cannot be implemented, then other collaborative opportunities will be explored (**responsiveness and flexibility**).

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

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

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

The project will encourage **transferability of positive practice and skills** from the right bank and elsewhere. Capacity-building of companies, associations and other relevant actors is a key approach

of the project. Only by building sustainable capacities, actors in the region will be able to effect change.

The intervention would also follow the **Human Rights Based Approach**. Guided by the United Nations General Assembly Resolution 48/141, which is about protection of all human rights for all, the project will work with the de facto authorities (duty bearers) in the Transnistrian region to reach out to people in need. The action will emphasize the responsibility of the duty bearers to respect, protect and fulfil human rights and cooperate with international human rights mechanisms. An equally important consideration will be given to ensuring that rights-holders are capacitated to know and claim their rights. It would also seek to advance **gender equality**, by mainstreaming gender concerns within the project, targeting specifically women beneficiaries, collecting and monitoring sex-disaggregated data, etc. It would also seek to promote **environmental sustainability** within its activities, as well as within beneficiary companies and organisations. The project will pass the Environmental and Social Screening Procedure standard for UNDP projects, and be implemented in conformity with UNDP policies to ensure environmental sustainability, as well as ensure that there is a minimal negative impact on the environment.

General and Specific Objectives:

The initiative will follow the general Project Objective as follows:

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

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

Output 1. Improved cross-river exchange of information, knowledge, experience and understanding of the opportunities provided by DCFTA to companies from the Transnistria region

The project plans to draw on the experience achieved by the business community from the right bank in making use of the DCFTA instruments and transfer it to the left bank, connecting these business communities.

Output 2. Increased export activity of the business community from the Transnistria region as a result of better export promotion capacities and access to cross-river export support opportunities

As a result of the improved capacity and competitiveness of MSMEs from the Transnistria region, they are expected to intensify their export activity and penetrate new markets or expand on the existing ones.

Output 3. Micro, small and medium-sized enterprises across the Nistru river, in particular those led by women and benefitting vulnerable groups, are enabled to produce more competitive products

As the small business sector, being the backbone of every sound economy, is underrepresented in the Transnistrian region, the project will seek to expand the MSME sector in the region by supporting a number of start-ups and young companies with a particular focus on benefitting women and vulnerable groups

III. PROJECT ACTIVITIES, RESULTS AND PARTNERSHIPS

The proposed intervention seeks to comprehensively address the issues identified in the Structural Analysis and described above, by focusing efforts in three directions. The estimated timeframe for their implementation is 36 months.

Output 1

Tentative activities include:

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

- Carry out a host of **awareness-raising** activities within the business community and Business Associations (BAs), as well as relevant officials and CSO representatives, on general and technical issues related to DCFTA, to improve the understanding of the opportunities in place, as well as of needs to adjust business strategies and processes to make the most of it. Tentative activities planned include targeted trainings for relevant business representatives, publishing of relevant materials, including online and in Russian, study visits, across the river and to EU countries. A series of information sessions and debates would engage stakeholders from both banks to tackle issues related to reorienting exports from contracting traditional markets in the East towards new markets in the EU.
- Assistance will be provided to **strengthen the capacities of the business community** in the region to **promote and advocate its interests regarding DCFTA**. This would include capacity building work with Business Associations to improve their strategic planning and technical understanding related to external trade and DCFTA, so that they could provide strong arguments to authorities on both banks related to technical regulations and adjustments needed. The activity would also rely on cross-river transfer of knowledge and skills.

Expected results:

- Increased awareness among companies and business associations in the Transnistrian region on the opportunities provided by DCFTA, as well as the technical steps needed to access EU markets
- Improved capacities of business associations on both banks (at least 5 in Transnistria) to advocate for, cooperate and support the interests of the business communities across the river

Output 2

Tentative activities include:

Develop exporting capacities of companies from the Transnistrian region and promote diversification of exports via support to emerging businesses:

- Building on capacity developed in Transnistria and on the right bank of Nistru during previous iterations of the EU-funded CBM project, the project will support **access to business development services**, such as market research, consultancy, etc., to support enterprises in identifying their comparative advantages and realistically assess competitiveness of their products and distribution approaches. Advice and consultancy will be offered to adjust strategies for accessing EU markets.
- Co-financing will be provided to companies and business associations **to facilitate certification of products** (ranging from ISO 9000, to HACCP, GLOBALG.A.P.) etc., **adjust business processes**, carry out product branding and other marketing activities, needed to adjust to the conditions of the EU markets. Through cross-river and sectorial confidence building approaches, companies will be enabled to comply with new sanitary, phytosanitary, technical and quality standards, as well as with environmental protection measures, thereby benefiting local customers and boosting exports to the EU and beyond. The main target in this regard will be MSMEs, but larger

companies in strategic sectors, that can have a demonstrative positive effect on vulnerable groups (e.g. textile companies), would also be involved.

- Support Business Associations/Business Development Services capacities in **assisting export promotion for companies** from the Transnistria region. This would be done by helping them to organize the companies to participate in export promotion activities, comprising of, but not limited to fairs and exhibitions, supporting matchmaking and reach out, etc., offering cost-sharing for stand design and participation (in particular to MSMEs and companies benefitting vulnerable groups), trainings, etc. The activities will seek to promote common cross-river initiatives, joint stands and marketing efforts
- The project will also **promote the cooperation of small and medium-sized** businesses and farmers around processing facilities, especially in rural areas. Building sectorial cooperatives and shared logistic centres, but also supporting the beneficiary companies with small value equipment, crucial for the development of their companies (the type of equipment will depend on the company's profile and needs), would decisively contribute to reduce export costs and thus enhancing competitiveness of exported goods. To ensure larger portfolios on highly competitive EU markets (this being one of the major problems of Moldovan producers), the enterprises from both banks will be encouraged through common platforms to provide joint offers.
- The project will also explore the possibility of the **involvement of a large EU importer**, such as a retail chain or food producer in the development of production infrastructure for agriculture producers. While their interests refer to the supply of constant volumes of agriculture goods of a decent quality, they coincide with the business interests of agriculture producers. The project's added value is connecting these actors through joining project and EU importers' efforts in enabling producers to ensure the volumes and quality by helping the latter to invest in the needed storing and cooling facilities)

Expected results:

- 60 companies from the Transnistria region received consultancy/certification support from cross river business development services institutions/networks to promote their exports, resulting in at least 40 partnerships or contracts signed
- More than 100 jobs created on both banks as a result of the support provided
- At least 2 processing facilities supported, allowing for cooperation of SMEs in joint export promotion, in particular in rural areas
- At least 10 companies improved their competitiveness due to the provided equipment
- At least 2 partnerships with retail chains abroad established

Output 3

Tentative activities include:

1. **Promote the expansion of the MSME sector in the Transnistria region via support to new or emerging businesses, in particular women-led and with impact on the most vulnerable**
 - Support will be provided to the development of new businesses in the region, as well as **acceleration** of promising young companies, **especially those led-by or having a positive impact on women and vulnerable groups**. A small grants program, coupled with coaching and

assistance will be carried out (at least 50% companies to be led by women), to support in particular emerging sectors of the economy

Expected results;

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

Partnerships

The initiative will seek to complement and build synergies with other projects and initiatives in the field. UNDP completed the 4th phase of the aforementioned EU-funded Support to Confidence Building Programme and will build on the experience in cooperating with the left bank business community and local authorities. A new phase of the EU-CBM programme has started in 2019, with a business development component included, to focus on supporting young entrepreneurs, business clustering, in particular across the river, and the formation and institutional development of business associations. In this context, the present initiative will complement the capacity building efforts from the EU-CBM Programme, by focusing in particular on those related to exporting and taking advantage of DCFTA, but also by supporting businesses that benefit vulnerable groups.

Similarly, the project will seek to build synergies with other similar initiatives, such as the Swedish-supported Competitiveness Project managed by USAID, and the EU-funded Economic and social development project, co-funded by Sweden and managed by the East Europe Foundation, along with other relevant development initiatives. In this regard, the project will organize regular consultations with the main counterparts and will focus in particular on ensuring, where possible, a common and complementary approach in supporting the private sector on the left riverbank. It will work on reducing the obstacles to their participation by using existing networks to reach out, translating relevant materials, and co-funding participation in those activities to incentivize the involvement of Transnistrian companies in activities taking place on the right bank.

Risks and Assumptions

Description of risk	Type and Category	Risk management actions
Volatile political and security environment, subject to unforeseen and sudden changes	Political/ High	The project will take into account the specific political setting that will exist in the region at the moment of implementation. The implementation of the activities will be planned and approached with caution, including the timing, visibility and presentation issues. In case of significant changes in the context, and impossibility of implementation of activities on the left bank, interventions will focus on the right bank, while involving beneficiaries from the left bank.
Activities may be delayed due to the regional context, and perception towards confidence building approach	Operational /Medium	The project team will ensure that the local administration is informed on an on-going basis about the aims and the activities planned, including inviting them to the events. All activities have to remain non-political. Formalization of the participation of Transnistrian organizations should be kept to

		a minimum in order to avoid potential problems and remain non-contentious. The importance of the confidence building approach will be explained and all activities will be planned and implemented in an impartial manner, focusing on concrete improvements in people's lives.
Lack of engagement on behalf of TN stakeholders	Operational/ Medium	Prior consultations were in place to guarantee a buy-in on behalf of TN beneficiaries. Continuous engagement with key stakeholders will be ensured, as well as mobilisation of local resources to promote the local ownership of the results of the implemented action.
Limited interest from de facto authorities to implement joint confidence building activities	Operational / High	When planned activities for joint cooperation cannot be implemented, then other collaborative opportunities will be explored, in full accordance with principles of responsiveness and flexibility.
Parliamentary and local elections leading to change in priorities	Political /Medium	The implementation team will manage this risk through continuous communication with relevant stakeholders, supporting projects that are responding to pressing needs and/or that are selected in a participatory manner. In case of leadership changes, meetings will be set up early in order to present programme priorities, activities and intended results.
Different financial systems in the Transnistrian region	Operational / Medium	Financial flows to Transnistrian banks for TN NGOs and social institutions have facilitated delivery of activities. UNDP will continue to further explore the issue of higher incurred costs for transfers and currency exchanges.
Different regulation systems in the field of constructions on both sides of the Nistru/Dniestr river	Operational / Medium	Due consideration will be provided to the most suitable and relevant implementation mechanisms. UNDP will consider using the granting modality, whereby local social institutions will be responsible for the construction standards.
Target companies have limited possibility to penetrate the EU market	Operational / Medium	The intervention logic consists of enhancing the capacity of beneficiary companies (in terms knowledge, business procedures and equipment) to make them more competitive on the external markets. The involvement of interested large EU importers reduces this risk as well.

Stakeholder Engagement

The initiative, following the recommendation of the study, will focus on several large target groups. It would provide consultancy/advisory and other technical support to already exporting companies in "traditional" sectors, to help them streamline their processes, as well as reach out to new clients

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

At the same time, the initiative will rely on strong coordination and partnership with national and local authorities, including the Moldovan Bureau for Reintegration, Ministry of Economy, etc.

IV. PROJECT MANAGEMENT

Cost Efficiency and Effectiveness

The proposed strategy is expected to deliver maximum results while making the best use of available resources. The project team will look for synergies with other projects that might allow for joint activities and for cost-sharing of the activities to achieve higher value for money, as well as involve the cost-saving Long-Term Agreements with certain categories of service/goods providers available for UNDP and UN Country Team agencies due to existing arrangements within the UNDP Moldova Country Office

Project Management

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

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

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

transfer of equipment and assets, customs clearance, etc.			
Travel support, including travel arrangements and authorization, ticket, visa and booking requests, F10 settlement, etc.			
ICT Services			
Communication support, etc.			

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

Project Board

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

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

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

Specific Responsibilities of the Project Board:

- ◆ Provide overall guidance and direction to the Project, ensuring it remains within any specified constraints;
- ◆ Address issues as raised by the Project Manager;
- ◆ Provide guidance and agree on possible countermeasures/management actions to address specific risks;
- ◆ Agree on Project Manager's tolerances as required;
- ◆ Review the Project Progress Report and provide direction and recommendations to ensure that the agreed deliverables are produced satisfactorily according to plans;
- ◆ Appraise the Project Annual Review Report, make recommendations for the next AWP;
- ◆ Provide ad-hoc direction and advice for exception situations when Project manager's tolerances (agreed operational deviations for time and budget) are exceeded;

- ◆ Assess and decide on Project changes through revisions.
- ◆ Decide on the Selection Committee composition and selection criteria. Approve the list of communities and projects to be supported.

Selection Committee: As the Project envisages grants provision, the Project Board will decide on the composition of the Selection Committee and criteria for business grants awardees selection. The responsibility of the Selection Committee will be to evaluate proposals against the selection criteria and make recommendations to the Project Board for financing.

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

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

- ◆ Ensure that funds are made available to the programme;
- ◆ Ensure that risks and issues are properly managed and monitored, and that the logs are regularly updated;
- ◆ Ensure that Programme Progress/Financial Reports are prepared and submitted on time, and according to standards in terms of format and content quality and submitted to the Programme Board;

Duration

The project duration is of 36 months, starting May 1st 2019 until 30 April 2022.

Funding

The project is funded by the Swedish Government. A contribution from the Romanian Government through RoAid is envisaged, however a final decision has to be taken in March-May 2019. The budget breakdown is provided in the Annex 1 "Multi-Year Work Plan/ Project Budget".

Communication and Visibility

All project activities will adhere to Swedish Government's and UNDP's requirements for visibility. A detailed communication and visibility strategy for the project will be developed and agreed with the Swedish Embassy in Moldova in the first quarter of the project implementation. After the RoAid contribution becomes effective, the communication plan will be adjusted according to RoAid's visibility requirements.

Equipment

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

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

V. RESULTS FRAMEWORK

<p>Intended Outcome as stated in the UNDAF/Country [or Global/Regional] Programme Results and Resource Framework: UNDAF 2018-2022 Outcome 2: The people of Moldova, in particular the most vulnerable, have access to enhanced livelihood opportunities, decent work and productive employment generated by sustainable, inclusive and equitable economic growth”</p>						
<p>Outcome indicators as stated in the Country Programme [or Global/Regional] Results and Resources Framework, including baseline and targets:</p> <p>Outcome 2.1: Employment rate; by urban/rural, sex, age (2015) Total: 40.3%, Urban: 42%, Rural: 38.9%, Women: 38.4% (urban 39.5%; rural 37.5%), Men: 42.3% (urban 44.9 Small Area Deprivation Index (SADI) as average of SADI ranks for communities from the 1st quintile, by regions and SADI components (economic, environment, infrastructure). Baseline (2014): North: 85; Center: 82; South: 105; ATU Gagauzia: 140. Target (2022): The average of ranks of the poorest communities (1st quintile), by regions, should get the value in close proximity of 85 (= average of SADI ranks for 1st quintile) for all components: SADI total, economic deprivation, environment deprivation, infrastructure deprivation%; rural 40.4%). Target (2022) Total: 44.1%, Urban: 46.0%, Rural: 42.6%, Women: 42.6. % (urban 43.8%; rural 41.6%), Men: 45.6% (urban 48.4%; rural 43.6%)</p>						
<p>Applicable Output(s) from the UNDP Strategic Plan: 1.1.2 Marginalised groups, particularly the poor, women, people with disabilities and displaced are empowered to gain universal access to basic services and financial and non-financial assets to build productive capacities and benefit from sustainable livelihoods and jobs</p>						
<p>Project title and Atlas Project Number: Support to confidence building across the Nistru river through advanced cross-river capacities for trade</p>						
EXPECTED OUTPUTS	OUTPUT INDICATORS ⁵	DATA SOURCE	BASELINE	TARGETS (by frequency of data collection)		
			Value (2018)	2019	2020	2021
<p>Output 1 Improved cross-river dialogue, exchange of information, knowledge, experience and understanding of the opportunities provided by DCFTA to companies from the Transnistria region</p>	<p>1.2 Number of Business Associations (BAs) with sufficient capacity to effectively advocate, cooperate and support the interests of business communities across the river</p> <p>1.3 Number of companies and business associations in the Transnistrian region aware of the opportunities provided by DCFTA, as well as the technical steps needed to access EU markets</p>	<p>Project reports, external testimony</p> <p>Project reports, external testimony</p>	Reduced capacity of existing BAs	(at least 2 in TN)	6 (at least 3 in TN)	10 (at least 5 in TN)
			Reduced awareness of existing BAs and companies	20	50	80

Output 2 <i>Increased export activity of the business community from the Transnistria region as a result of better export promotion capacities and access to cross-river export support opportunities</i>	2.1 Number of companies from the Transnistria region that received consultancy/certification support from cross river business development services institutions/networks to promote their exports	Project reports, external testimony	0	20	40	60
	2.2 Number of new partnerships established/contracts signed between companies from the Transnistrian region with partners from the right bank/abroad	Project reports, external testimony	0	10	20	40
	2.3 Number of new jobs created on both banks as a result of the support provided (sex disaggregated, cumulative)	Project reports, external testimony	0	20 (>45% women)	60 (>45% women)	100 (>45% women)
	2.4 Number of new processing facilities supported as a result of the support provided	Project reports, external testimony	0	0	1	2
	2.5 Number of companies with improved competitiveness due to the provided equipment	Project reports, external testimony	0	2	5	10
	2.6 Number of partnerships with retail chains abroad established enabling to increase exports	Project reports, external testimony	0	1	2	2
Output 3 <i>Micro, small and medium-sized enterprises across the Nistru river, in particular those led by women and benefiting vulnerable groups, are enabled to produce competitive products</i>	3.1 Number of start-ups initiated/young companies accelerated on both banks, including those led by women (cumulative)	Project reports, external testimony	0	5 (>60% led by women)	10 (>60% led by women)	20 (>60% led by women)
	3.2 Number of new jobs created by the new start-ups as a result of the support provided (sex disaggregated, cumulative)	Project reports, external testimony	0	10 (>45% women)	30 (>45% women)	60 (>45% women)

VI. MONITORING AND EVALUATION

In accordance with UNDP's programming policies and procedures, the project will be monitored through the following monitoring and evaluation plans: *[Note: monitoring and evaluation plans should be adapted to project context, as needed]*

Monitoring Plan

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

Quality Assurance	assessed against UNDP's quality standards to identify project strengths and weaknesses and to inform management decision making to improve the project.		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.	At least annually	Performance data, risks, lessons and quality will be discussed by the project board and used to make course corrections.		
Project Report	A progress report will be presented to the Project Board and key stakeholders, consisting of progress data showing the results achieved against pre-defined annual targets at the output level, the annual project quality rating summary, an updated risk long with mitigation measures, and any evaluation or review reports prepared over the period.	Annually, and at the end of the project (final report)			
Project Review (Project Board)	The project's governance mechanism (i.e., project board) will hold regular project reviews to assess the performance of the project and review the Multi-Year Work Plan to ensure realistic budgeting over the life of the project. In the project's final year, the Project Board shall hold an end-of project review to	Specify frequency (i.e., at least annually)	Any quality concerns or slower than expected progress should be discussed by the project board and management actions agreed to address the issues identified.		

	capture lessons learned and discuss opportunities for scaling up and to socialize project results and lessons learned with relevant audiences.				
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VII. MULTI-YEAR WORK PLAN

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

VIII. GOVERNANCE AND MANAGEMENT ARRANGEMENTS

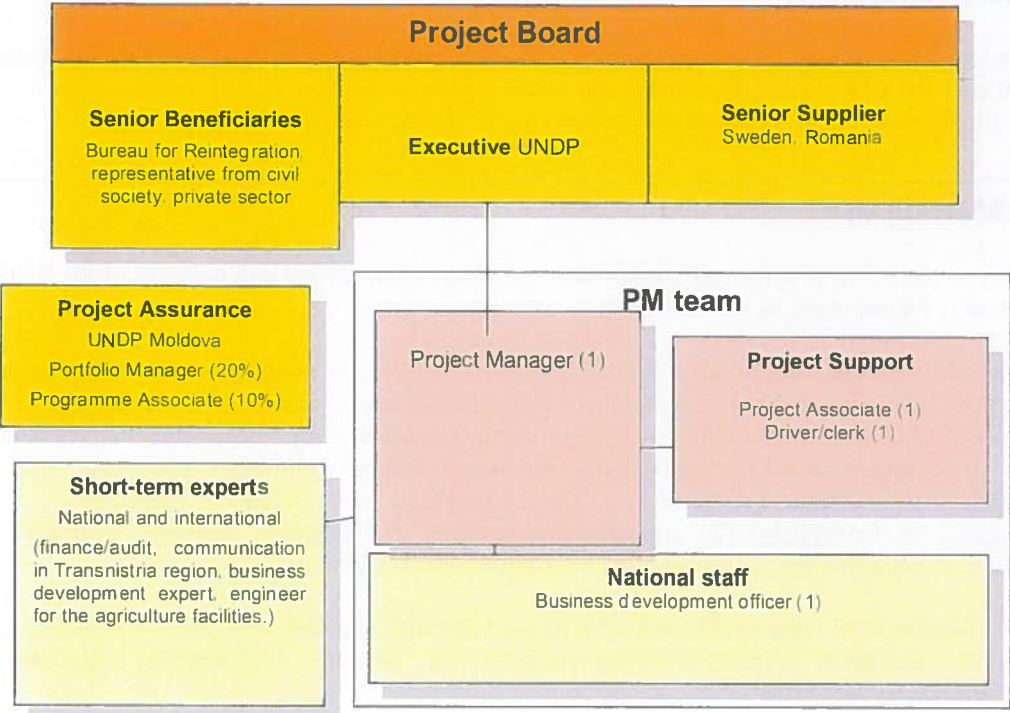
UNDP Moldova will be responsible for project administration including: organising implementation of project activities, procurement of goods and services, recruitment of project personnel and national and international consultants, connecting to national and international expertise and knowledge networks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

The management of the project will be performed by a dedicated Project Manager who will be assisted by a Business Development Project Officer. A Project Associate will be responsible for technical aspects of the whole programme implementation (finance, office management, logistics, procurement, etc.). Detailed descriptions of duties of all project advisory, management and technical staff will be reflected in their terms of references.

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

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

Project Organization Structure



IX. LEGAL CONTEXT

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

X. RISK MANAGEMENT

1. UNDP as the Implementing Partner will comply with the policies, procedures and practices of the United Nations Security Management System (UNSMS.)
2. UNDP as the Implementing Partner will undertake all reasonable efforts to ensure that none of the [project funds]⁶ [UNDP funds received pursuant to the Project Document]⁷ are used to provide support to individuals or entities associated with terrorism and that the recipients of any amounts provided by UNDP hereunder do not appear on the list maintained by the Security Council Committee established pursuant to resolution 1267 (1999). The list can be accessed via http://www.un.org/sc/committees/1267/aq_sanctions_list.shtml. This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.
3. Social and environmental sustainability will be enhanced through application of the UNDP Social and Environmental Standards (<http://www.undp.org/ses>) and related Accountability Mechanism (<http://www.undp.org/secu-srm>).
4. UNDP as the Implementing Partner will: (a) conduct project and programme-related activities in a manner consistent with the UNDP Social and Environmental Standards, (b) implement any management or mitigation plan prepared for the project or programme to comply with such standards, and (c) engage in a constructive and timely manner to address any concerns and complaints raised through the Accountability Mechanism. UNDP will seek to ensure that communities and other project stakeholders are informed of and have access to the Accountability Mechanism.
5. All signatories to the Project Document shall cooperate in good faith with any exercise to evaluate any programme or project-related commitments or compliance with the UNDP Social and Environmental Standards. This includes providing access to project sites, relevant personnel, information, and documentation.
6. UNDP as the Implementing Partner will ensure that the following obligations are binding on each responsible party, subcontractor and sub-recipient:
 - a. Consistent with the Article III of the SBAA [*or the Supplemental Provisions to the Project Document*], the responsibility for the safety and security of each responsible party, subcontractor and sub-recipient and its personnel and property, and of UNDP's property in such responsible party's, subcontractor's and sub-recipient's custody, rests with such responsible party, subcontractor and sub-recipient. To this end, each responsible party, subcontractor and sub-recipient shall:
 - i. put in place an appropriate security plan and maintain the security plan, taking into account the security situation in the country where the project is being carried;
 - ii. assume all risks and liabilities related to such responsible party's, subcontractor's and sub-recipient's security, and the full implementation of the security plan.

⁶ To be used where UNDP is the Implementing Partner

⁷ To be used where the UN, a UN fund/programme or a specialized agency is the Implementing Partner

- b. UNDP reserves the right to verify whether such a plan is in place, and to suggest modifications to the plan when necessary. Failure to maintain and implement an appropriate security plan as required hereunder shall be deemed a breach of the responsible party's, subcontractor's and sub-recipient's obligations under this Project Document.
- c. Each responsible party, subcontractor and sub-recipient will take appropriate steps to prevent misuse of funds, fraud or corruption, by its officials, consultants, subcontractors and sub-recipients in implementing the project or programme or using the UNDP funds. It will ensure that its financial management, anti-corruption and anti-fraud policies are in place and enforced for all funding received from or through UNDP.
- d. The requirements of the following documents, then in force at the time of signature of the Project Document, apply to each responsible party, subcontractor and sub-recipient: (a) UNDP Policy on Fraud and other Corrupt Practices and (b) UNDP Office of Audit and Investigations Investigation Guidelines. Each responsible party, subcontractor and sub-recipient agrees to the requirements of the above documents, which are an integral part of this Project Document and are available online at www.undp.org.
- e. In the event that an investigation is required, UNDP will conduct investigations relating to any aspect of UNDP programmes and projects. Each responsible party, subcontractor and sub-recipient will provide its full cooperation, including making available personnel, relevant documentation, and granting access to its (and its consultants', subcontractors' and sub-recipients') premises, for such purposes at reasonable times and on reasonable conditions as may be required for the purpose of an investigation. Should there be a limitation in meeting this obligation, UNDP shall consult with it to find a solution.
- f. Each responsible party, subcontractor and sub-recipient will promptly inform UNDP as the Implementing Partner in case of any incidence of inappropriate use of funds, or credible allegation of fraud or corruption with due confidentiality.

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

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

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

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

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

XI. ANNEXES

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