

EU – UNDP Confidence Building Measures

Increased opportunities and better living conditions across the Nistru/Dniestr River

2014 – 2017



Table of Contents

I.	Executive Summary.....	4
II.	Situation Analysis.....	7
	2.1. Overall Background.....	7
	2.2. EU engagement.....	9
	2.3. Donor Coordination and other actors.....	10
III.	Justification for UNDP engagement and interventions rationale.....	12
IV.	Strategy (Description of the Action)	15
	4.1. Programme Objectives.....	15
	4.2. Key Results	16
	4.3. Implementation Approach and Indicative Activities	18
	Component 1: Business Development and Employment Opportunities.....	18
	Component 2: Empowered Communities and Infrastructure Support	22
	4.4. Key principles in the implementation approach.....	27
V.	Risk Log	29
VI.	Management arrangements	30
	Programme Board.....	30
	Management Structure.....	32
VII.	Monitoring and Evaluation	33
VIII.	Reporting.....	34
IX.	Legal context.....	35
X.	Annexes.....	36

I. EXECUTIVE SUMMARY

Total duration	36 months
Objectives	<p>The <u>overall objective</u> of the programme is to contribute to an environment of trust and cooperation across the Nistru/Dniestr River generating new perspectives on shared interests and a shared future by people from both banks of the river while responding to their pressing development needs.</p> <p>Specific objectives (outputs):</p> <p>Output 1 (Business development and employment opportunities):</p> <ul style="list-style-type: none"> ➤ Increased cross-river cooperation of economic actors leading to improved employment opportunities and livelihoods across the Nistru/Dniestr River. <p>Output 2 (Empowered communities and infrastructure support):</p> <ul style="list-style-type: none"> ➤ Empowered local communities and actors from both sides to participate in collaborative projects addressing pressing development needs and improving critical community infrastructure. <p>The programme will represent a framework for engaging in development interventions across the security zone on both sides of the Nistru/Dniestr River, in line with agreements reached in the 5+2 negotiation process. As such, it is comprised of a series of activities that will strengthen, regularize and intensify interaction between otherwise divided societies, aiming to establish this interaction as a norm.</p> <p>It looks to deal strategically with barriers to cooperation experienced by all development cooperation actors working in Transnistria region of Moldova by building the trust towards such actions and broadening opportunities for engagement for a wide range of actors.</p> <p>Additionally, it will provide support for improving critical community infrastructure, in line with agreement reached during the working groups and broader negotiation process.</p>
Partner(s)	<p>The Government of Moldova, the Bureau for Reintegration, de-facto local authorities from the Transnistrian region, business associations from Chisinau and Tiraspol (including Chambers of Commerce on both banks), regional/municipal authorities, community-based organizations, international, national and local NGOs active in the Transnistrian region and the security zone.</p>
Target group(s)	<ul style="list-style-type: none"> • Economic actors including SMEs, Chambers of Commerce, business associations, etc. from both banks of the Nistru/Dniestr River; • Communities and community-based organizations in the Transnistria region and the security zone; • Statistics specialists on both banks;

	<ul style="list-style-type: none"> • Vulnerable women and men in the target region.
Final beneficiaries	Denizens in the Republic of Moldova including the Transnistrian region
Estimated results	<p>For Output 1: <u>Business development and employment opportunities</u></p> <ul style="list-style-type: none"> • At least 50 cross-river business exchanges and partnerships promoted between businesses and business associations leading to common understanding of opportunities, barriers and technical standards in the field of business development; • At least 200 SMEs (including women led SMEs) involved in joint activities and received business support services contributing to increased professionalization and higher business standards on the left bank; • New opportunities for business cooperation across the river and at least 150 new jobs and 5,000 new livelihoods for women and men; • Consolidated local consultancy market providing improved services fostering local capacities to use the benefits provided by the DCFTA in terms of access to the EU market with at least 20 business consultants trained and/or certified; • Improved culture of entrepreneurship and greater access to information and funding leads to the creation of 30 new businesses, integrated into existing cross-river platforms. <p>For Output 2: <u>Empowered communities and infrastructure support</u></p> <ul style="list-style-type: none"> • At least 60 local actors have increased capacities for sustainable development and ensuring access of most vulnerable to public services by empowering communities; • At least 30 social infrastructure projects supported in the security zone (on both banks of the river); • About 100,000 women and men directly benefited from the implementation of the programme; • Increased interaction between statisticians from Chisinau and Tiraspol leading to better compliancy to international standards (in at least 5 statistical areas) as a result of at least 5 learning activities targeting 30 professionals; • Increased level of cooperation and trust across the river.
Main activities	<p>The above will be achieved through the following project components:</p> <p>1. Business Development and Employment Opportunities</p> <p>Projects which promote the common interests of business actors from both banks in the context of EU integration will be implemented. This component will address comprehensively some of the key constraints faced by business and will focus heavily on creating sustainable cross-river business partnerships. Business to business interaction will be sustained through the facilitation of cooperation between business associations, supporting business cooperation networks, and building local capacities for export. Continuing the successful experience of previous phases of the programme, the business development services</p>

market will be further consolidated, by bolstering the capacities of local private actors, business associations and consultants to provide certified services enabling the local business to capitalize on the existing opportunities, including those offered by the DCFTA. Additionally, a **culture of entrepreneurship** will be promoted energetically in the region, focussed mainly on enabling youth on both banks to become successful entrepreneurs.

Partnerships with civil society and businesses will be the main vehicle of the component implementation. Aiming to increase the cross-river cooperation, this component will also focus on contributing to enhance employment opportunities, and particularly supporting the creation of **new jobs and livelihoods** for women and men across the river.

2. Empowered communities and infrastructure support

Support will be provided for projects oriented towards facilitation of the settlement and post-settlement period. Assistance could take various forms and cover areas line transport, infrastructure, environment, energy and many others. **Infrastructure projects from both banks** of the Nistru/Dniestr river will be supported in a balanced manner as decided by the programme board.

Partnership with civil society organizations will be sought to enable and empower people from both banks to jointly participate in tackling community development needs, particularly the rehabilitation of social institutions and basic infrastructure, ranging from renovation of schools, kindergartens, or health centres. Additionally, the project will contribute to the capacity development of the beneficiary communities, and create/strengthen communication channels across the river.

Other activities would involve supporting the development of skills and knowledge of statisticians on both banks to produce qualitative and reliable statistical data and foster dialogue between experts in the field on both banks.

II. SITUATION ANALYSIS

2.1. Overall Background

After significant progress in internal reforms, the Republic of Moldova has emerged as one of the leading countries in the EU's Eastern Partnership area. Together with Ukraine and Georgia it is one of the three countries that have concluded an Association Agreement laying the framework for development and reform for the foreseeable future and for the creation of Deep and Comprehensive Free Trade Agreement with the European Union. This will fundamentally change the terms of trade between these countries and the world's largest trade block.

An Association Agenda, presenting the priorities for the period 2014-2016 was endorsed by European Union's Cooperation Council one day ahead of the signing of the Association Agreement. Focusing on the preparation for the implementation of the Association Agreement and DCFTA, the Agenda stresses as well the need to continue cooperation with Transnistria, so that the region could also benefit from the EU-Moldova enhanced trade relations¹.

The Transnistrian conflict substantially hinders Moldova's socio-economic development². Settlement of the conflict and reintegration of the Transnistria region is a national priority and is included among the main objectives of the Government of Moldova's activity programme for 2011-2014: Freedom, Democracy, Prosperity; one of the preconditions for conflict settlement and country reintegration being the Europeanization of the country.³ Most recently (on 2 July 2014), the Parliament of Moldova adopted a [Declaration on Country reintegration](#) in the context of Moldova's European path⁴.

The case of Transnistria

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 1992⁵, the official peace process had been comparatively dynamic, including some basic consensus on the broad parameters for negotiations.

The OSCE has been acting as co-mediator alongside Russia and Ukraine, in a five-sided negotiation process, while the EU and the US have joined as observers in autumn 2005 (known as "5+2" format). Due to EU engagement, official talks were resumed on November 30, 2011 in Vilnius after a 6-year break. Despite the fact that contact has become more regular and constructive over the past years,

¹ The Cooperation Council „acknowledges the importance of reaching out to the population, the business community and the de-facto authorities of the region. It reiterates its commitment to such dialogue in order to make the advantageous reciprocal trade regime of the Association Agreement applicable on the whole territory of the Republic of Moldova in full respect of international law.” - http://eeas.europa.eu/statements/docs/2014/140626_04_en.pdf

² Costs of the Transnistrian conflict and benefits of its resolution”, www.cisr-md.org.

³ <http://gov.md/doc.php?l=ro&idc=445&id=3350> Actions relevant to the current document refer to: Implementing confidence building measures, intensifying people to people contacts, engaging region's residents in transformation process; contributing to increasing living conditions on both banks in view of creating favorable environment for 5+2 negotiations.

⁴ The declaration calls for non-politicization in the context of AA signature, EU's increasing role in conflict settlement is welcomed, context in which CBM are mentioned.

⁵ The Russia – Moldova ceasefire agreement (1992); Organisation for Security and Cooperation in Europe (OSCE): CSCE Report No 13:

paving the way for confidence building⁶, Russia and Transnistria continued to successfully resist any meaningful progress towards conflict resolution.

At the technical level, a number of Working Groups⁷ have been formed involving institutions and experts from both banks aimed at joint cooperation and technical approximation of the two distinct socio-economic, institutional and legal systems in order to facilitate the development of the entire Republic of Moldova.

While the long-standing conflict is not characterised by personal animosity between people living across the river, the protracted division of the two societies has led to the emergence of parallel systems that have developed both practical and psychological barriers to interaction, cooperation and collaboration across the divide. While direct access across the administrative border that divides the two territories is not blocked, it can be unpredictable, and depending on circumstances, crossing can become restricted on an ad hoc basis. For residents of the left bank, interaction with people from the right bank or participation in cross-river initiatives is not formally prohibited, but it can be strongly discouraged and such activities may also be met with impromptu impediments.

Attempts to resolve the Transnistrian issue have been deadlocked and progress has been only piecemeal. The Republic of Moldova has pursued reforms along the EU vector, while the de facto authorities have followed harmonization with the Russian Federation regulatory framework. In the absence of a political resolution, the societies and political structures on the two sides are drifting further apart making future negotiations even more complex. In this context, continuing the implementation of confidence building partnership projects, with a focus on creating more opportunities for interaction, networking, and people to people contacts is critical. Moreover, while reviewing infrastructure projects, due consideration will be given to advancements in the 5+2 negotiation process, which will serve as an overall enabling framework for the implementation of the current programme.

Economic development

Despite numerous political divergences, over the last six to eight years the economy of Transnistria has become more closely integrated with EU economies. Recent statistics from the region show that exports to the EU (31% in 2013) are twice as high as exports to Russia (17% in 2013)⁸. The territory has benefited from the EU's autonomous trade preferences, which have made products from Transnistria (which are exported to the EU as Moldovan products) more competitive on European markets. With the onset of the DCFTA, autonomous trade preferences will be phased out by the end of 2015, meaning producers from Transnistria will be faced with serious questions on how to maintain the same level of competitiveness. While attempts to engage the de facto authorities and business representatives in negotiations of the DCFTA have been made, these were so far to a large extent rejected by the Transnistrian side, despite the fact that 78% of the territory's exports are to the EU and countries joining the DCFTA (In 2013 - 40% to right-bank Moldova and 7% Ukraine)⁹.

⁶ ENP Moldova Progress Report, May 2012, http://ec.europa.eu/world/enp/docs/2012_enp_pack/progress_report_moldova_en.pdf

⁷ Details about the Working groups - <http://www.gov.md/slidepageview.php?l=ro&idc=610>

⁸ Expert Grup, Regional Economic Review: Transnistrian region, Published 18 July 2014, <http://www.expert-grup.org/en/biblioteca/item/989-rer-trn&category=186>

⁹ Expert Grup, Regional Economic Review: Transnistrian region, Published 18 July 2014, <http://www.expert-grup.org/en/biblioteca/item/989-rer-trn&category=186>

Notwithstanding decades of separation and several key differences¹⁰, the two territories share considerable similarities in terms of structural barriers to economic development. While the economic environment of Transnistria is considered to be more restrictive and inflexible, characterised by high political influence of larger businesses, there are signs of change. A long discussed tax reform looks set to introduce VAT to the territory for the first time, which would allow the authorities to remove import duties (as would be required by the DCFTA) without compounding problems for the national budget. In addition, the authorities appear to have seen the potential of SMEs to contribute to job creation and economic growth, with registration of small businesses seeing a boom. Access to credit, however, is limited and the environment does not provide as many stimuli as it could to promote entrepreneurship. Youth, in particular, have difficulty finding employment opportunities.

Social affairs

The two banks of the Nistru River also have vastly different experiences of development in the field of social protection and associated services. The Transnistrian region has not benefited from the comprehensive programs of assistance in the social field provided to Moldova by international donors, which has led not only to a deterioration of infrastructure, but also obsolete policies in areas such as public health and a general fall in health standards, which contributes to the falling quality of life in general. This, combined with periodic pressures on the territory's budget, which forces cuts in various areas of public spending, has contributed to a large-scale exodus from the territory, the parameters of which are not yet known owing to poor availability of statistical data. No census has been conducted in the region since 2004, but official figures from the de facto authorities have suggested that there is one pensioner¹¹ in Transnistria for every one working person, indicating tremendous pressure on public expenditures. The lack of accurate statistics in all areas has been a consistent barrier for international agencies to contribute comprehensively to social development in the territory.

A significant part of any recent progress in social infrastructure in Transnistria has come in the framework of the region's first Human Rights Action Plan, which was compiled in the aftermath of a series of visits and a concluding report by UN Senior Human Rights Expert Thomas Hammarberg. While the de facto authorities' early engagement with the Hammarberg report focused on seeking investment in infrastructural upgrades and modernisation of equipment, there are signs of a growing understanding of the importance of introducing modern practices, improving the qualifications of professionals, or ensuring effective accessibility of services, including to more vulnerable social groups. Strengthening the knowledge and skills of practitioners in the social sectors on the left bank, by knowledge transfer from the left bank has been a well-established confidence building approach that builds longer term cooperation between professionals.

2.2. EU engagement

EU engagement with Moldova and the Transnistria conflict has grown considerable recently. As outlined earlier, reference to the Transnistrian region and due considerations to the specific

¹⁰ The economy of right-bank Moldova is largely rural, with a majority of the population residing in small towns and villages while on the left bank the economy focuses on industry and the population is largely urban.

¹¹ Expert Grup, Regional Economic Review: Transnistrian region, Published 18 July 2014, <http://www.expert-grup.org/en/biblioteca/item/989-rer-trn&category=186>, TN Dialogues

development context is made in the EU Republic of Moldova Association Agenda¹², Association Action Plan and DCFTA. As a participant in the "5+2" format, the EU continues its high-level engagement to improve the overall political atmosphere for dialogue and cooperation between Chisinau and Tiraspol.

The European Union is the largest donor investing in work in the Transnistria region and the UNDP-implemented CBM3 project has been the largest initiative on the left bank and Security Zone for the last three years, taking a multi-dimensional approach on supporting business links and entrepreneurship, social infrastructure, civil society development, health care and environmental protection. In addition to the UNDP implemented programme, EU also supports a Technical Assistance project, aiming to strengthen the capacity of the Bureau for Reintegration and other relevant institutions involved in the settlement process.

The next CBM programming, however, is much wider in scope and areas of intervention – 28M EUR to cover sectoral interventions, support to civil society, support to working groups, engaging local authorities and civil society from ATU Gagauzia among others. Another important EU initiative, EUBAM, was launched on 30 November 2005 following a request made jointly by the Presidents of the Republic of Moldova and Ukraine. The Mission's mandate has been extended three times (in 2007, 2009 and 2011), with the current mandate expiring in November 2015. Promoting confidence building and contributing to the peaceful settlement of the Transnistrian conflict is one of the main's Mission's objectives.

2.3. Donor Coordination and other actors

Donors and implementers of initiatives in the Transnistria region and Security Zone meet in the format of the Transnistria donors' coordination group every two-three months, which facilitates an exchange of information on projects, developments in the region and potential for collaboration or synergy. The coordination group is currently chaired and supported by the EU Delegation who is the biggest player in the field. The approach generally pursued by development partners is to address existing challenges and needs across the country and, to the extent possible, implement nationwide programmes in the Transnistrian region as well. Thus, most of the development partners have (or have had) implemented projects in the region; starting with smaller support to NGOs, dialogues, people to people contacts, to bigger development interventions¹³.

The UK government has been a long-term stakeholder in peacebuilding work in Transnistria, managing projects directly. It organizes the *Vzlet* ('Takeoff') school for young leaders, which brings together members of the youth wings of political parties from the whole of Moldova, including from the Transnistria region. The UK government is also one of the funders of the Conflict Management Initiative, which brings together civil society actors to discuss technical issues that can be injected into the formal 5+2 process through the technical working groups.

¹² The Cooperation Council „acknowledges the importance of reaching out to the population, the business community and the de-facto authorities of the region. It reiterates its commitment to such dialogue in order to make the advantageous reciprocal trade regime of the Association Agreement applicable on the whole territory of the Republic of Moldova in full respect of international law.” - http://eeas.europa.eu/statements/docs/2014/140626_04_en.pdf

¹³ Although the number of development partners addressing in a complex way development issues from Transnistrian region is very limited.

In the area of civil society support, the Embassy of Sweden, which offers core support to NGOs in Moldova for mission-driven development, has one target NGO in Transnistria for institutional capacity building. The Embassy also supports the international organization Civil Rights Defenders, which unites a number of NGOs on both banks working on Human Rights in Transnistria and the Security Zone. Left bank NGOs also receive support thorough the small-grants scheme run by the Embassy of Poland. The Austrian Development Agency also works through local NGOs on environment and social issues, and has supported Council of Europe, Confidence Building Measures programme. Additionally, the Council of Europe has been working in the sectors of journalism, social rights and protection of cultural heritage, looking to establish relations between professionals that could lay the ground work for future cooperation. Also working in the area of culture is the Alliance Francaise in Moldova, which has had a branch open in Tiraspol university for many years.

In addition to its work on monitoring the Security Zone and chairing the 5+2 talks, the OSCE runs a civil society platform that looks to introduce new ideas for building confidence and links between the two banks. The Government of Germany has been supporting the 5+2 format by organizing conferences in Germany that again look to identify technical projects that could contribute to the building of closer ties.

Committed to further support the process of modernization and regionalization of the perinatal system in the country, from 2013 Swiss Development Cooperation Office SDC has expanded its programme to the Transnistrian region, thus addressing reforms of the perinatal system on both banks of the Nistru/Dniestr River.

In the area of economic development, the USAID-funded Competitiveness Enhancement and Enterprise Development II (CEED II) project, carries out work both on the left and right bank, and looks to broaden the range of opportunities for producers, looking to both eastern and western markets. Similarly, USAID's Agriculture Competitiveness and Enterprise Development (ACED) takes a whole-of-Moldova approach, supporting also the development agricultural enterprises in the Transnistria region.

Since 2013, the Russian Federation has pledged more than \$100 million for direct support to the region through the 'Autonomous Non-commercial Organisation *Eurasian Integration*', focused mostly on infrastructure projects throughout the region, such as the construction and refurbishment of hospital wards, kindergartens, and schools. This assistance enjoys high visibility, which highlights the scale of investment and assistance that the territory is receiving from the Russian Federation. However, the works themselves are advancing at a slower pace than initially declared.

The World Bank, through the Moldovan Social Investment Fund (MSIF), a semi-governmental organization, has supported community development projects within a 4.5M EUR program. More recently, potential to cooperate in the field of statistics is considered, in particular relating to the Household Budget Survey, focusing on economic data. In this context, UNDP foreseen interventions (referring to promotion of labour statistics international standards), in the framework of the EU programme will follow a coordinated and synergetic approach.

Following the year-long Hammarberg Process, during which UN International Expert Thomas Hammarberg engaged with civil society and the de facto authorities on three separate trips to review the human rights situation on the left bank, a number of UN agencies have initiated work to

support work in areas highlighted by the report's recommendations (in particular referring to women in vulnerable situations, HIV Aids and disabilities), which in many cases look to bring the standards of social services on the left bank closer to those in the rest of Moldova.

Communication and close coordination with key development partners will be considered, in order to maximize impact and synergies, while avoiding duplication. While overall information sharing will be done during bi-monthly Transnistria donors' coordination meetings, closer coordination will be ensured with key actors through the programme advisory committee.

III. JUSTIFICATION FOR UNDP ENGAGEMENT AND INTERVENTIONS RATIONALE

From 2007, following the implementation of a major humanitarian intervention across the country, including in the Transnistrian region, UNDP interventions in the region continued to expand and grow in depth and scope. With the launch of the first EU funded confidence building measures in 2009, the EU-UNDP partnership led to important achievements with more than **half a million women and men** benefiting directly. The Assessment for Development Results for UNDP Moldova and the independent evaluation of the 2009-2011 confidence building measures¹⁴ underlined that the **impact on human development these project achieved is noteworthy**¹⁵.

The number of cross river partnership and engagement has more than doubled in the last years (87 versus 36)¹⁶, thus we assume that the effects and impact of the 2012-2014 Support to Confidence Building Measures programme will be even more significant. Most importantly, during the last years, these joint projects have established a firm foundation in building up the knowledge base and capacity of local actors, including civil society groups, creating platforms for communication and exchange of best practices in areas of business, various civil society driven interventions (from social protection, human rights, environment issues, media and research to art, sports and cultural activities); as well as contributing to increased living conditions as a result of the community infrastructure works.

UNDP's **approach to confidence building is multi-disciplinary**, since the development challenge itself is cross-sectorial, bringing together issues related to crisis prevention and recovery, poverty reduction, local development and democratic governance practices. Through its activities, UNDP engages the most vulnerable people in the most remote areas, ensuring they are not excluded from development opportunities, promising social progress and better standards of life.

Specific comparative advantages refer to the **impartiality** of UNDP. It allowed tackling sensitive issues in the specific development context of protracted conflict. The impartial role of UNDP was considered by the Assessment of Development Results in Moldova as a key element for gaining access in Transnistria to implement the Confidence Building Measures project, in times where other international organizations faced difficulties.

¹⁴ Independent Evaluation of the UNDP Confidence Building Measures Intervention in Transnistria
<http://erc.undp.org/evaluationadmin/manageevaluation/viewevaluationdetail.html?evalid=5412>

¹⁵ See UNDP Moldova Assessment for Development Results
<http://erc.undp.org/evaluationadmin/manageevaluation/viewevaluationdetail.html?evalid=6007>

¹⁶ Projects supported within the "SUPPORT TO CONFIDENCE BUILDING MEASURES" PROGRAMME 2009-2014
http://www.md.undp.org/content/dam/moldova/docs/Publications/SCBM_Overall_list_projects_eng_March%2013.pdf

Another aspect to be highlighted is the capacity of UNDP to “respond to the increasing demand from Europe taxpayers for **accountability** and need to see that the funds spent on their behalf result in aid that is **high quality, impact and value for money**”¹⁷. They are multiple examples from the field proving UNDP’s consistency in following the above underlined principles and the benefits these have brought to the development context, including through setting higher standards of operation.

Lessons learnt:

➤ **Building on shared needs and priorities**

The programme has been successful because it is **based on priorities and development needs of both sides**. Ideas and projects were not imposed but closely coordinated with both sides. As soon as this crucial ingredient goes sideways, project work tends to stumble. 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 Transnistria, create joint platforms and change the environment in TN. 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.

➤ **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. (For example, the TN authorities are currently under pressure from the opposition for allegedly being “too open to the overtures from Moldova and the West”, which, the story goes, may jeopardize TN’s position in the future talks. This has an impact on what can and cannot be done). Careful management is required; lack of it may unravel the program.

➤ **Realistic expectations**

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

¹⁷ Barroso, 2010 EU_UN report

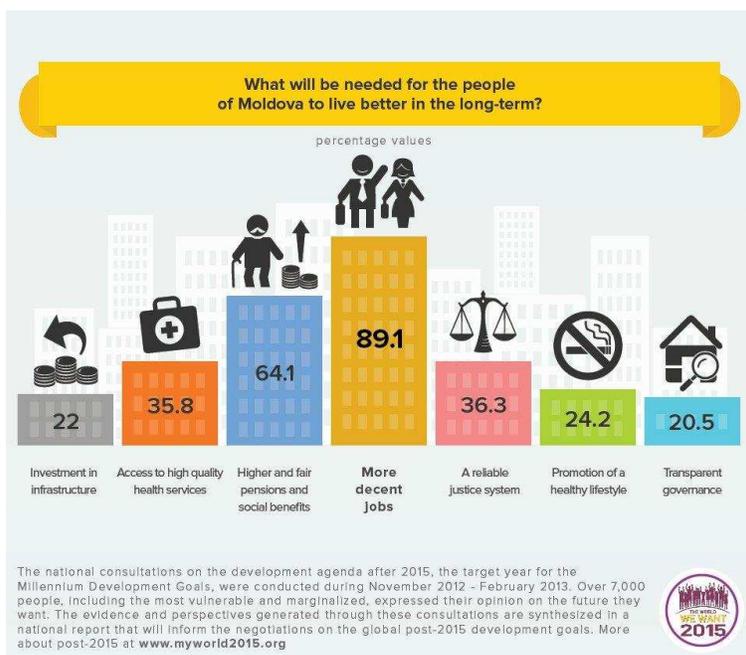
➤ **Invest in capacities development**

Finally, it is of paramount importance to enhance the capacity of organizations from both sides for joint project work, as it is quite limited and we are close to exhausting it at this stage of the program. The capacity to absorb large joint projects needs to be enhanced.

Intervention rationale

Lessons learnt from previous phases are duly considered and they have shaped the way the current programme is being designed. It is important to highlight that that this programme will focus on two clear and specific fields – business development and community infrastructure; **contributing to increased opportunities and better living conditions accord the Nistru/Dniestr River.**

The two components, detailed below, will directly respond to most pressing people’s needs as articulated in the National post-2015 Consultations on „Future Moldova Wants”¹⁸; where over 7000 persons have participated. The two **most pressing needs** emerged from the report are - (1) Low incomes, poverty and a lack of decent jobs; and (2) Low level of access to, and quality of basic services such as education and health, but also to basic infrastructure such as water and sanitation.



According to the same study, about 37% of the county population suffers from multi-dimensional poverty, meaning the same household faces multiple deprivations (education, health, standards of living). The key reasons are: low employment opportunities and low incomes from poorly paid low-value added jobs, limited economic opportunities at the local level, very weak capacity of local public authorities to deliver quality public services to citizens, as well as inability to properly

manage social consequences of massive outwards migration of labour and to leverage economic and human capital potentials of Moldovan migrants into development. This image in many instances is determined by the considerable regional disparities in the development of Moldova and will be addressed.

Both territories experience a deficit of skilled labour, underdeveloped business infrastructure, low competitiveness of products, poor diversification of industry, and high regional competition in attracting foreign investment¹⁹. There is mutual interest on both sides to address these economic

¹⁸Final report on Post 2015 country consultations in the Republic of Moldova, page 65
http://www.md.undp.org/content/dam/moldova/docs/Publications/UNDP_MD_Post2015Report_Eng.pdf

¹⁹ Expert Grup, [Regional Economic Review: Transnistrian region](#), Published 18 July 2014

challenges and support activities which contribute to the economic stability of the country as a whole, and the contents of Moldova's Association Agreement could potentially act as a roadmap for economic reform on both banks.

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

According to the participants of the Civil Society Dialogues - a communication platform established within SCBM3, a current immediate challenge is posed by the pending entry into force of the Moldova-EU Deep and Comprehensive Free Trade Agreement (DCFTA)²⁰. It remains unclear whether economic entities from the left bank will be able to participate in the trade relations established by the DCFTA. According to participants of this Initiative, in any case, businesses on the left bank should improve their quality standards in order to meet requirements of both the Western and the Eastern markets.

Referring to the second pressing need emerging from the Post 2015 consultations – **access to quality infrastructure** – it is important to underline, that in this respect situation in the Transnistrian region is much worse than for the rest of Moldova. With the exception of the recently announced Russian support, and the EU confidence building measures, there were no (to minimal) investments in social infrastructure. It is largely of soviet type and period, without being adjusted to the new social, economic and demographic realities. Scarcity of resources leads to only basic, minimum maintenance, contributing to increased deprivation, and often basic hygienic standards are not respected. Multiple infrastructure-related connections between the two banks were already lost, while other are obsolete and would require serious investments.

Further work in the development of social infrastructure, similar to the initiatives run by UNDP in earlier stages of *Support to Confidence Building Measures*, has the potential to establish more ties on the community level across the river based around shared experiences of planning, monitoring and managing community infrastructure.

IV. STRATEGY (DESCRIPTION OF THE ACTION)

4.1. Programme Objectives

The present programme looks to complement international efforts to support the settlement of the Transnistrian conflict by **contributing to an environment of trust and cooperation that generates new perspectives on shared interests and a shared future by people from both banks of the river while responding to their pressing development needs.**

Output 1 (Business development and employment opportunities):

²⁰ Civil Society Initiative on Confidence Building Measures in the Area of Economy and Trade: A Blueprint for Project Ideas on Both Banks of the Nistru River, Tomas Baranovas, Galina Selari, Elena Bobkova, 2014

- **Increased cross-river cooperation** of economic actors leading to improved **employment opportunities and livelihoods** across the Nistru/Dniestr River.

Output 2 (Empowered communities and infrastructure support):

- **Empowered local communities and actors from both sides** to participate in **collaborative projects** addressing pressing development needs and improving critical community infrastructure.

The programme will represent a framework for engaging in development interventions across the security zone on both sides of the Nistru/Dniestr River, in line with agreements reached in the 5+2 negotiation process. As such, it is comprised of a series of activities that will strengthen, regularize and intensify interaction between otherwise divided societies, aiming to establish this interaction as a norm. It looks to deal strategically with barriers to cooperation experienced by all development cooperation actors working in Transnistria by building the trust towards such actions and broadening opportunities for engagement for a wide range of actors. Special focus will be given to balancing the actual support of the programme to communities on both banks of the Nistru/Dniestr River.

4.2. Key Results

Indicators	2018 Targets / Key results
Output 1 - Business development and employment opportunities:	
<ul style="list-style-type: none"> ➤ Increased cross-river cooperation of economic actors leading to improved employment opportunities and livelihoods across the Nistru/Dniestr River. 	
1.1. Number of cross-river partnerships and business-exchanges	1.1. At least 50 additional cross-river partnerships and exchanges between businesses and business associations supported;
1.2. Number of enterprises that benefited from business support services (disaggregated by region, and women led enterprises)	1.2. At least 200 enterprises from both banks benefitted from business support services (20% women led enterprises; 50% from Transnistrian region)
1.3. Number of full time equivalent jobs created for men and women 15 or more years old	1.3. At least 150 new jobs created (at least 40% for women, at least 50% in Transnistrian region)
1.4. Number of women and men benefiting from strengthened livelihoods	1.4. At least 5,000 women and men (50% women) benefiting from strengthened livelihoods
1.5. Existence of the local consultancy market/ Number of trained and/or certified business consultants	1.5. Consolidated local consultancy market providing improved services fostering local capacities to use the benefits provided by the DCFTA in terms of access to the EU

	market with at least 20 business consultants trained and/or certified
1.6. Number of new business created (including led by women) and integrated in cross-river platforms created as a result of an improved culture of entrepreneurship and greater access to information and funding	1.6. At least 30 new businesses created (including at least 20% led by women) and integrated in cross-river platforms created as a result of an improved culture of entrepreneurship and greater access to information and funding
Output 2 (Empowered communities and infrastructure support):	
<p>➤ Empowered local communities and actors from both sides to participate in collaborative projects addressing pressing development needs and improving critical community infrastructure.</p>	
2.1 Level of openness and trust towards development interventions	2.1. Increased openness and trust towards the development support received by the community (<i>target will be determined based on an attitudinal survey conducted end 2014</i>)
2.2 Number of local actors with increased capacities for sustainable development	2.2. At least 60 local actors with improved capacities for sustainable development
2.3 Number of social infrastructure projects supported in the security zone on both banks	2.3. At least 30 social infrastructure projects implemented on both banks (at least 50% in the Transnistrian region)
2.4 Number of people benefited from improved services and various forms of cooperation (disaggregated by sex and geographical coverage)	2.4. At least 100,000 women and men directly benefitting from improved services and cooperation
2.5 No of statisticians whose capacities to collect & produce quality data (in specific statistical areas) were built, to make more data available for the research and policy development	2.5. Increased interaction between statisticians from Chisinau and Tiraspol leading to better compliancy to international standards (in at least 5 statistical areas) as a result of at least 5 learning activities targeting 30 professionals.
2.6 % of infrastructure projects receiving a quality rating of satisfactory overall or higher	2.6. At least 75% of the total number of projects implemented with a quality rating of satisfactory overall or higher

4.3. Implementation Approach and Indicative Activities

Component 1: Business Development and Employment Opportunities

The goal of the component is to create **employment opportunities and livelihoods** across the Nistru/Dniestr River by **increased cross-river cooperation**. Business support programs would help both sides to resolve common problems together, because the nature of their economic challenges is similar, as are the risks and structural shortcomings the economies face. The business development component will be a comprehensive program that will address some of the key constraints faced by businesses and will focus heavily on creating sustainable partnerships between business development organizations from both banks. Building on the experience of the previous phases, **partnerships with civil society and businesses** will be the main vehicle of the component implementation. Aiming to increase and consolidate the cross-river cooperation, this component will also focus on contributing to enhance employment opportunities, and particularly supporting the creation of **new jobs and livelihoods** for women and men across the river.

This component will include:

A. Support Business-to-Business Activity

This new phase of the CBM programme would place greater emphasis on stimulating cooperation between businesses and business associations at three levels:

- Cooperation between business associations,
- Support to business cooperation networks and platforms, and
- Assistance for export promotion through enterprise participation in international fairs and B2B events.

As learned during the previous phases of the CBM Programme, sustainable and regular business-to-business activity can only be insured through a permanent, mutually advantageous relationship between business representation institutions, such as chambers of commerce and other associations. This subcomponent will seek to build on the goodwill formed already in the previous phases of the CBM programme. Additionally, it will build on another lesson learned – that the best relations of cooperation are built while beneficiaries are involved in finding joint solutions to common problems

Consequently, the following **indicative activities** are anticipated:

Cooperation between business associations: activities to link-up and develop cooperation between existing business associations (Chambers of Commerce and Industry from both banks , trade associations, sector associations etc.) from both sides of the river that would include: organisational reviews, service reviews; income generation reviews; assessment of scope for closer cooperation, etc. and delivery of technical assistance to support review recommendations. Moreover, it would look at developing joint opportunities to promote export, support opportunities to establish joint ventures, scope to cooperate to raise standards, promotion of international accounting standards, etc. for their respective members.

- *Support to business cooperation networks and platforms:* activities to enable businesses on both banks to network, discuss common problems and come up with joint solutions that would

include: thematic meetings, organization of communication platforms, involve them in joint studies/research, events, seminars, and other events fostering cross-river dialogue

- **Export promotion through enterprise participation in international fairs and B2B events:** SMEs on both sides of the Nistru/Dniestr River seek support in promoting their exports for participation in international trade fairs and B2B events. The internationalisation of SMEs can be promoted through a variety of support services such as: information provision (on potential business partners, import and export), advisory services (opportunities, niches, contacts, etc.); legal and tax advisory (DCFTA, customs, incentives, tariffs, etc.), marketing, B2B/matchmaking (joint ventures and cooperation), etc. Business associations are well-placed to coordinate the implementation of such activities. Support would be provided on a targeted, co-financing basis, so as to maximise cooperation between enterprises, business associations and international partners.

Indicative Activities for sub-component A:

A.1. Cooperation between business associations:

A.1.1. Preliminary assessment and elaboration of a cooperation and institutional development strategy for business associations on both banks;

A.1.2. Carry out functional reviews of beneficiary institutions and analyse possibilities for strengthening inter-association cooperation, especially on issues related to DCFTA;

A.1.3 Provide Technical Assistance (TA), training & expertise to support review recommendations.

A.2 Support to business cooperation networks and platforms:

A.2.1 Organize a permanent cross-river dialogue platform for business associations and business representatives to discuss common issues, provide networking opportunities and advance cooperation;

A.2.2. Organize at least 3 thematic events (conferences, roundtables), including on DCFTA specific issues;

A.2.3. Carry out joint studies/research on the development needs of the business environment on both banks;

A.2.4. Provide grants/contract specialized companies to support joint visits (cross-river and abroad), economic missions to study best business practices as well as look at business cooperation in post-conflict environments.

A.3 Export promotion through enterprise participation in international fairs and B2B events:

A.3.1. Preliminary assessment of needs in providing export support services by institutions on both banks;

A.3.2 Provide training and TA for export support service providers on both banks;

A.3.3. Support the development of a common information platform for exporting companies on both banks;

A.3.4. Support the Joint participation of companies from key-sectors at international fairs and B2B events.

B. Stimulate Business development Services

International experience suggests that support to the development of an effective Business Development Service (BDS) market is an important pre-requisite for supporting SMEs. Building on successful experience within previous phases of the programme, like the Business School within the Tiraspol Chamber of Commerce and other business support services, the following specific interventions will follow a market development approach, by consolidating both the demand and supply side of the BDS market, as follows:

- *Build enterprise support capacities with existing private actors and business associations:* based on the experience of the current phase, this would be focused on supporting the provision of subsidised services to mainly potential entrepreneurs, start-ups and recently established enterprises, with a view of building capacities to provide paid services for already established business. *Special attention would be paid to building local capacities to use the benefits provided by the DCFTA in terms of access to the EU market.* The nature of the target groups (covering the whole Transnistrian region) is such that these types of business services are likely to be generic in nature: provision of information, signposting, advice, business planning, training, etc. These services should be partly on a fee paying basis, although it is not yet realistic to expect full financial sustainability to be attained from income generating activities for start-ups and early growth enterprises. A potential co-financing solution could be explored with the local authorities for after the period of donor intervention (premises, consumables, part of staff costs, etc.);
- *Certification of Business Consultants:* a number of independent business consultants have become well established, offering generic and specialist business development services on both sides of the Nistru/Dniestr River. The use of business consultants is still underdeveloped, however, and could be stimulated through support for the certification of women and men business consultants according to internationally recognised standards, such as the ICMCI's Certified Management Consultant (CMC) standards. In addition, businesses from both banks will compete for flexible cost-sharing grants that would enable them to contract the local consultancy providers, thus contributing to the development of the demand side of the BDS market;
- *Capacity building for specialist business consultants:* in addition to generic business services, small and medium enterprises are willing and able to pay for specialist business services such as: quality certification, standards, energy efficiency, business process reengineering, green economy, accounting standards, etc. This sector can be supported to further improve their knowledge and experience though targeted, customised, specialist capacity building, thus enabling the business consultancy sector gaining the capacity to deliver specialist, value-adding services to the local economy on both side of the river. *Special attention would be paid to building local capacities to use the benefits provided by the DCFTA in terms of access to the EU market.*

Indicative Activities for sub-component B:

B.1. Build enterprise support capacities with existing private actors and business associations:

B.1.1. Preliminary assessment and elaboration of a strategy for the development of enterprise support capacities in service providers on both banks;

B.1.2. TA and trainings to business support service providers based on identified needs;

B.1.3. Grants to service providers that would allow the provision of subsidised services on a cost-share basis, especially for start-ups and early growth enterprises.

B.2. Certification of Business Consultants

B.2.1. Needs assessment for the local consultancy market and the most requested consultancy services;

B.2.2. Support for the obtaining of internationally recognized certifications for up to 20 business consultants on both banks, selected in a competitive manner, and on a cost-sharing basis;

B.2.3. Support for the creation of a cross-river business consultancy community via organisation of joint networking events and knowledge exchange platforms.

B.3. Capacity building for specialist business consultants:

B.3.1. Needs assessment for the local specialized consultancy market and the most requested specialized consultancy services;

B.3.2. Support for the obtaining of internationally recognized certifications for up to 20 specialized business consultants on both banks, selected in a competitive manner, and on a cost-sharing basis. Specific attention will be paid to areas related to the implementation of the DCFTA.

B.3.3. Cost-sharing Grants of up to 10,000 EUR to support at least 20 businesses in receiving certification consultancy services

C. Promote a Culture of Entrepreneurship and Support Young Entrepreneurs

The levels of entrepreneurship in Transnistria are relatively low, with a rather negative attitude of the local society to entrepreneurship and entrepreneurs. There is a lack of positive role models of successful entrepreneurs, although the situation is gradually improving. Given the extreme concentration of the economy on a few large enterprises, there is an urgent necessity to begin to raise awareness among both civil society and public administration of the critical role played by entrepreneurs in generating employment, income and indeed wealth, as well as introduce entrepreneurial skills and mind-sets among young people. There is an extensive international experience that can be applied through role playing, software programmes, competitions, etc. at all level of the educational system, especially at the college and university level.

Therefore, the following is proposed for joint implementation:

- Introduce annual competitions, as well as games and software for Schools / VET institutions / Universities;
- Develop start-up programmes (training, funding and support) for University graduates, based on the positive experience of the Business Support for Youth project within SCBM 3;

- Raise awareness of the importance of entrepreneurship, for example through information provision and annual entrepreneurship award schemes (e.g. SME / exporter / innovator / female entrepreneur of the year) connected with business associations on both banks.
- Explore the possibility of introducing elements of problem solving, team work, business planning, etc. in certain school/ VET institutions/ university courses, based on international best practices and cross-river experience sharing.

Indicative Activities for sub-component C:

C.1. Promoting a culture of entrepreneurship:

- C.1.1. Preliminary assessment and elaboration of a Entrepreneurship Support strategy;
- C.1.2. Awareness raising campaign to promote the importance of entrepreneurship (including through annual competitions/Best business plans, as well as other awards schemes);
- C.1.3. Organize young entrepreneurs summer camps, innovation labs for youth.

C.2. Support for young entrepreneurs:

- C.2.1. Business Support for youth: provide a comprehensive start-up programme for 30 young people on both banks, including business support & training, long-term coaching, a grants scheme of up to 10,000 EUR;
- C.2.2. Feasibility Study on Vocational Education and Training development in the region.

Component 2: Empowered Communities and Infrastructure Support

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

A. Infrastructure

Support will be provided for projects oriented towards facilitation of the settlement and post-settlement period. Assistance could take various forms and cover areas line transport, infrastructure, environment, energy and many others. Infrastructure projects from both banks of the Nistru/Dniestr River will be supported in a balanced manner as decided by the programme board.

The infrastructure component has proved to be efficient and sustainable from the viewpoint of confidence-building, generating community involvement and fostering closer links between the banks. Focusing on the security zone from both banks of the Nistru /Dniestr River and on issues with a confidence building potential, projects will contribute to increased living conditions improving the delivery of essential public services.

Projects will focus on the rehabilitation of key social institutions, such as education and health facilities, and improvements to critical physical infrastructure, such as water supply, sewage networks and waste management. Each project will aim at promoting people-to-people contacts and cross-river exchanges, in view of building confidence among the population from both sides including by engaging organisations and experts from one bank to assist communities on the other

bank identify, design and implement development projects. For more details about the proposed confidence building methodological approach and lessons learnt please refer to [Annex 7](#).

Projects will be selected based on competition, and priority will be accorded to interventions in which communities from both banks work in a partnership. The selection will be done based on clear rules, through a competitive, transparent procedure organized by UNDP, subject to proper technical appraisal and project board approval. Draft criteria for projects selection are enclosed in [Annex 4](#).

The *first selection* phase will consist of collecting the expressions of interest (Eoi) from the eligible communities. The proposals will be screened by the project team based on the *eligibility criteria*, outlined in detail (Annex 4, A); and consisting mostly of a) compliance to the proposed thematic areas of work and b) budgetary limits.

For the *second phase*, the Selection Committee will review the screened proposals/communities based on the *evaluation criteria* outlined in detail (Annex 4, B) and recommend the qualified proposals to be provided with guidance and support from the project team, as well as specialised expertise, including community facilitators, in developing full-fledged proposals.

During the final phase the full-fledged proposals, accompanied with necessary comments and recommendations will be provided to Programme Board for final approval.

In order to ensure a tangible impact, the program will provide support to medium-sized infrastructural projects. It is expected that the average budget of the community infrastructure projects would vary around 190,000 USD (150,000 EUR), and thus around 30 community infrastructure development projects identified through two call for proposals. The selected projects will improve the lives of women and men while contributing to increased cooperation between people across the river will be supported.

Projects are expected to respond to pressing community needs and improve their living conditions. They will focus on the *rehabilitation of key social institutions*, such as education, social protection and health facilities, and *improvements to critical physical infrastructure*, such as water supply, sewage networks and waste management. Additionally relevant environment infrastructure projects will be supported which provide an opportunity for development of joint solutions in addressing common environmental concerns, building on successful cooperation between authorities, civil society organizations, specialists and communities. Ideas with evident and strong confidence building potential will be advantaged. Under the umbrella of community infrastructure activities, sensitive issues will be tackled, building confidence and tolerance among people living on both banks of the Nistru/Dniestr River.

Based on the lessons from previous phases, a mixed implementation approach will be pursued; including direct implementation by UNDP (especially when bigger procurement is foreseen) and provision of grants to local communities and beneficiary institutions. For the efficient administration of the grants, a procurement guide was developed and will be shared to all beneficiaries. Please refer to [Annex 5](#) for more details.

Partnership with civil society organizations will be sought to enable and empower people from both banks to jointly participate in tackling community development needs, particularly the rehabilitation

of social institutions and basic infrastructure, ranging from renovation of schools, kindergartens, or health centres.

Indicative Activities for sub-component A:

A.1. Review and approval of eligibility and selection criteria for social infrastructure projects

- A.1.1. Review previously elaborated eligibility and evaluation criteria considering the changes in the context;
- A.1.2. Organize meetings with project stakeholders and decision-makers from different levels, districts, and partners from both banks of the Nistru/Dniestr River to discuss and update the reviewed criteria (including de-facto local authorities from the Transnistrian region). Ensure gender and HRBA sensitive approaches;
- A.1.3. Approve the eligibility and selection criteria by the Project Steering Committee.

A.2. Mobilize and empower the eligible target communities for development of relevant proposals:

- A.2.1. Organize site visits to eligible communities, disseminate de information to potential applicants
- A.2.2. Organize round tables and pre-competitions conferences

A.3. Identify and evaluate relevant infrastructural projects

- A.3.1. Establish and approve the Evaluation Committee
- A.3.2. Launch and conduct open competitions
 - A.3.2.2. Evaluation of the eligible proposals by the Evaluation Committee based on the evaluation criteria.
- A.3.3. Preparing the recommendations and approval of the selected proposals by Program Steering Committee

A.4. Provide support for the implementation of at least 30 community infrastructure projects

- A.4.1. Organize tender for selection of companies to carry out structural-design of the selected infrastructural projects
- A.4.2. Conduct structural design of the selected infrastructural projects
- A.4.3. Organise biddings for selection of construction companies
- A.4.4. Conduct reconstruction works of the selected infrastructural projects

A.5. Technical monitoring and evaluation of the infrastructural projects

- A.5.1. Systematic monitoring site visits and periodic spot-checks carried out by project engineers
- A.5.2. Internal financial audit
- A.5.3. Preliminary and final conditioning of each infrastructural project

B. Capacity development

Along with the support for rehabilitation of social infrastructure, the project will also contribute to capacity development of the beneficiary communities. A complex capacity development program will be built-in from the outset of the programme. The ambition of this component is to build on the previous interventions and to contribute to the **creation/strengthening of communication channels**

between communities that have benefited from previous stages of the program. Opportunities for local initiative groups from both banks, grouped per area of interest (educational – kindergarten, schools, waste management, water, health center, cultural etc.) will be created and thus multiplying effects created.

Small rehabilitation of public infrastructure remains important as the basic facilities (e.g. health, water supply, social, education, etc.) are poor in most areas of the break-away region. Supporting infrastructure works and linking it to more concrete, practical benefits for the people from the conflict affected areas is perceived as less sensitive, and often paves the way for more substantive engagement.

While rehabilitating key infrastructure, the specific needs of the target communities will be considered. Their members, including most vulnerable population, will be consulted and engaged in the process from early stages making possible local participation and thus opening the road towards **capacity development**. This local ownership that is gradually built in brings longer term sustainability and community engagement in **confidence building** activities. Moreover, being **high impact visible projects**, the impressive results contribute to changing positively the perception towards the other side, but also towards the EU.

Based on preliminary assessments the project will identify the capacity gaps of the beneficiary communities and will provide necessary training, technical support in elaboration/improving of Local Development Strategies (where feasible and relevant), operational grants. A special attention will be given to confidence building activities between target communities from both banks consisting in joint events and activities, study visits and exchange of experience. These activities will improve the capacity of the communities to better plan and operate further community development.

Indicative Activities for sub-component B:

The activities under *capacity development* subcomponent will be implemented in strong coordination with infrastructural projects (especially referring to the timing of certain activities before, during or after the competition process) and will refer to the following actions:

B.1. Conduct assessments to identify capacity gaps of the target communities

B.2. Provision of capacity building activities to the target communities

- B.2.1. Organise community meetings to sensitize communities on participatory development process. Support the Creation of Action Groups
- B.2.2. Training support in elaboration/updating of Local Development Strategies and Plans
- B.2.3. Support for target communities in identification of relevant confidence building project ideas
- B.2.4. Training for preselected communities for development and implementation of project proposals

B.3. Support of cross river collaboration and confidence building activities, based on carried out social infrastructure

- B.3.1. Organization of joint events, conferences and round tables

B.3.2. Facilitating the cross river exchange of experience, site visits and study tours

B.3.3. Facilitate the creation of cross river specialised networks and partnerships. Encourage partnerships between NGOs Private Actors and LPA.

B.3.4. Provision of small grants in support of the most relevant confidence building collaboration initiatives.

C. Access to data/Statistics

Under this component, the issue of limited availability (and reliability) of data from left bank will be tackled, encouraging cooperation between statistics offices in Chisinau and Tiraspol. The production of reliable statistics and use of statistical data for evidence-based policy design and monitoring is fundamental to human development and further approximation to international standards, the latest depending on the institutional capacity of data producers. To amplify and accelerate this process, assistance of development partners is required.

Good statistics must be collected, compiled and disseminated using reliable and impartial methods, thus becoming accurate and timely. They should be readily available to all who seek to use them and be relevant to the purpose for which they are used. However, good statistics are not costless, from the financial and human resources (and capacities) perspectives, and are not easy to obtain requiring long-term effort, continuity and consistency.

Considering carefully the operational environment in the Transnistria region, a number of activities will be implemented to support the development of knowledge and skills of statisticians from Chisinau and Tiraspol, **strengthening their capacities to produce qualitative and reliable evidences complying with UN and/or international standards and requirements in statistical field**. These are targeting the statistical practitioners from the both sides of Nistru River, as well as certain categories of data users and/or providers (academia, researchers, business as respondents, etc).

The opportunity of introducing household based surveys, in particular labour force survey, as well as improving business statistics, in line with international standards in Transnistrian region will be considered. Support will be provided for setting the methodological framework, enumerators' framework, as well as sample design.

Also, proposed activities would conduct to initiation of the **dialogue and exchange of developmental feedback between statisticians** activating in two different environments, but both having common objectives²¹ on methodologically-based data production, timely informing of the population about the trends and evolution of social and economic phenomena influencing the quality of people's life, and provision of reliable evidences for efficient functioning of the acting/concerned authorities and policy-making process.

Indicative Activities for sub-component C:

Under the Data/Statistics subcomponent the following consecutive activities will be performed:

²¹ <http://www.mepmr.org/gosudarstvennaya-statistika>

C.1. Organization of strengthening capacities activities for statistical practitioners, data users/providers from both sides of the Nistru River

C.1.1. Conduct preliminary assessment of capacity gaps of statistical practitioners, data users/providers from both sides of the Nistru River

C.1.2. Elaborate a capacity building training programme for statistical practitioners and data users/providers, based on identified needs

C.1.2. Provision of technical support, equipment and software

C.2. Organisation of study trips and site visits for statistical practitioners from both banks

C.3. Organisation of trainings to develop the knowledge and skills of statisticians from Chisinau and Tiraspol based on identified needs

The programme will also explore the framework of regional cooperation in the form of the **Euroregion**, to include northern districts of Moldova, western districts of Ukraine, as well as some districts of the Transnistrian region, that can give a significant impetus to the reintegration of Moldova and will enhance the confidence between the two banks of Nistru river, also taking into account the confidence-building potential of the non-political cooperative efforts by Moldovan and Ukrainian central authorities. However, considering the escalation of tensions in Ukraine, prospects for more detailed planning of interventions are not yet clear.

4.4. Key principles in the implementation approach

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

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

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

- Mobilization, Empowerment & Consolidation of the local community groups, bringing together women and men, including from most vulnerable groups, around basic gender and human rights concerns;
- Community profile assessment of the locality and its inhabitants with disaggregation by gender and vulnerability criteria (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 LPA current organizational and functional capacities (where feasible) to perform their duties and provide quality and accessible services.

Confidence Building Approach:

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.

The programme will facilitate **people-to-people links** and **cross-river cooperation** by building or enhancing the capacity of NGOs to develop, deliver and participate in projects which enhance confidence between the two banks. Grants will support NGOs whose proposals promote cooperation between key actors in Moldova and Transnistria, establish or reinforce cross-river NGO partnerships, involve the transfer of knowledge and expertise across banks and/or address pressing social and community needs.

The programme will be proactive in identifying confidence building opportunities. The projects will be selected in a participatory manner by a special Evaluation and Selection Committee, which will include representatives of the Programme Board, including EU Delegation, UNDP and other donor agencies active in the Transnistrian region. The project proposals will be checked against clear criteria, including but not limited to:

- Address the actual needs of communities (i.e. basic human needs are given priority);
- Enhance social cohesion through community mobilization;
- Serve as a pilot/demonstration project that can be replicated by other beneficiary groups;
- Contribute to enhancing citizen participation in the life of the communities;
- Include a confidence-building component and joint activities between the two banks;
- Sustainable, where the beneficiaries can and will maintain the project's continuation.

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

Projects should pay particular attention to engaging with and supporting local stakeholders and activities. They should also seek to reach out to wider society (including grass roots organizations, local government and academia), official and unofficial opinion formers and public figures.

V. Risk LOG

Description of risk	Type and Category	Risk management actions
Volatile political and security environment, subject to unforeseen and sudden changes	Political/ High	<p>The programme will take into account the specific political setting that will exist in the region at the moment of implementation.</p> <p>The implementation of the activities will be planned and approached with caution, including the timing, visibility and presentation issues.</p> <p>In case of significant changes in the context, and impossibility of implementation of projects on the left bank, interventions will focus on the right bank Security Zone.</p>
Activities may be delayed due to the regional context, and perception towards confidence building approach	Operational /Medium	<p>The programme 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.</p> <p>Importance of confidence building approach will be explained and all activities will be planned and implemented in an impartial manner, focusing on concrete improvements in people's lives.</p>
Lack of engagement on behalf of TN stakeholders	Operational/ Medium	<p>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.</p>
Limited interest from de facto authorities to implement joint confidence building activities	Operational / High	<p>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.</p>
Parliamentary and local elections leading to change in priorities	Political /Medium	<p>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.</p> <p>In case of leadership changes, meetings will be set up early in order to present programme priorities, activities and intended results.</p>

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.

VI. MANAGEMENT ARRANGEMENTS

UNDP Country Office in Moldova (UNDP CO) will be the Implementing Partner of this programme and will be responsible for producing outputs and use of resources. As such, it will bear the overall accountability for delivering the programme in accordance with its applicable regulations, rules, policies and procedures, as outlined [here](#). The EU Delegation to Moldova will be closely associated and consulted as regard to any major decisions taken in the framework of the programme. Detailed project management roles and responsibilities are outlined in [Annex 6](#).

Programme Board

The programme will be managed at the highest level by a Programme Board. The Board composition will be decided during the Local Project Appraisal Committee that should be participatory and include as many relevant stakeholders. At least representatives of the EU Delegation, UNDP, and the Bureau for Reintegration should be represented in the programme board. Thus, the Programme Board would include representatives of main donor agencies interested in the field, representatives of the Bureau for Reintegration, as well as civil society delegates. Given that the project target groups are also civil society organizations, the conflict of interest shall be avoided. Based on the successful previous experience, a representative from the NGO Participation Council will be invited to the Board meeting, in view of avoiding the conflict of interest. Formal minutes shall be prepared and adopted for each meeting of the Programme Board, detailing any proposals made and decisions taken.

The Project Board will meet no less than once every three months 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 detailed and competence of the Project Board is available in the Terms of Reference attached to the Description of Action (Annex 6).

The Programme 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 Programme implementation issues, ensuring optimal transformation of activities into outputs through appropriate monitoring and evaluation actions pertaining to the relevance, performance, and progress towards each outcome, facilitating cooperation between relevant partners and stakeholders (public and private), and ensuring continuous and effective communication and coordination between the Programme

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

Specific Responsibilities of the Programme Board:

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

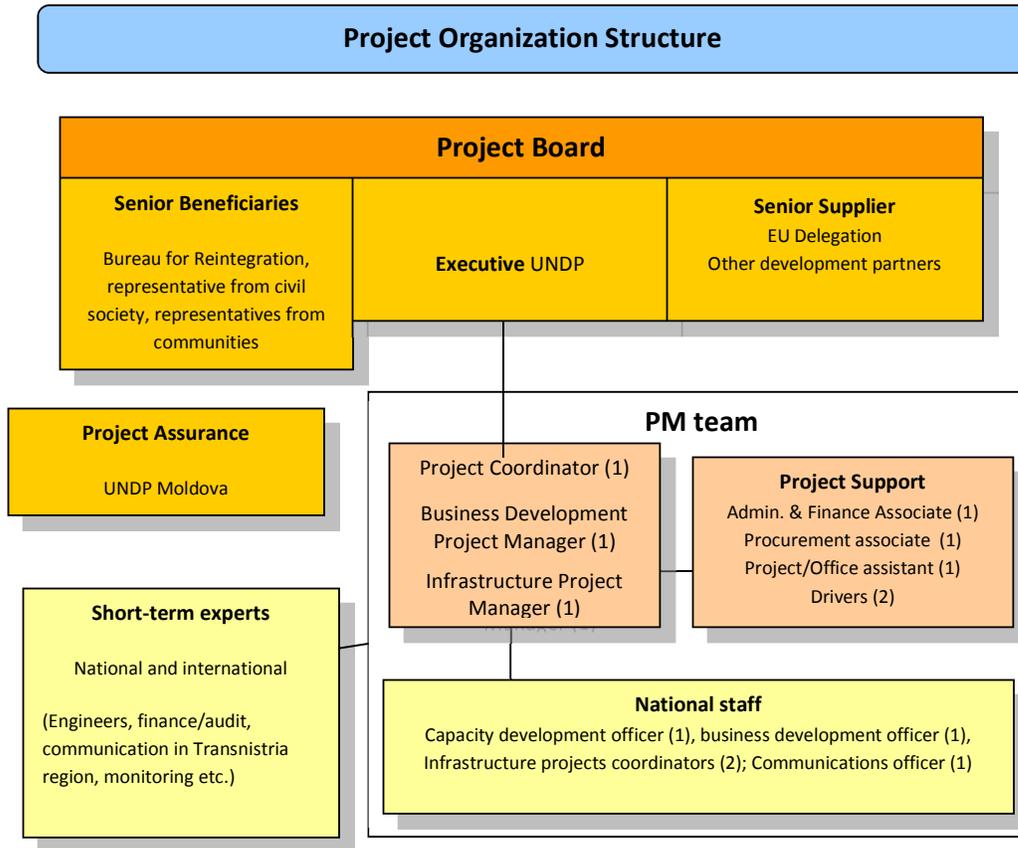
The programme will use a flexible mechanism for identification of communities and projects: ongoing collection of expression of interest, identification of projects by partners and/or assign experts and Call for Proposals. All mechanisms will be approved by the Programme Board. The Selection Committee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

Project Assurance is a key element of the PRINCE2 project management method, upon which the Programme Management Arrangements are based. 'Assurance' is essentially an independent audit function, whereby the Programme 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;

Management Structure

While the team running the Support to Confidence Building Measures 2012-2014 has proved to be very effective, at the same time operating under high pressure to deliver quality results in a limited timeframe and very difficult operational environment. Lessons from previous phases, as well as needs to implement the two components were carefully considered. Given that the profile and expertise of the required staff will change, a selection recruitment process will be launched for key positions with significant material changes; while matching approach will be applied for others.



A *programme coordinator* will be hired that will be responsible for ensuring efficiencies and synergies across components, as well as liaison with key stakeholders, being also responsible for reporting to the Board and to the donor, monitoring and evaluation, communication and visibility. A communication officer will be directly subordinated to the Programme Coordinator. Two project managers will be in charge of their respective components and will be managing a team of officers and consultants (business development, capacity development, and 2 infrastructure coordinators). Considering the increase in scope and responsibilities, it is suggested to upgrade the position of one project manager according to the UNDP classification for service contracts. The two project managers, as well as the coordinator will report directly to the Portfolio Manager, who is playing the quality assurance role.

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. The project management

team will ensure results-based project management and successful implementation of the project within 36 months, close monitoring and evaluation of project progress, observance of procedures, transparency and efficient use of funds, quality of works, and involvement of local and regional stakeholders and beneficiary communities in the decision-making processes.

Duration

The programme duration is of 36 months from the date of signing of the Special Conditions by the last party.

Funding

The programme is funded by the European Commission. The budget breakdown is provided in the Annex 1 “Budget”

Communication and Visibility

All programme activities will adhere to the European Union’s requirements for visibility on EU funded activities, as described in the FAFA, and by referring to the Joint Visibility Guidelines for EC UN Actions in the field (see http://ec.europa.eu/comm/europeaid/visibility/index_en.htm for guidance. A detailed communication and visibility strategy for the project will be developed in the first quarter of the programme implementation and submitted to the EU Delegation for consideration and approval.

VII. MONITORING AND EVALUATION

The Monitoring and Evaluation Plan (M&E Plan) will be elaborated and approved by the Programme Board during the first quarter of programme implementation, being the direct responsibility of the programme coordinator with major inputs from the project managers and the whole team. Its main goals will be to ensure continuous feedback on implementation, early identification of potential problems to facilitate timely adjustments and implementation in accordance with the overall strategic plan for the Program. The M&E Plan will also contribute to ensuring regular reporting to donor(s) on the effective use of all funding. The results of monitoring activities will be presented on a quarterly basis to the Programme Board.

Gender mainstreaming has been taken into account in designing and formulating this Program, and it will continue to be an important factor in planning, monitoring, and evaluating activities and

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 Atlas and regularly updated by reviewing the external environment that may affect the project implementation.
- Based on the above information recorded in Atlas, a Project Progress Reports (PPR) 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 on-going 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 Atlas and updated to track key management actions/events

Annually

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

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

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, as set out in Art. 16.2 of the General Conditions constituting Annex 2 to the present Contribution Agreement.

VIII. REPORTING

Detailed narrative and financial reporting will be provided based on the agreed schedule in the Special Conditions and in accordance with provisions from art.2 of the General Conditions. Every report will provide a complete account of all aspects of implementation for the period covered, while the level of detail will match the one from the DoA and the Budget of the Action.

The **narrative report** will at least include:

- Summary and context of the Action;
- Activities carried out during the reporting period (i.e. directly related to the Action description and activities foreseen in this Agreement);
- Difficulties encountered and measures taken to overcome problems;
- Changes introduced in implementation;
- Achievements/results by using the indicators included in this Agreement;

- Work plan for the following period including objectives and indicators of achievement.

The **final report** shall contain the above information (excluding the last indent) covering the whole Implementation Period of this Agreement, information on the measures taken to identify the European Union as the source of financing and details on the transfers of assets, plus a full summary of the Action's income and expenditure and payments received.

UNDP will provide **financial reports** to the European Union Delegation to Moldova on a regular basis as determined by the Special Conditions for this action.

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 EU Delegation as and when they are issued.

IX. LEGAL CONTEXT

This project document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement (SBAA) between the Government of Moldova and UNDP signed on October 2, 1992. Consistent with Article III of the Standard Basic Assistance Agreement, the responsibility for the safety and security of the implementing partner and its personnel and property, and of UNDP's property in the implementing partner's custody, rests with the implementing partner.

The implementing partner shall:

- a) 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;
- b) assume all risks and liabilities related to the implementing partner's security, and the full implementation of the security plan.

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 this agreement.

The implementing partner agrees to undertake all reasonable efforts to ensure that none of the UNDP funds received pursuant to the Project Document 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/Docs/sc/committees/1267/1267ListEng.htm>.

This provision must be included in all sub-contracts or sub-agreements entered into under this Project Document.

X. ANNEXES

Annex 1: **Budget**

Annex 2: **Results Resource Framework**

Annex 3: **Annual Work Plan**

Annex 4: **Selection criteria for community infrastructure projects (A: Eligibility Criteria; B: Evaluation Criteria)**

Annex 5: **Standard Operating Procedures for grant beneficiaries working in Transnistria**

Annex 6: **Project Management Roles and Responsibilities**

Annex 7: **Reflections from Infrastructure Component. Methodological considerations for confidence building**