

## **Annex 2: Action Fiche for the Republic of Moldova – AAP 2011**

### **1. IDENTIFICATION**

Title/Number	Confidence Building Measures CRIS: ENPI/2011/22516		
Total cost	EUR 13,100,000 EU contribution – EUR 12,000,000 Co-financing: UNDP joint co-financing – EUR 1,100,000		
Aid method / Method of implementation	Project approach <u>Component I</u> – direct centralised management <u>Component II</u> – joint management with an international organisation (UNDP), except sub-component II.D (direct centralised management) <u>Component III</u> - joint management with an international organisation (UNDP).		
DAC-code	15220	Sector	Civilian peace building, conflict prevention and resolution

### **2. RATIONALE**

#### **2.1. Sector context**

Transnistria (Eastern region of the Republic of Moldova), situated on the left bank of the Nistru river, self-proclaimed its independence in September 1990. Followed by an armed conflict in 1992, this event was the starting point of existence of the so-called “Transnistrian Moldovan Republic”. The settlement of the Transnistria conflict has two main components. Firstly, at a political level, Chisinau and Tiraspol, assisted by three international mediators, the OSCE, Russia and Ukraine, -joined, on request by Chisinau and Kiev, in September 2005 by the EU and the USA as observers- have been discussing a possible settlement within the so-called “5+2 format”. Secondly, a technical process of post-conflict settlement and reconstruction is taking place – in the framework of the informal "Working groups"- aiming at increasing confidence between the two sides and find common solutions to problems facing the population due to the unresolved conflict.

With the advent into power of the new government after 2009 July elections, there has been an increasing readiness to resolve practical problems on a technical level, while waiting for the possibility to reach a comprehensive political solution to the conflict. The Government of the Republic of Moldova (hereinafter Moldova) has put in place the Bureau for Reintegration, headed by a Deputy Prime Minister<sup>1</sup>, whose main task is interministerial-coordination with respect to the conflict settlement.

---

<sup>1</sup> Previously this institution was called Ministry of Reintegration, headed by the Minister of Reintegration. The first Minister was appointed in December 2002 whereas the Administration of the Minister was established in January 2003.

As Moldova benefits from its participation in the European Neighbourhood Policy and the Eastern Partnership, significant opportunities for assistance in terms of political and economic reforms have appeared and can potentially be exploited in the prospect of a political settlement and for the benefit of the whole population of Moldova.

## **2.2. Lessons learnt**

Amid the leading donors in Transnistria region, the UK based its strategy on two Strategic Conflict Assessments (2002 and 2006) which resulted in a three-year peace building initiative focusing on the media and civil society development, followed by confidence building activities through the so-called Conflict Prevention Fund. These initiatives have reported a number of successes in gradually involving Transnistrian authorities.

The economic challenges and opportunities faced by both sides of the Nistru River are common and further reinforced by the possibility to get a more comprehensive access to EU market. At the same time, the discussions at a technical level in the framework of the Working Groups have proven fruitful in the recent months. Yet institutional arrangements still require support in terms of capacity building, strategic planning and use of various conflict settlement techniques. This is especially relevant in the event of a significant rapprochement between Chisinau and Tiraspol which would imply huge efforts in terms of settlement capacity and technical approximation.

Opportunities will also stem from the visa liberalisation Action Plan adopted on December 16<sup>th</sup> 2010, for which partnership will need to be increased between Chisinau and Tiraspol.

As past experience shows, transparency toward both banks of the river as regards CBM activities constitutes a precondition for success. The necessity for diplomatic back-up must also constantly be evaluated. Last but not least, proper sequencing of the activities shall be duly taken into account, considering sensitivities surrounding CBM activities in Transnistria, the amount of financial support engaged and the limited absorption capacity of local organizations.

## **2.3. Complementary actions**

EU engagement with Moldova and the conflict in Transnistria has grown over the past years, including through a European Union Special Representative (mandate concluded first quarter of 2011) and the implementation of European Union Border Assistance Mission (EUBAM). The EU has also launched two packages of CBMs: the ENPI "Support to Civil Society in Transnistria" programme (EUR 1.7 million), facilitating the implementation of about 12 confidence-building proposals in areas like health, social, environmental or educational, as well as the "Building confidence between Chisinau and Tiraspol" package (EUR 2 million) trying to build on possibilities for cooperation in the field of business development, infrastructures as well as community empowerment.

While the present CBM package builds on and increases the scope of on-going successful activities, it is also crucial to continue identifying the possible areas and new partnerships for further long term assistance. The EU Delegation to Moldova is therefore contemplating to carry out in 2011, prior to the actual start of the present package implementation, a strategic conflict assessment. In addition, the possibility to open a small-scale EU information centre in Tiraspol –on the model of that developed in the framework of the Delegation's PR program in the rest of the country- has been discussed with both authorities in Chisinau and Tiraspol.

In addition to the UK, which –together with Finland and Sweden- has had a pioneering role in CBM in Moldova, the World Bank has recently provided a EUR 4.5 million for community based projects via the Moldovan Social Investment Fund (MSIF). The Council of Europe, together with bilateral donors (such as the US Embassy and USAid, the Soros Moldova Foundation, Swiss Development Cooperation, the Embassy of the Czech Republic, National Endowment for Democracy etc) have also developed small scale CBM projects.

## **2.4. Donor coordination**

The EU operates in close coordination with UNDP (Implementing partner). The donors' coordination meeting on Transnistria is organised once every 1 to 2 months. EU on-going projects, as well as the objectives of the present action fiche are or have been discussed on a very regular basis with the Government of Moldova and the Tiraspol de facto authorities.

Starting from 2011, informal donor coordination meetings on Transnistria will be chaired by the EU Delegation.

## **3. DESCRIPTION**

The overall objective of the programme is to facilitate the settlement of the Transnistrian issue through ensuring economic and social development of local communities, together with technical approximation in the event of a significant rapprochement between Chisinau and Tiraspol. The programme also aims at increasing confidence between the right and left banks, by involving local authorities, civil society organizations and other stakeholders from both sides of the river.

### **3.1. Objectives**

- To assist the relevant authorities involved in the settlement process, including -but not limited to- the Bureau for Reintegration.
- To foster functioning technical dialogue mechanisms in relation to the existing working groups encompassing experts from both sides of the river
- To contribute to economic rapprochement between the two banks of the Nistru River
- To empower local actors from both sides in order to enable them to implement and monitor development priorities
- To foster civil society development in Transnistria, in partnership with MD NGO's

### **3.2. Expected results and main activities**

#### **Expected results**

- Authorities in Chisinau involved in the settlement process are sufficiently equipped in management capacity know-how and expertise to promote an effective dialogue on conflict settlement, including on technical issues.
- Chisinau and Tiraspol authorities have developed a framework for technical approximation on joint-issues and are engaged in regular discussions.

- Economic exchanges have increased between the two sides of the Nistru River. Local entrepreneurship in Transnistria has been promoted in partnership with Moldovan counterparts.
- Local actors from both banks of the river have the capacity to implement and monitor development priorities, to deliver services and upgrade the basic infrastructures in Transnistria and the security zone. Cross-river partnerships have been established in the environment sector.
- Civil society's capacity has been built in Transnistria, in order to address pressing social and community needs through partnerships with Moldovan NGOs

### **Main Activities**

Component I is designed as a flexible tool to provide technical assistance to the relevant actors, in Chisinau, involved in the settlement progress on a demand-driven basis. It shall also enable the present CBM package to adequately and timely respond to any sudden change or break-through in the settlement process.

Components II and III mostly build on successful on-going EU projects, involving actors from both banks of the river in Transnistria and the security zone, with the aim to ensure their sustainability and increase their scope. The EU will in this respect continue to rely on UNDP field-expertise which has proven successful in the two previous CBM packages.

#### **Component I: Technical assistance programme (indicative amount - EUR 1,400,000)**

The technical assistance will concentrate on the institutions (mainly, but not limited to the Bureau for Reintegration) as such but will also pave the way for technical expertise in fields which are of direct interest to cooperation between the two sides. Among the topical issues, one may mention the necessary implementation of relevant EU norms and standards in Transnistria with respect to the potential signature of the EU-Moldova Association Agreement, issues related to telecommunications, transports etc.

Due to its flexible nature, part of this technical assistance programme -which is managed directly by the EU- may also be dedicated to other local and regional authorities with a view to foster the internal cohesion of the Republic of Moldova.

- ***Technical assistance to the relevant authorities involved in the conflict settlement process***, including –but not limited to- the Bureau for Reintegration and the Joint Working Groups. This component, which shall be demand-driven, may include: elaboration of CBM strategy and dialogue mechanisms, staff training etc.
- ***Technical assistance in the fields of direct benefit to the conflict settlement process***. This component aims at providing the necessary guidance, resources and tools in order to facilitate discussions and initiatives engaged at a technical level. It can include comparative analysis of socio-economic and legislation gaps between the two sides and identification of ways to overcome them; local or international expertise on sectors where the two sides wish to take concrete steps towards conflict settlement (for instance: telecommunications, transports, education etc.)

Component II: Support to local development through cooperation (indicative amount: EUR 10,600,000 / EU contribution EUR 9,500,000 + EUR 1,100,000 co-funding from UNDP)

This component will aim at fostering confidence building through projects targeting in priority the Transnistria region, the security zone and –if proven necessary- other local and regional authorities with a view to foster the internal cohesion of the Republic of Moldova.

The underlying principle of all activities of the present component is to promote and strengthen cross-river partnerships such as exchange of expertise, establishment of networks and development of joint activities.

**A) Business development projects**

- ***Business School development (Continuation)*** to ensure sustainability of the first phase in partnership with local business associations, regional Chamber of Commerce and Industry with the aim to bring in Moldovan and international expertise. In the framework of the second CBMs package –which included pilot projects related to local economic development and joined study visits involving actors from both banks of the river., a network of business schools has been set up in Transnistria, with Moldovan expertise, to develop local pool of entrepreneurial skills, which has already generated a lot of interest. It is now aiming at creating, through exchanges between economic actors from both banks of the river, a local mass of entrepreneurs in order to foster local economic development and economic exchanges between Chisinau and Tiraspol (EUR 600,000 - 700,000).
- *Setting-up of a road map for local economic development and of a micro-finance facility.* An analysis of Transnistria local economy will be conducted in order to identify the drivers to foster economic cohesion on the entire territory of Moldova (EUR 50,000 – 70,000).
- *Development of **Business Incubators*** in three locations in the Transnistrian region (Tiraspol, Ribnitsa, Bendery) with a capacity to host developing business units. Business incubators will address the lack of business development infrastructure and will be implemented in close coordination with the business schools, in order to foster the creation of entrepreneur networks on the entire territory of Moldova. The estimated budget for this project will amount to EUR 1,400,000 – 1,600,000.

**B) Infrastructures and Social projects**

- *Rehabilitation of social institutions in the Transnistrian region and the security zone* (schools, kindergartens, centres for socially vulnerable). Component foresees renovation of infrastructure objects and has proved to be a sustainable confidence-building measure, generating strong local community ownership and fostering exchanges between experts from both banks of the river. Grant support will be provided for local development projects with a potential for cross-river cooperation, on the basis of competition, transparent selection procedures organized by UNDP, under the supervision of the Delegation and subject to proper technical appraisal. This component will amount to an estimated overall budget of EUR 3,500,000.
- *Integration of specialist care (continuation of previous activities based on the principle of exchange of expertise between both banks of the river).* Rehabilitation of the perinatal centre in Rybnitsa and procurement of medical equipment. Potential coverage of other spheres of medical retraining and rehabilitation of medical institutions. The pilot project elaborated in the previous CBMs package in Tiraspol has proved sustainable and

successfully promoted contacts among medical specialists on both banks. The next phase will see the refurbishing of the perinatal centre in Rybnitsa and further training of the medical personnel in order to complete the creation of the three-level system of perinatal care in Transnistria as well as connect to the referral systems in Moldova itself. This will create de-facto a joint Moldovan-Transnistria system of perinatal care and has a high spill-over effect on other areas of the healthcare system. The series of trainings for medical trainers and the integration of medical care will require an approximate budget of EUR 100,000. The rehabilitation of the infrastructures in the medical centre will require an approximate budget of EUR 200,000 while the procurement of medical equipment for the respective centres will have an approximate budget of EUR 400,000.

### **C) Environmental projects**

The projects under implementation (water network, municipal waste management, hydro-meteorological data exchange etc.) in the framework of the two first CBMs packages have proven successful in terms of cooperation between the two banks of the river. This new component will continue to promote the above-mentioned cooperation and aims at developing a comprehensive approach –building on the value-added of the EU action in this field- and includes pesticides inventory, re-packaging and removal, building of a common management framework for the internationally recognized Lower Nistru region, implementation of joint Waste management projects and Environmental impact assessment of the trans-river cable system.

### **D) Flagship initiative**

*Development of a pilot social care centre in Transnistria*, providing social inclusion, and care-taking services to highly vulnerable people (orphans and/or elderly). This type of project, which has been already implemented with success in Moldova and other countries in the region, complies with the very needs formulated by the Transnistrian region authorities who suggested setting up the pilot center in Slobozia or Grigoriopol districts. The confidence building dimension of this project will be promoted through the provision, inter alia, of national expertise. Due to its high visibility potential, this project will be managed directly by the EU Delegation.

### **Component III: Support to civil society (indicative amount – EUR 800,000)**

- ***Dialogue Programme.*** The project will build on the successful experience of the 2006-2011 Dialogues and the 2007-2009 Project IMPACT that brought together actors and decision makers from both banks of the river. The project will merge these initiatives into an integrated, complete cycle for top-level decision makers (Track 1), professionals and experts from economic and social sectors (Track 2), the research community and the official Confidence Building Working Groups (Track 3). Building on previous experience, the project will aim at capturing the segments who have already demonstrated a willingness to participate in Dialogues and Impact, and expand the programme in promising areas which are to be explored. The approximate budget is EUR 400,000.
- ***Foster civil society development in the Transnistria*** region by supporting CSOs to address pressing social and community needs through, while encouraging partnerships with NGOs from the other bank of the river. Grants will be provided to CSOs/NGOs through UNDP –in close cooperation with the EU Delegation (Evaluation, selection, projects monitoring) focusing on practical improvements in areas relevant to the population. Partnerships and capacity building/development of NGOs will be encouraged and supported.

This is an important part of the overall confidence-building package and it includes support for non-political organizations, media, local communities etc. Its scope will also be enlarged – as compared to the projects which received a grant in the last quarter of 2010- in order to make room for sport or cultural confidence building activities. Approximate budget: EUR 400,000.

### **3.3. Assumptions and Risks**

#### Assumption:

For all projects, particular attention will be paid to the proper sequencing of the activities, taking into account absorption capacities on the ground and local political agenda. A gradual approach is essential in order to build local capacity and credibility on the ground, and thereby ensure the sustainability of the programme.

#### Risks:

The following risks take into account the specific political context as well as implementation challenges in the field:

- *Volatile political and security environment subject to unforeseen and sudden changes; possible legal changes in the region which could put barriers to donor activity (TN law on technical assistance)* Risk management: The activities will be planned and approached with caution, in a flexible fashion, and focus primarily on non-political issues. Diplomatic back-up will be provided when necessary.
- *Lack of engagement and/or opposition from local stakeholders:* Continuous engagement and transparency with key stakeholders –including in Transnistria- will be ensured, as well as mobilisation of local resources to promote ownership. Partners will be chosen carefully in order to minimize "reputational risk".
- *Different legal and financial system in the Transnistria region; possible financial losses when working with Transnistrian local actors due to complexity of banking system in region taxation / discriminatory exchange rate between Chisinau and Transnistria):* The EU will consider different funding channels and ensure on a case by case basis that proper dispositions are agreed upon with the local authorities before any fund transfer.
- *Low capacity of CSOs in Transnistria to implement and absorb the assistance:* The grants programmes will include different capacity development activities.

### **3.4. Crosscutting Issues**

Considering the specificity of the region, good governance, gender equality and Human Rights as well as sustainable development are promoted throughout the activities proposed within the new CBM package. These principles will be further incorporated into the proposed package during the next programming stages of the projects' management.

### **3.5. Stakeholders**

The main stakeholders are the Moldovan Government, the Bureau for Reintegration, the Working Groups on Confidence Building, members of the Permanent Council on Political Issues within the Framework of the Negotiation Process of the Transnistria Settlement, civil society, non-governmental organizations and academic circles of Moldova and Transnistria,

local municipalities, donors and international organizations, other relevant institutions from both sides involved in the settlement process.

#### **4. IMPLEMENTATION ISSUES**

##### **4.1. Method of implementation**

Component I: Direct centralised management through service contracts.

Component II-III: The sub-component II.D will be subject to direct centralised management. All other sub-components will be subject to joint management through the signature of a contribution agreement with UNDP, in accordance with Article 53d of the Financial Regulation. UNDP complies with the criteria provided for in the applicable Financial Regulation and is covered by a framework agreement concluded with the Commission (FAFA).

##### **4.2. Procurement and grant award procedures**

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations.

##### **4.3. Budget (indicative) and calendar**

The overall budget allocated by the EU is EUR 12 million and is indicatively divided as follows:

<b>Description</b>	<b>Budget (EUR )</b>
Component I: Technical assistance programme	1,400,000
Component II: Business development projects  (this component will be complemented by EUR 1,100,000 financed by UNDP)	9,500,000
Component III: Support to civil society	800,000
Evaluation, Monitoring, Audit	300,000
<b>Total Budget</b>	<b>12,000,000</b>

The duration of the activities is estimated to be 36 months from the signature of the contracts and contribution agreements.

##### **4.4. Performance monitoring**

A steering committee will be foreseen in the Financing Agreement, involving institutions mentioned under 3.5. In order to avoid parallel structures and donor-led procedures, existing Moldovan monitoring institutions will be used to a maximum extent.

All project activities carried out by the implementing partner will be subject to continuous monitoring by project implementers and beneficiaries against the indicators determined in the



project Monitoring Plan, which will be developed during the project inception phase, and be reviewed through monthly implementation meetings, quarterly steering committees and annual reviews.

#### **4.5. Evaluation and audit**

An indicative amount of EUR 300,000 is set aside for evaluation, monitoring and audit. Standard procedures for evaluation and audit of EU funded projects apply.

#### **4.6. Communication and visibility**

The EU visibility guidelines apply. Particular attention will also be paid to carry a similar message –both in content and intensity- on both banks of the river.

A particular emphasis will be put in promoting visibility and communication of EU funded projects, especially when these are implemented through joint management procedure.