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Investir dans les populations rurales

République de Moldova

Programme d'options stratégiques pour le
pays
2019-2024

Note pour les représentants au Conseil d'administration

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Table des matières

Sigles et acronymes	ii
Carte des opérations financées par le FIDA dans le pays	iii
Résumé	iv
I. Diagnostic concernant le pays	1
II. Enseignements et résultats précédents	5
A. Expériences et résultats issus du passé	5
B. Enseignements pour la stratégie future	5
III. Objectifs stratégiques et alignement	6
A. Objectifs stratégiques	6
B. Principaux risques afférents au pays, au secteur et au programme	8
IV. Résultats durables	9
A. Ciblage et problématique hommes-femmes	9
B. Reproduction à plus grande échelle	9
C. Participation à l'élaboration des politiques pour la prospérité rurale	10
D. Ressources naturelles et changements climatiques	10
E. Agriculture et développement rural sensibles aux enjeux nutritionnels	10
V. Réussite de la mise en œuvre	11
A. Cadre de financement	11
B. Suivi-évaluation	12
C. Apprentissage et gestion des savoirs	12
D. Partenariats	12
E. Innovations	13
F. Coopération Sud-Sud et triangulaire	13
Appendices	
COSOP results management framework (Cadre de gestion des résultats du COSOP)	1
Agreement at completion point of last country programme evaluation [from 2014] (Accord conclusif relatif à la dernière évaluation du programme de pays [depuis 2014])	3
COSOP preparation process including preparatory studies, stakeholder consultation and events (Processus de préparation du COSOP, y compris les études préparatoires, la consultation des parties prenantes et les manifestations)	8
Natural resources management and climate change adaptation: Background, national policies and IFAD intervention strategies (Gestion des ressources naturelles et adaptation aux changements climatiques: généralités, politiques nationales et stratégies d'intervention du FIDA)	25
Country at a glance (Coup d'œil sur le pays)	26
Concept note (Note conceptuelle)	27

Key files (Dossiers-clés)

Rural poverty and agricultural/rural sector issues (Problèmes liés à la pauvreté rurale et au secteur agricole/rural)	9
Organizations matrix (strengths, weaknesses, opportunities and threats analysis) (Matrice de l'organisation - analyse des forces, faiblesses, possibilités et menaces)	11
Complementary donor initiatives/partnership potential (Initiatives complémentaires des donateurs et potentiel de partenariat)	14
Target group identification, priority issues and potential response (Détermination du groupe cible, questions prioritaires et réponses possibles)	16

Sigles et acronymes

CEI	Communauté d'États indépendants
COSOP	Programme d'options stratégiques pour le pays
DANIDA	Agence danoise de développement international
EPP	Évaluation de programme de pays
MDL	Leu moldove
OS	Objectif stratégique
TARUT	Projet de rétention des talents pour la transformation rurale
UE	Union européenne

Carte des opérations financées par le FIDA dans le pays

République de Moldovie
 Opérations en cours financées par le FIDA
 COSOP



Les appellations figurant sur cette carte et sa représentation graphique ne constituent en aucun cas une prise de position du FIDA quant au tracé des frontières ou limites, ou aux autorités de tutelle des territoires considérés.
 Carte établie par le FIDA 02-05-2018

Les projets du FIDA sont mis en œuvre dans toutes les régions rurales de la République de Moldovie

Résumé

1. Dans les zones rurales de la République de Moldova, l'agriculture devient une activité très polarisée. Un petit nombre d'exploitants agricoles travaillant à grande échelle réussit de plus en plus à exploiter les possibilités commerciales très élargies qu'offre l'accord de libre échange avec l'Union européenne (UE), qui est devenue la principale destination des exportations agricoles du pays. Mais les petits exploitants doivent lutter pour se conformer aux exigences strictes de l'entrée sur les marchés de l'UE. Pour eux, les marchés de la Communauté d'États indépendants (CEI), notamment de la Fédération de Russie, sont vitaux car plus facilement accessibles. De ce fait, les petits exploitants agricoles s'engagent moins sur les marchés, l'agriculture de subsistance s'accroît et la productivité a diminué; cette tendance n'a pas d'équivalent dans la plupart des pays du monde. Son moteur est l'émigration d'un quart de la jeunesse rurale, et le départ vers les villes de très nombreux autres. L'agriculture de subsistance est en passe de devenir plus courante que l'agriculture commerciale. Enfin, une catégorie d'agriculteurs, les petits exploitants, sont particulièrement vulnérables aux changements climatiques qui s'accroissent, car ils sont les moins équipés pour s'adapter à leurs effets.
2. Dans ces circonstances de difficultés atypiques et complexes, le FIDA est bien placé pour aider ses partenaires moldaves à concevoir des voies de développement inclusives pour les petits exploitants et les ruraux pauvres mais disposés à entreprendre. Toutefois, travailler à la fois sur les engagements mondiaux du FIDA de réduction de la pauvreté au moyen d'investissements productifs, tout en maintenant sa pertinence dans le contexte moldave, impose une stratégie soigneusement réfléchie.
3. En conséquence, le FIDA promeut des moyens d'existence plus résilients dans les zones rurales marginales en soutenant une agriculture intelligente face au climat, la diversification économique, la rétention des talents et l'accès à la finance rurale. Sur cette base, le FIDA se donne pour objectif général d'aider les pauvres productifs à tirer avantage des occasions nées de la transformation rurale en cours. Pour tenir ses promesses, le FIDA s'appuiera sur les deux objectifs stratégiques suivants:
 - a) Objectif stratégique 1. Le FIDA améliorera les capacités d'adaptation des petits exploitants et des petites agro-industries en ayant recours aux investissements orientés vers le marché. Ceci en renforçant leur résilience par le truchement d'investissements dans les infrastructures rurales productives et les systèmes agricoles.
 - b) Objectif stratégique 2. Deuxièmement, le FIDA encouragera des liens avec le marché favorables à tous, au moyen d'un meilleur accès aux services financiers et aux marchés, vecteurs de la transformation rurale.
4. Ces objectifs stratégiques sont alignés avec la Stratégie nationale de développement agricole et rural, dans laquelle le gouvernement souligne concrètement comment il entend traduire dans la réalité les ambitions de la Stratégie nationale de développement pour 2020.

République de Moldova

Programme d'options stratégiques pour le pays

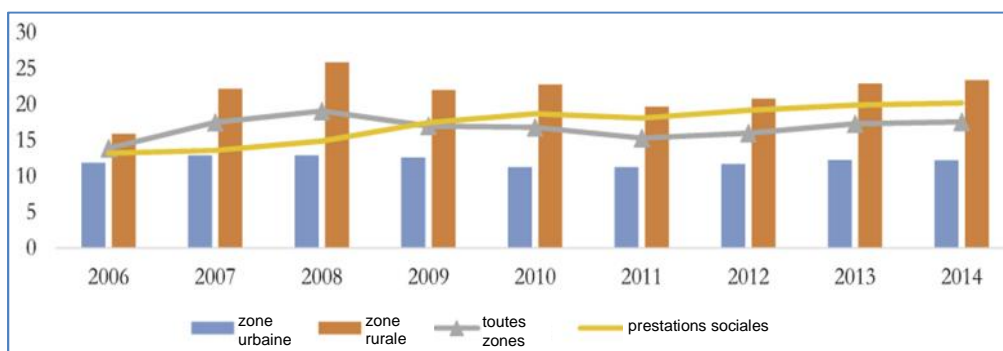
I. Diagnostic concernant le pays

A Contexte socio-économique

1. La République de Moldova compte parmi les pays les plus pauvres d'Europe. Au plan géopolitique, le pays a des liens commerciaux et migratoires historiques avec la CEI, tout spécialement avec la Fédération de Russie. Cependant, le principal objectif de politique étrangère de la République de Moldova réside dans son accession à l'UE et dans le renforcement de ses relations avec la Roumanie, ce qui induit des ramifications très profondes dans les politiques et les pratiques nationales, du fait de l'alignement sur les exigences de l'UE. L'adhésion à un Accord de libre-échange complet et approfondi avec l'UE a été une étape majeure. Cet accord offre un meilleur accès au plus grand marché du monde mais, simultanément, exposera progressivement les producteurs moldoves à une concurrence intérieure plus forte.
2. Cependant, les relations commerciales et les liens historiques avec la Russie et d'autres pays de la CEI se poursuivent. Les petits producteurs tendent à toujours voir la CEI comme leur marché principal; cela est particulièrement vrai pour de nombreux producteurs ruraux dont les produits n'ont pas la qualité exigée ou qui ne peuvent pas produire en quantités suffisantes pour entrer sur les marchés de l'UE.
3. Une gouvernance faible, allant de pair avec une croissance lente, a également provoqué l'émigration de presque un tiers de la population en âge de travailler, ce qui prive les zones rurales d'un groupe productif essentiel. Malgré une croissance économique incertaine, une gouvernance fragile et de fréquents événements climatiques extrêmes, la République de Moldova a plutôt bien réussi à réduire la pauvreté. L'un des moteurs clés a été sa croissance économique mue par la consommation privée, et dynamisée par les transferts de fonds et les retraites. Cependant, les zones rurales demeurent notoirement plus pauvres que leurs contreparties urbaines, avec une pauvreté rurale près de six fois supérieure à celle des grandes villes.

Figure 1

Parts des transferts d'argent et des transferts sociaux dans le revenu des ménages



Source: Banque mondiale: Poverty and Shared Prosperity in Moldova, 2016.

4. Les moteurs de ces impressionnants résultats en matière de réduction de la pauvreté ne vont probablement pas rester aussi efficaces à l'avenir. Ce point a déjà été soulevé par l'évaluation du programme de pays (EPP) du FIDA en 2014. La République de Moldova est confrontée à un énorme problème démographique, avec un taux de dépendance exceptionnellement élevé et une fertilité en déclin; le vieillissement et l'émigration ne feront qu'empirer ce problème.

5. En ce qui concerne la nutrition, la République de Moldova est un pays en transition; la dénutrition décroît, mais la surnutrition augmente. Les besoins alimentaires et énergétiques de la majorité de la population sont largement satisfaits, mais la proportion décroissante (21%) des personnes consommant des quantités insuffisantes de nourriture demeure préoccupante. Le niveau moyen de la consommation alimentaire et énergétique quotidienne par personne dans le pays est régulièrement supérieur aux valeurs recommandées par l'Organisation mondiale de la Santé, et cette tendance se poursuit: la consommation quotidienne moyenne, d'environ 2 400 kcal en 2013, était supérieure aux valeurs recommandées par l'Organisation mondiale de la Santé, de 2 050 kcal. De même, la République de Moldova a récemment enregistré des améliorations dans toutes les catégories de malnutrition, et affiche des taux de malnutrition globalement bas¹.
6. Les questions liées à la problématique hommes-femmes se manifestent aussi dans la nutrition, les femmes présentant une absorption calorique supérieure à celle des hommes, et un niveau de sécurité alimentaire supérieur aussi à celui des hommes en temps de crise². Le plus récent Indice mondial des disparités entre hommes et femmes (2017), du Forum économique mondial, classe la République de Moldova trentième sur 144 pays, soit en meilleure position que les Pays-Bas (32) et l'Italie (82). Cependant, les femmes sont aussi confrontées à la difficulté de l'infériorité salariale. Elles sont ainsi moins susceptibles de lancer une entreprise et, lorsqu'elles le font, elles auront moins de chances de l'agrandir et d'employer d'autres personnes.

B. Le secteur agricole et l'économie rurale

7. Le rôle de l'agriculture a également changé. Au début des années 2000, sa part dans la valeur ajoutée du PIB a chuté de 30% en 2000 à seulement 10% en 2009, après quoi elle s'est relevée de cinq points de pourcentage (voir figure 3 ci-dessous). La pénétration des marchés de l'UE a été déterminante dans ce redressement de la valeur ajoutée agricole.

Figure 2
Répartition des fermes et des superficies, 2011

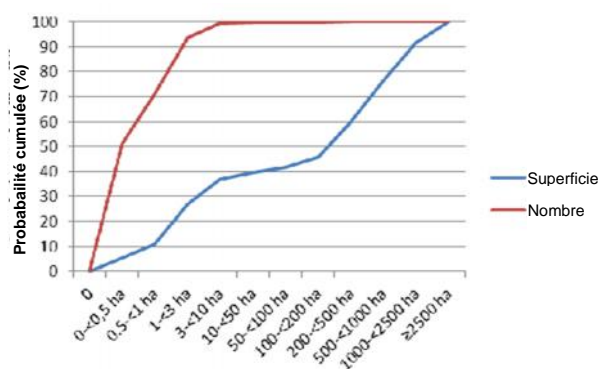
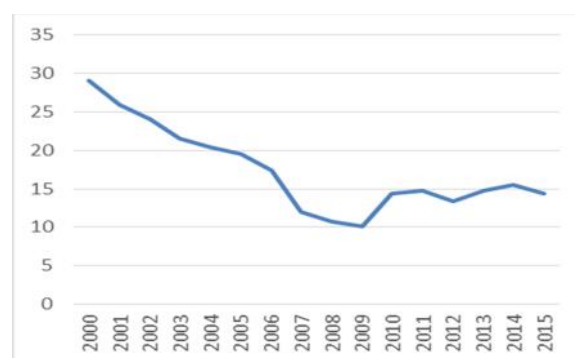


Figure 3
Pourcentage de la valeur ajoutée agricole du PIB



Source : Bureau national de statistique, selon années

¹ Selon le *Rapport sur la nutrition mondiale 2017*, près de la moitié de la population est en surpoids.

² Banque mondiale: *Moldova- Food Security Assessment*, Washington 2016. Ceci peut aussi être dû au fait que les hommes ont d'autres priorités de consommation (par exemple, l'entretien de la voiture), avant la nourriture. Cependant, les femmes tendent à faire des choix de régimes alimentaires plus sains que ceux des hommes, qui favorisent les viandes rouges, le porc, les aliments à fortes teneurs de saccharose et l'alcool.

8. Ainsi, un segment réduit mais croissant d'agriculteurs se conforme aux réglementations européennes et réussit à exporter vers l'UE, mais il s'agit généralement des plus gros exploitants. De fait, le caractère duel de l'agriculture moldave s'est probablement aggravé encore au cours de la dernière décennie. Avec une génération d'agriculteurs âgés qui vont probablement quitter totalement leur activité dans les quelques années à venir, une occasion s'ouvre d'appuyer l'émergence d'une nouvelle génération d'agriculteurs plus jeunes, qui pourront regrouper, ouvrir à la commercialisation et revitaliser ce secteur.
9. Dans de nombreux autres contextes nationaux, les plus petits exploitants auraient constitué le principal groupe cible du FIDA car ils sont habituellement aussi les plus pauvres. Cependant, la croissance de l'agriculture de subsistance dans la République de Moldova est vraisemblablement unique en Europe, où la tendance historique va vers la commercialisation et le regroupement. Il est donc difficile de cibler les agriculteurs les plus pauvres. La plupart des agriculteurs travaillant sur des exploitations de petite taille sont âgés et travaillent à basse intensité. Le revenu agricole en tant que part du revenu total a chuté de 25 à 13% entre 2007 et 2014 (voir tableau 1) et les petits agriculteurs pauvres sont largement devenus insolubles aux yeux des banques.

Figure 4
Âge et sexe des agriculteurs de subsistance

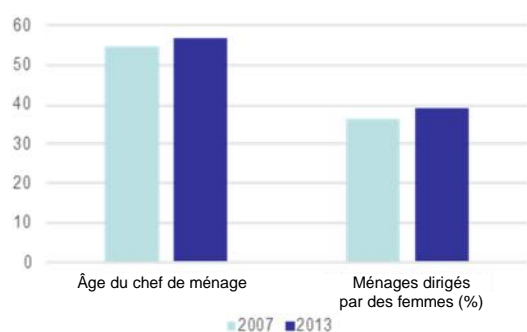
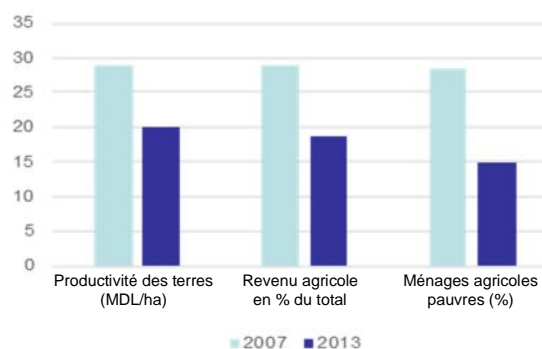


Figure 5
Productivité des terres et pauvreté paysanne (tous types d'exploitations)



Sources: Banque mondiale: *Structural transformation of Moldovan smallholder agriculture*, 2016.

10. Le remembrement foncier se produit pas à grande échelle. Entre 2007 et 2008, 23% des agriculteurs ont vendu leurs terres, mais ils n'étaient que 7% entre 2012 et 2013. La superficie des terres ayant changé de propriétaire a chuté aussi de 11 à 4% au cours des mêmes périodes (voir tableau 1 ci-dessous).

Tableau 1

Changements des caractéristiques des agriculteurs axés sur le commerce et des agriculteurs de subsistance depuis le COSOP de 2007

	2007			2013		
	Total	subsistance	autre	Total	subsistance	autre
Nombre de ménages agricoles	4 679	72,36	27,64	4 089	73,65	26,35
Taille moyenne des ménages	2,77	2,74	2,86	2,47	2,42	2,61
Âge moyen du chef de famille	54,69	55,29	53,14	56,48	57,31	54,16
Femmes chef de famille (%)	36,64	38,37	32,11	38,95	42,12	30,07
Chef de famille en mauvaise santé (%)	24,33	26,66	18,24	21,25	22,48	17,83
Niveau d'éducation du chef de famille, faible (%)	14,55	15,91	11,00	8,83	10,05	5,44
Niveau d'éducation du chef de famille, élevé(%)	19,57	18,83	21,49	19,57	19,41	19,93
Meilleur parcours scolaire dans ménage, faible (%)	10,62	11,72	7,73	6,25	7,25	3,44
Meilleur parcours scolaire dans ménage, fort (%)	29,77	28,97	31,84	30,10	29,35	32,22
Foyer comptant un demandeur d'emploi (%)	11,69	11,60	11,92	10,18	9,39	12,40
Foyer touché par le sous-emploi (%)	27,33	26,98	28,17	22,29	20,92	26,17
Revenu moyen du foyer (leu moldove [MDL])	35 912	33 683	41 748	36 648	34 800	41 811
Revenu moyen par personne (équ.) (MDL)	17 055	16 005	19 804	18 896	18 145	20 995
Revenu agricole (% du revenu total)	28,90	25,05	42,60	18,63	12,80	34,93
Revenu non agricole perçu (%)	27,54	28,33	24,77	28,48	28,90	27,45
Revenu provenant de transferts d'argent (%)	13,07	13,80	11,17	13,79	14,79	11,01
Difficultés pour payer la nourriture (%)	37,32	38,42	34,44	35,10	36,00	32,59
Foyers de paysans pauvres (%)	28,53	30,31	23,86	15,03	15,72	13,11
Superficie moyenne totale de terres (ha)	1,64	1,566	1,823	1,39	1,265	1,720
- en pleine propriété (%)	99,38	99,40	99,31	99,32	99,38	99,18
- louées (%)	31,57	31,69	31,25	28,34	27,80	29,87
- disponibles (%)	68,43	69,31	68,75	71,65	72,20	70,13
- abandonnées (%)	15,37	14,90	16,60	17,66	18,02	16,65
- utilisées (%)	53,06	53,40	52,15	54,00	54,18	53,47
Mécanisation (propriété d'un tracteur) (%)	2,12	1,31	4,24	2,37	1,26	5,46
Part de revenu agricole en nature	86,58	99,55	52,63	85,34	99,79	44,96
Productivité des terres (MDL/ha/an)	28 836	26 373	35 541	19 617	16 509	28 579

Source: Banque mondiale: Structural Transformation of Moldovan Smallholder Agriculture, 2016.

11. La vulnérabilité aux changements climatiques et aux chocs concomitants est importante et a des effets néfastes et fréquents sur l'économie. La République de Moldova compte parmi les pays d'Europe les plus vulnérables au climat (voir note des Procédures d'évaluation sociale, environnementale et climatique, Appendice VI). Les petits exploitants sont particulièrement vulnérables aux changements climatiques car leur accès à l'information est limité et ils n'ont que peu de ressources à investir dans des mesures d'adaptation.

C. Contexte politique et institutionnel

12. Le document de stratégie nationale de développement "Moldova 2020" présente la politique globale de développement du pays. Le présent Programme d'options stratégiques pour le pays (COSOP) appuie sans réserve la stratégie Moldova 2020 de rapprochement avec l'UE, y compris pour l'agriculture, et garantit la santé et la sécurité alimentaires. Au niveau sectoriel, le FIDA appuiera les principales priorités gouvernementales fixées dans la Stratégie nationale sur l'agriculture et le développement rural. La restructuration du Ministère de l'agriculture, du développement rural et de l'environnement (sous l'égide duquel est placée l'unité de projet du FIDA), et les élections à venir, vont probablement conduire à une nouvelle stratégie de développement rural. Le FIDA veillera à l'alignement de ses engagements futurs en conséquence.

13. Dans les zones rurales, le secteur privé présente une structure double, avec un secteur concurrentiel moderne et florissant, et un secteur de subsistance, stagnant, qui devient de plus en plus marginal. Le défi majeur consiste à relier ces deux segments, et à restaurer une catégorie médiane d'agriculteurs et d'agro-industries, susceptible d'offrir, en particulier aux jeunes talents, des opportunités attrayantes, non liées à l'émigration. Les ONG et les prestataires de services sont en mesure de satisfaire à toutes sortes de besoins, tels que mentorat, conseils d'affaires ou d'élargissement des activités par exemple. Le secteur de la microfinance dispose d'un vaste réseau, mais les établissements de microfinance tendent à présenter des frais généraux élevés et sont souvent trop modestes pour réaliser des économies d'échelle.

II. Enseignements et résultats précédents

A. Expériences et résultats issus du passé

14. Le COSOP a été élaboré sur la base des conclusions et des résultats de nombreuses études, en particulier: l'examen des résultats du COSOP de 2017 et l'EPP de 2014. Au niveau opérationnel, ces deux études font état de la remarquable performance du FIDA, et classent la République de Moldova de façon cohérente dans le groupe des dix meilleurs parmi les 113 pays de référence du FIDA.

B. Enseignements pour la stratégie future

15. L'on retiendra tout d'abord que le FIDA ne peut viser les plus pauvres dans les zones rurales tout en mettant simultanément en œuvre son mandat d'investissement dans les actifs productifs des ruraux pauvres. Ceci est corroboré tant par l'EPP de 2014 que par l'Examen des résultats du COSOP de 2017. Un grand nombre de ces ruraux les plus pauvres sont des retraités ou proches de la retraite et donc peu susceptibles d'être intéressés à faire des investissements importants dans l'agriculture.
16. Cependant, un champ d'amélioration du ciblage est nettement visible, en dépit du fait que les groupes les plus pauvres n'en seront vraisemblablement pas les principaux bénéficiaires, ni ne seront intéressés à participer aux projets appuyés par le FIDA. Le remembrement foncier progresse et des opportunités non agricoles sont en train d'apparaître dans les zones rurales, tandis que les agro-industries et le tourisme croissent. Le FIDA concentrera donc ses efforts dans les zones plus pauvres et ciblera les pauvres ayant un potentiel économique. Il a déjà soutenu plus de 4 300 entreprises rurales par le truchement de ses services de conseils aux entreprises, les a aidées à améliorer leur résilience et à élargir leurs affaires. Des crédits ont été accordés à plus de 2 500 foyers ruraux (dont 1 000 dirigés par des femmes), et plus de 600 entreprises familiales (dont 200 dirigées par des femmes) ont été créées ou agrandies³.
17. Services financiers. Le rapport d'achèvement du projet du FIDA sur le Programme de développement des entreprises rurales a conclu que les 129 prêts d'investissements refinancés par le programme avaient créé 1 348 emplois, soit 4% de l'ensemble des emplois créés dans le pays pendant la période d'exécution du programme. Le salaire mensuel moyen pour chacun des emplois créés s'élevait à 208 USD, ce qui est impressionnant, surtout par rapport à la moyenne du pays, de 195 USD/mois (2008). En termes structurels, le FIDA a appuyé les associations d'épargne et de crédit en améliorant le cadre réglementaire, en s'impliquant auprès de la Commission nationale des marchés financiers et en soutenant des efforts visant au regroupement, à la vigueur et à la transparence du secteur.
18. Le soutien du FIDA à l'agriculture intelligente face au climat façonne aussi le COSOP et les futurs mécanismes cibles à utiliser. Par exemple, dans une initiative pilote en soutien à l'agriculture de conservation, les vecteurs de transformation

³ Voir FIDA: Examen des résultats du COSOP, Rome 2017.

(petites et moyennes entreprises rurales et exploitants agricoles de taille moyenne ou à plus grande échelle, par exemple), ont été recensés pour servir d'entreprises modèles. L'initiative a démontré les avantages d'un tel soutien dans la pratique, et a offert aux paysans plus pauvres une expérience concrète et des leçons à retenir. Comme le montre le tableau 2, 10 champs écoles paysans d'agriculture de conservation ont été créés et l'on en espère un important effet multiplicateur. Cette initiative débouche aussi sur une conversion notable à l'agriculture de conservation et sur une résilience générale face au climat. Ces activités d'agriculture de conservation devraient être amplifiées à l'avenir.

Tableau 2

<i>Agriculture de conservation (2017)</i>	<i>Unités</i>	<i>Terres (ha)</i>	<i>Terres dédiées à l'agriculture de conservation</i>	<i>(%) dédié à l'agriculture de conservation</i>
Champs écoles paysans	10	8 857	460	5
Petits dons	25	8 873	7 020	79
Total	35	17 730	7 480	42

19. Un don d'appui à la jeunesse rurale de l'Agence danoise de développement international (DANIDA) a aussi catalysé des apprentissages importants sur la conception des ensembles de mesures transformationnelles qui combinent dons, crédits, formation à l'entrepreneuriat, mentorat et intégration au marché. L'appui de DANIDA a débuté avec les projets phare pour la jeunesse; le Projet de développement des services financiers ruraux et des entreprises agro-alimentaires et le Programme sans exclusive de croissance économique rurale et d'adaptation au changement climatique.
20. Les jeunes agriculteurs ayant investi dans des actifs productifs et ayant amélioré leurs pratiques agricoles, la production a augmenté en moyenne de 25%, avec pour résultat une hausse des revenus. La production de raisins de table, par exemple, a été multipliée par six par rapport aux agriculteurs ne bénéficiant pas de l'appui du projet; de même, les revenus de la production de l'apiculture ont été multipliés par neuf.
21. Les enseignements retirés, spécialement en ce qui concerne la jeunesse, sont pertinents pour la nouvelle proposition de Projet TARUT. Par exemple, le Projet de développement des services financiers ruraux et des entreprises agro-alimentaires a aidé à surmonter les hésitations du secteur bancaire à prêter à de jeunes entrepreneurs en construisant leur historique de crédit grâce à des dons de contrepartie utilisés pour promouvoir l'inclusion financière. Ces enseignements seront reportés dans le projet TARUT.
22. Finalement, l'Examen des résultats du COSOP aussi bien que l'EPP ont mis en lumière la forte performance du dispositif de gestion de l'unité d'exécution du projet. L'enseignement principal à tirer réside dans l'importance de préserver les solides normes fiduciaires et compétences acquises à ce jour, en particulier dans le contexte de la réforme institutionnelle.

III. Objectifs stratégiques et alignement

A. Objectifs stratégiques

23. L'avantage comparatif du FIDA réside dans ses compétences en matière de développement agricole et de réduction de la pauvreté rurale par l'intermédiaire d'investissements durables dans les capacités productives des paysans, des agro-industries et des prestataires de services financiers ruraux. La proposition de valeur du FIDA dans toutes ses opérations en République de Moldova est assurément d'offrir une perspective de sortie de la pauvreté pour les ruraux pauvres, dans un contexte de dépeuplement, d'exigences réglementaires croissantes de la part de

l'UE et d'une montée des pressions concurrentielles. À cette fin, le FIDA s'appuiera sur son expertise régionale en matière d'émigration rurale, de rapprochement avec l'UE et de structure agricole, de plus en plus bipolarisée.

24. La principale théorie du changement sous-tendant le COSOP est que le FIDA peut aider à conduire la transformation de l'économie rurale en aidant les agriculteurs et les agro-industriels ruraux à devenir plus résilients et plus compétitifs, ce qui générera de l'emploi pour la main-d'œuvre rurale pauvre et accroîtra l'assiette fiscale au profit de l'État qui, en retour pourra financer ses ambitions d'inclusivité (par exemple avec les transferts sociaux). Cette stratégie principale sera complétée par une attention particulière portée aux ruraux pauvres potentiellement capables de pratiquer une agriculture commerciale et de parvenir à atteindre le niveau de compétitivité requis dans le contexte du rapprochement avec l'UE⁴.
25. Sur cette base, l'objectif général sera d'aider les ruraux pauvres productifs à sortir de la pauvreté en saisissant les opportunités qui naissent de la transformation en cours des zones rurales de la République de Moldova. Le FIDA créera des opportunités pour les ruraux pauvres qui ont une vision économique et le désir de demeurer dans les zones rurales et de servir de modèles. Pour réussir à concrétiser ces engagements, le FIDA a deux objectifs stratégiques:
 - a) Objectif stratégique 1 (OS1) : Le FIDA améliorera les capacités d'adaptation des petits exploitants et des agro-industriels au moyen d'actions mues par le marché. Plus précisément, leur résilience sera améliorée par des investissements dans des infrastructures rurales productives et des systèmes agricoles. La gestion des ressources naturelles est cruciale pour faire face aux changements climatiques et, par conséquent, cet objectif est conçu pour ouvrir la voie à une adaptation aux changements climatiques qui se fasse à une échelle de plus en plus large et qui sera elle-même entraînée par le développement des connaissances et un meilleur accès aux pratiques et aux technologies d'adaptation au climat. Le FIDA appuiera aussi l'application à plus grande échelle des pratiques plus durables de gestion des sols et de l'eau, ce qui engendrera de plus hauts rendements et diversifiera la production.
26. Pour cet objectif stratégique, le FIDA investira dans des secteurs secondaires, tels que l'irrigation visant à atténuer les sécheresses, et l'agriculture de conservation dans les zones vulnérables aux changements climatiques, ce qui générera des retours positifs et de nouvelles opportunités commerciales. Il est clair que cette approche sera déterminée par le marché puisque l'adaptation est une priorité commerciale pour les agriculteurs, en particulier les petits exploitants. L'infrastructure devra soutenir l'intégration au marché et être économiquement durable. L'OS1 créera une plate-forme d'adaptabilité pour les petits exploitants qui leur permettra ainsi de s'engager dans des parcours de progression de leurs capacités qui seront précisés avec l'OS2. Les animateurs de transformation piloteront de nouvelles approches de l'adaptabilité et de nouvelles technologies dans ce domaine, mais avec des points d'entrée clairement établis et des parcours pouvant être reproduits et adaptés par les ruraux pauvres productifs. Ces champions/animateurs de la transformation démontreront la viabilité commerciale des nouveaux concepts et des innovations, et offriront des exemples qui pourront être appliqués à plus grande échelle et transversalisés. Ces animateurs seront des entités du secteur privé et joueront un rôle fondamental de stimulateurs de croissance des entreprises conduites par le marché, en offrant des débouchés commerciaux et des opportunités d'affaire aux petits exploitants et en générant des possibilités d'emploi, tant agricoles que non agricoles. Le FIDA aura pour rôle de veiller à ce que les modèles et innovations promus soient adaptables aux besoins

⁴ Cependant tous les ruraux pauvres ne seront pas en mesure de bénéficier de l'appui du FIDA et, dans l'ensemble, l'agriculture continuera de perdre des emplois.

des petits exploitants, et de les assister dans les phases d'adaptation et d'utilisation. Est inclus ici le soutien à la production agricole primaire, mais aussi à d'autres segments, tels que la transformation, la prestation de services et la commercialisation.

- b) Objectif stratégique 2 (OS2): Le FIDA promouvra des liens inclusifs avec le marché par le biais d'un meilleur accès aux services et aux marchés financiers, pour encourager la transformation rurale. Il s'agira ici d'appuyer un meilleur accès aux services financiers ruraux et aux marchés, et l'intégration des petits exploitants qui en découle. Le soutien à l'agro-industrie constituera aussi une composante majeure.
27. L'investissement au titre de l'OS2 se concentrera sur les secteurs secondaires suivants: les cultures à forte valeur ajoutée, y compris les fruits et les légumes. Divers modèles d'inclusion des petits exploitants seront appliqués, par exemple l'agriculture sous contrat, les organisations paysannes de terrain, le remembrement foncier pour les petits exploitants désirant s'agrandir, et les liens avec d'autres projets dans le pays, tels que le Projet de compétitivité agricole en République de Moldova, de la Banque mondiale. Des efforts concertés viseront à rendre les services financiers plus accessibles aux ruraux pauvres productifs ayant un potentiel économique.
28. Le portefeuille actuel apporte un fort soutien à ces deux objectifs stratégiques. Le Projet de renforcement de la résilience en milieu rural honore le premier objectif en mobilisant des investissements importants dans l'irrigation et l'agriculture de conservation. Pour le deuxième objectif, ce projet encouragera:
- la finance de terme pour les micro, petites et moyennes entreprises (MPME);
 - les garanties de crédit aux MPME; et c) l'appui technique aux MPME et aux associations d'épargne et de crédit.
29. La mise en œuvre du projet TARUT appuiera aussi le premier objectif: les jeunes entrepreneurs se verront offrir l'accès à des technologies à l'épreuve des changements climatiques, afin d'accroître leurs capacités d'adaptation. Pour le deuxième objectif, le TARUT offrira un dispositif de crédits et de dons de contrepartie destiné à promouvoir l'entrepreneuriat des jeunes, et à générer des revenus et des emplois qui les intégreront dans les marchés à haute valeur.
30. Le FIDA appuiera le gouvernement dans la modernisation du secteur rural, en vue d'accroître la compétitivité et d'améliorer la résilience. Les avantages d'une assiette fiscale en hausse, de revenus à l'exportation et d'opportunités d'emplois ont été démontrés. Cependant, le FIDA complétera aussi cette stratégie en ciblant plus directement les ménages vulnérables aux effets climatiques et les foyers ruraux pauvres productifs, en s'intéressant tout particulièrement à la jeunesse et à la problématique homme-femme.
31. Les deux objectifs stratégiques tirent aussi leur raison d'être de l'objectif de développement durable 1 (ODD 1) (Éliminer la pauvreté sous toutes ses formes et partout dans le monde) et ODD 2 (Éliminer la faim, assurer la sécurité alimentaire, améliorer la nutrition et promouvoir l'agriculture durable). Ils contribuent aussi à la réalisation de l'ODD 5 (Parvenir à l'égalité des sexes et autonomiser toutes les femmes et les filles), de l'ODD 6 (Garantir l'accès de tous à l'eau et à l'assainissement et assurer une gestion durable des ressources en eau) et de l'ODD 13 (Prendre d'urgence des mesures pour lutter contre les changements climatiques et leurs répercussions). Le COSOP est par ailleurs aligné sur les trois objectifs du Cadre stratégique du FIDA 2016-2025.
- B. Principaux risques afférents au pays, au secteur et au programme**
32. La matrice ci-dessous souligne les risques auxquels le portefeuille du FIDA est confronté, à divers niveaux:

Tableau 3
Matrice des risques

<i>Risques</i>	<i>Stratégie d'atténuation</i>
Niveau général: Population vieillissante et taux de dépendance élevé, provoquant des coupures budgétaires.	Recourir à une politique de dialogue pour souligner que la protection des dépenses agricoles est nécessaire.
Gouvernance de qualité médiocre compromettant les capacités de partenariat du FIDA.	Mettre en place des garde-fous de l'intégrité adaptés au niveau des engagements concrets, y compris l'Unité consolidée d'exécution du programme
Niveau sectoriel: Le remembrement foncier peut ne pas se concrétiser.	Le FIDA aidera les exploitants productifs et à fort potentiel à saisir les opportunités de regroupement.
Une gouvernance financière médiocre et le conservatisme limitent les investissements ruraux.	Le FIDA s'implique dans ce secteur et travaille à atténuer ce risque en prenant contact avec les institutions financières visées.
Niveau du projet: Les pauvres ne peuvent pas attirer les nécessaires investissements transformationnels du secteur privé.	Les critères de sélection à la fois par zones et par bénéficiaires permettront de vérifier la présence d'un potentiel commercial.
La jeunesse n'est pas en mesure d'attirer des financements de projet ni d'établir des liens avec le marché.	Soutenir les entrepreneurs ruraux talentueux par l'inclusion, les transferts de technologie et le mentorat.
Les changements climatiques sapent la viabilité de l'agriculture.	Le FIDA cherchera avec beaucoup de détermination à atténuer ces risques grâce à l'agriculture de conservation, l'irrigation et la sélection des cultures.

IV. Résultats durables

A. Ciblage et problématique hommes-femmes

33. Le FIDA ne visera pas la majorité des habitants ruraux les plus pauvres, qui ne seront pas ses principaux bénéficiaires. L'accent sera mis sur les ruraux pauvres représentant des "placements sûrs" qui pourront assurer la continuité et la vivacité des zones rurales. Ce seront des petits exploitants et des petites entreprises, des ménages pauvres qui possèdent des terres et du bétail, sont actifs et vigoureux, et désireux d'élargir leur production, d'accroître et de diversifier leurs revenus.
34. Les stratégies de ciblage visent à toucher les groupes vulnérables ayant un potentiel de hausse. Le ciblage sera amélioré grâce à l'implication dynamique des communautés locales, la diffusion des informations par les "champions" informels et officiels, une meilleure transparence dans la sélection des bénéficiaires. Pour éviter un accaparement par les élites, les mesures de ciblage appliqueront des critères limitatifs réalistes fondés sur la superficie des terres, le nombre de têtes de bétail, etc. Une attention spéciale sera accordée aux jeunes et aux femmes.

B. Reproduction à plus grande échelle

35. La principale priorité du partenariat entre la République de Moldova et le FIDA pour la période 2018-2024 sera de promouvoir la reproduction des innovations à plus grande échelle. Au niveau du projet, cette transposition sera systématiquement incluse dans les principes sous-jacents et les résultats attendus de chaque nouveau projet; une stratégie claire ou un mécanisme clair dans ce domaine seront définis au stade de la conception. Cette approche est bien illustrée par la reproduction à plus grande échelle planifiée des pratiques résilientes de gestion des sols et de l'eau face aux changements climatiques, dans lesquelles les animateurs de transformation démontreront d'abord la viabilité commerciale avant que le FIDA n'apporte son aide en adaptant les technologies aux capacités des petits exploitants.

C. Participation à l'élaboration des politiques pour la prospérité rurale

36. L'engagement du FIDA dans les politiques consistera à appuyer la réalisation des objectifs stratégiques. Des expériences concrètes constitueront une base sérieuse rassemblant des faits vérifiés, sur laquelle le FIDA et ses partenaires essentiels fonderont leurs échanges. Il sera principalement question de s'attaquer aux inégalités croissantes entre les milieux urbains et ruraux et aux inégalités internes au milieu rural. Si rien n'est fait, ces disparités pourraient être exacerbées par les exigences réglementaires de plus en plus strictes et par la pression concurrentielle, qui toutes deux sont les conséquences probables de la mise en œuvre de la zone de libre-échange approfondi et complet. À un niveau plus général, le FIDA s'efforcera de discuter de méthodes de recensement des jeunes entrepreneurs ruraux capables de satisfaire aux critères toujours plus rigoureux de l'accès au marché, et visant à façonner un environnement favorable les encourageant à rester dans les zones rurales.
37. Le FIDA renforcera aussi ses efforts pour s'engager dans un dialogue sur les politiques touchant aux questions plus vastes du secteur financier, notamment la fixation des taux d'intérêts, les garanties de crédit, les garanties exigées et les évaluations de risques.

D. Ressources naturelles et changements climatiques

38. En tant qu'élément clef de ses deux objectifs stratégiques, le FIDA aidera le gouvernement dans le domaine de l'adaptation aux changements climatiques pour la nouvelle période du COSOP. Le Programme sans exclusive de croissance économique rurale et d'adaptation au changement climatique et le Projet de renforcement de la résilience en milieu rural, plus récent, sont actuellement en train d'élaborer des approches novatrices pour aider les petits exploitants producteurs à bâtir leur résilience face aux changements climatiques. Ici encore, alors que les bénéficiaires ultimes seront les petits exploitants, le FIDA s'impliquera auprès des animateurs de transformation capables de piloter des approches nouvelles et plus propices à l'adaptation et d'assurer l'inclusivité en définissant des voies nettes en vue de la transposition chez les petits exploitants et les entreprises de plus petite taille. L'intégration des jeunes et des femmes sera une priorité. Le Projet de renforcement de la résilience en milieu rural appuie aussi le développement des infrastructures et une gestion de l'eau résiliente face aux changements climatiques.

E. Agriculture et développement rural sensibles aux enjeux nutritionnels

39. Les exigences en matière de sécurité alimentaire et d'énergie sont largement satisfaites pour la majorité de la population. Le niveau moyen quotidien de consommation alimentaire et énergétique par habitant dépasse le niveau recommandé par l'Organisation mondiale de la santé⁵. En 2013, 8% des ménages moldaves pouvaient être classés comme présentant des dépenses alimentaires élevées, et donc comme vulnérables face à l'insécurité alimentaire. Il est clair que la République de Moldova ne souffre pas des problèmes structurels de déficit nutritionnel qui touchent beaucoup d'autres pays en développement. De ce fait de nombreuses questions d'ordre nutritionnel (comme l'obésité et le diabète) sont affrontées par le Ministère de la santé, qui se concentre sur la promotion de choix diététiques plus sains⁶. Le FIDA a mandat de s'attaquer à toutes les formes de malnutrition et traitera donc la question de la sécurité alimentaire et de

⁵ La sécurité alimentaire et la sécurité nutritionnelle s'interpénètrent mais ne sont pas identiques. Alors qu'en matière d'alimentation on se concentre sur l'apport en calories/énergie, la sécurité nutritionnelle s'intéresse aussi à la teneur en éléments nutritifs et au type de régime alimentaire.

⁶ Selon le *Rapport sur la nutrition mondiale* près de la moitié de la population est en surpoids.

l'amélioration de la valeur nutritionnelle de la nourriture en améliorant la durée de conservation des aliments produits localement. Cela aidera à s'assurer que les exigences alimentaires et nutritionnelles vitales concernant les enfants soient satisfaites⁷.

V. Réussite de la mise en œuvre

A. Cadre de financement

40. Le FIDA s'efforcera de mobiliser des financements auprès de tous les partenaires de développement et tous les bénéficiaires. Couvrant la période 2019-2024, le COSOP apportera le cadre stratégique nécessaire pour soutenir les investissements ruraux liés à la Onzième et à la Douzième reconstitution des ressources du FIDA (FIDA11 et FIDA12).
41. Compte tenu des notes actuelles du Système d'allocation fondé sur la performance (SAFP), les ressources de base du FIDA pour les deux cycles de financement s'élèveront à environ 40 millions d'USD. Des ressources seront mobilisées pour des dons et utilisées pour capitaliser sur les activités hors-prêt.
42. Le prochain projet du COSOP, dénommé TARUT (voir annexe VI) sera financé par l'allocation SAFP dans le cadre de FIDA11. Le cofinancement à mobiliser pourrait venir de l'UE. Parmi les autres cofinanceurs possibles, l'on peut citer le Fonds pour l'environnement mondial ainsi que le Fonds vert pour le climat.

Tableau 4

Calcul de l'allocation SAFP pour la première année du COSOP

<i>Indicateurs</i>	<i>COSOP Année 1</i>
Notes concernant le secteur rural	
Dispositif politique et juridique encadrant les organisations rurales	4,50
Concertation entre le gouvernement et les organisations rurales	4,25
Accès à la terre	4,50
Accès à l'eau à usage agricole	4,00
Accès aux services de recherche et de vulgarisation agricoles	4,00
Conditions propices au développement des services financiers ruraux	3,63
Climat des investissements pour les entreprises rurales	4,50
Accès aux marchés des intrants et des produits agricoles	4,17
Accès à l'éducation dans les zones rurales	5,50
Représentation de la femme	5,00
Allocation et gestion des fonds publics en faveur du développement rural	4,38
Obligation de rendre des compte, transparence et corruption dans les zones rurales	4,25
Moyenne des notes cumulées	4,39

Tableau 5

Relation entre les indicateurs de performance et la note du pays

<i>Scénario de financement</i>	<i>Note PAR (+/- 1)</i>	<i>Note de performance du secteur rural (+/- 0,3)</i>	<i>Variation en pourcentage du score SAFP du pays par rapport au scénario de base</i>
Hypothèse basse	5	4,1	(19)
Scénario de base	6	4,4	-
Hypothèse haute	6	4,7	6

⁷ Ministère de la santé: Directive relative à la politique des repas scolaires et dans les jardins d'enfants, du 1^{er} juin 2016.

B. Suivi-évaluation

43. Le système actuel de suivi-évaluation (S&E) des projets intégrera pleinement le nouveau Système de gestion des résultats opérationnels. Les avancées vers les objectifs stratégiques du COSOP seront suivies à l'aide de son cadre de résultats. Le système de S&E du programme de pays tirera profit de la réussite du système actuel de S&E pour le Programme sans exclusive de croissance économique rurale et d'adaptation au changement climatique et du Projet de renforcement de la résilience en milieu rural. Le système de S&E pour les projets se fondera sur des données factuelles et, à ce titre, toutes les études seront lancées en temps opportun pour permettre une analyse fondée sur les résultats. En outre, des études complémentaires seront menées selon les nécessités.

C. Apprentissage et gestion des savoirs

44. Le processus d'apprentissage fera partie des activités ordinaires de S&E. Des enseignements seront tirés de chacune des activités. Les activités de gestion des apprentissages et des savoirs seront mises en œuvre à l'aide des mécanismes réguliers de suivi du FIDA. Les innovations et les meilleures pratiques au niveau local seront dûment répertoriées aux fins de reproduction et transposition à plus grande échelle. Les activités de gestion des savoirs prévoiront la mise en commun des résultats et des leçons émanant des projets avec le gouvernement et d'autres partenaires de développement se trouvant dans le pays.
45. Les domaines d'apprentissage et de connaissance se centreront probablement sur les innovations technologiques climatiquement rationnelles et adaptées aux petits exploitants; les systèmes d'irrigation à petite échelle basés sur les étangs; le développement de chaînes de valeur axées sur l'acheteur et les implications pour les petits exploitants; enfin, l'apport de services de vulgarisation. S'agissant du volet financier, les leçons essentielles à retenir seront tirées des activités de soutien aux garanties de crédit, en particulier pour ce qui concerne la façon d'assurer l'intégrité professionnelle, la modélisation financière et les incidences sur les garanties exigées.

D. Partenariats

46. Des partenariats stratégiques seront bâtis ou consolidés à tous les niveaux sur la base des avantages comparatifs des institutions prises individuellement. L'objectif sera d'obtenir un effet de levier financier plus vigoureux par le cofinancement au niveau du projet et le soutien en cours de mise en œuvre (venu par exemple du secteur privé et d'organisations de la société civile) et d'acquiescer, par la concertation sur les politiques, une plus grande influence sur les questions de politique nationale.
47. Les principaux partenaires qui mèneront le processus viendront du secteur privé. Ce seront à la fois des petits agriculteurs et des agriculteurs et agro-industriels semi-commerciaux. Ces animateurs de transformation issus du secteur privé pourront catalyser le changement structurel, très nécessaire, de l'agriculture moldave, et en assurer la durabilité.
48. En conséquence, des partenariats seront principalement développés avec: a) le secteur privé; b) tous les niveaux des pouvoirs publics; c) d'autres partenaires de développement et, plus probablement, l'UE, la Banque européenne pour la reconstruction et le développement, la Banque mondiale, la Banque européenne d'investissement, l'Organisation des Nations unies pour l'alimentation et l'agriculture, la Direction suisse du développement et de la coopération et l'Agence autrichienne de développement.

E. Innovations

49. Depuis 2010, le FIDA joue un rôle pionnier dans la promotion de l'innovation rurale, et tout particulièrement concernant l'agriculture de conservation. La pertinence des innovations soutenues par le FIDA a été démontrée pendant les sécheresses qui ont suivi (en 2012 et 2015). À l'avenir, l'innovation sera au cœur du partenariat entre la République de Moldova et le FIDA, et se centrera sur trois défis majeurs et interpénétrés. Premièrement, des efforts seront faits pour retenir les capacités rurales et les talents par l'innovation autour de la modernisation des zones rurales, avec l'amélioration des conditions et l'attractivité des zones rurales auprès des exploitants agricoles et des agro-industries. Deuxièmement, des innovations introduisant différentes pratiques agricoles et solutions d'infrastructures seront utilisées pour renforcer la résilience rurale face aux changements climatiques. Enfin, s'agissant des services financiers, des innovations se concentreront sur la manière de réduire les exigences de garanties et d'augmenter la portée des services financiers pour inclure les groupes mal desservis.

F. Coopération Sud-Sud et triangulaire

50. Le FIDA encouragera les partenariats régionaux avec des pays rencontrant des difficultés semblables à celles de la République de Moldova, notamment en ce qui concerne les changements climatiques, l'action collective et le dépeuplement des zones rurales. Les pays partenaires sont l'Arménie, la Géorgie, le Monténégro et la Turquie, qui ont des niveaux de PIB par habitant comparables, ainsi que certains aspects communs dans leur histoire socio-économique. Les subventions régionales en cours du FIDA, guidées par une ONG moldave, rassemblent des partenaires venus d'Arménie, de Géorgie et du Kazakhstan, dans le but d'informer d'autres pays sur l'expérience des coopératives en République de Moldova. Au plan institutionnel, la mise en œuvre sera le fait d'une coopération avec le Ministère de l'agriculture, du développement régional et de l'environnement et des organisations paysannes, et se centrera sur l'apprentissage entre pairs. Les activités de coopération Sud-Sud et triangulaire seront financées par des donateurs ou par l'intermédiaire de la composante don des prêts du FIDA.

Appendix 1: COSOP results management framework

Country strategy alignment	Key Results for IFAD's RB-COSOP			Indicative Lending and Non-Lending Activities for the next 6 years
National strategy on agriculture & rural development, 2014-2020	Strategic objectives	Outcome indicators	Milestone indicators ⁸	
Overall objective: raise the competitiveness of the agrifood sector by restructuring and modernization and to improve living conditions in rural areas whilst protecting the natural environment.	Overall goal: Assist the rural productive poor to graduate out of poverty by taking advantage of the opportunities emerging in the ongoing transformation of the rural areas of Moldova.	Reduced rural poverty in targeted areas % of targeted households with improvements in asset ownership	30% reduction in rural poverty (project data, LSMS and NBS) 75% (project M&E)	Scaling up the Inclusive Rural Economic and Climate Rolling out the Rural Resilience Project Policy dialogue on protecting agricultural spending. SSTC on rural poverty reduction in transitional MIC countries
<p>The ministry focuses on the following three objectives:</p> <ol style="list-style-type: none"> 1. Increased competitiveness of the agrifood sector through modernization and market integration. <p>Institutional Development</p> <ol style="list-style-type: none"> 2. Ensure sustainable management of natural resources in agriculture. 3. Improved standards of living in rural areas. <p>IFAD's strategic objectives are aligned with the government strategy and will contribute to the different strategic directions.</p>	SO1: IFAD will improve smallholders and agribusinesses' adaptive capacity using market-driven engagements. by This will be done by enhancing their resilience through investments in productive rural infrastructure and agri-systems	<ul style="list-style-type: none"> • At least 15,000 ha under improvement management practices • Value of infrastructure made climate-resilient • Number of smallholder HH supported to adapt to CC • Number of water vulnerable farm-enterprises / HH with increased availability of technical water 	<p>3,000 ha of land brought under climate-resilient management</p> <p>At least US\$7 million</p> <p>3000</p> <p>330</p>	<p>Lending activities: through IFAD financing (Loan and Grant) and additional financial leverage</p> <ul style="list-style-type: none"> • Trainings and capacity development for beneficiaries and government staff • Engagement of youth and vulnerable groups in diversified income generating activities • Infrastructure to support the value chains • Support to improve natural resources management (including irrigation schemes, connectivity) • Climate change adaptation through environmental plans, demonstration activities, exchange visits

⁸ All indicators will be disaggregated by gender and age where possible and relevant.

	<p>SO2: IFAD will provide promote inclusive market linkages agribusiness development support through enhanced access to financial services and markets for promoting rural transformation.</p>	<ul style="list-style-type: none"> • At least 20% increase in income for targeted households • At least 30% of targeted households reporting an increase in production • 30% of supported households reporting improved access to markets, processing and storage facilities • At least 2,500 FTE job created • At least 1,000 persons reporting using rural financial services (30% women) 	<ul style="list-style-type: none"> • At least 35 productive infrastructures constructed/rehabilitated. • At least 2,500 people trained in production practices and/or technologies (30% women) • 30% increase in volume of agriculture and dairy produce in supported hh/agribusinesses • At least 50% of beneficiaries reporting adoption of new/improved inputs, technologies or practices • At least 1,000 persons trained in income-generating activities or business management (30% women) 	<p>Non-lending activities</p> <ul style="list-style-type: none"> • Evidence-based data and knowledge products on productivity and income to inform policy discussions with the government and other partners • Undertaking different studies and formulation of environmental plans • Annual implementation review workshops with stakeholders and potential partners

Agreement at completion point of last country programme evaluation [from 2014]

Introduction

51. This is the first CPE for Moldova by the Independent Office of Evaluation (IOE) of IFAD. The purposes of the CPE was to assess the overall partnership between IFAD and Moldova in reducing rural poverty; and to provide recommendations that can inform the preparation of the new Moldova country strategic opportunities programme (COSOP) as well as assist in the implementation of ongoing and design of future IFAD-funded projects in the country. IFAD prepared its first COSOP for Moldova in 2002 with the programme period until end-2006. A second COSOP covered the period 2007-2012. A midterm review of the COSOP issued in 2011 extended the COSOP period for a further three year cycle - up to end-2015. Preparation of the new COSOP will therefore start in 2014.
52. Objectives. Based on the analysis of cooperation during the period 1999-2012, the CPE aims at providing an overarching assessment of: (i) the performance and impact of programmes and projects supported by IFAD operations; (ii) the performance and results of IFAD's non-lending activities in Moldova: policy dialogue, knowledge management and partnership building; (iii) the relevance and effectiveness of IFAD's COSOPs of 2002 and 2007, including strategic objectives, subsector focus, targeting approaches, and country programme mix; and (iv) overall management of the country programme.
53. The Agreement at Completion Point (ACP), facilitated by IOE, reflects the understanding between the Government of Moldova (represented by the Ministries of Finance and Agriculture) and IFAD Management (represented by the Programme Management Department). It comprises the summary of the main evaluation findings (Section B below), as well as the commitment by IFAD and the Government to adopt and implement the CPE recommendations within specific time frames (Section C below). It is noted that IOE does not sign the ACP, although it facilitated the process leading up to its conclusion.
54. The implementation of the recommendations agreed upon will be tracked through the President's Report on the Implementation Status of Evaluation Recommendations and Management Actions, which is presented to the IFAD Executive Board on an annual basis by the Fund's Management. In addition, this ACP will be submitted to the Executive Board of IFAD as an annex of the new COSOP for Moldova.
55. In line with the decision in 2013, the Moldova CPE will be discussed in the IFAD Executive Board at the same time when the new Moldova COSOP will be considered by the Board. Moreover, IOE will prepare written comments on the new COSOP for consideration at the same Board session. The written comments will focus on the extent to which the main findings and recommendations from the Moldova CPE have been internalized in the new COSOP.

Main evaluation findings

56. The country portfolio over a decade has made good achievements on the ground. The ratings for individual projects are solid and the achievements compare well with those of other IFAD country programmes. There has been an expansion of commercial bank branches in the rural areas of Moldova and an increasing number of small and medium private farmers have deposit accounts and short-term loans. The rural lending supported by IFAD has contributed to increased levels of

agricultural production, development of viable rural enterprises and job creation in rural areas. Modest investment in small-scale infrastructure has provided some small and medium farmers with water and access roads, and helped put in place institutional mechanisms for maintenance.

57. One of the most impressive elements of the portfolio performance is high efficiency. A very small share of the IFAD loan funds is used in administering the programme – a fraction of what is normally spent in many other countries. The Consolidated Project Implementation Unit (CPIU), embedded in the MARDE) (formerly called Ministry of Agriculture and Food Industry) that has been used for all IFAD projects can be considered as good practice for small countries with a narrow focus of operations. The Government of Moldova also deserves credit for the substantial support it provides. Perhaps this reflects the fact that IFAD is not a peripheral player in Moldovan agriculture sector, but a significant source of funding and technical support.
58. The achievements of the portfolio mentioned above were not fully consistent with what was set out in the COSOPs or the project documents. These achievements are consequences of the adoption and implementation of strategies and approaches that were a better reflection of the country context and the opportunities for IFAD to add value. On the other hand, this makes it problematic to assess the “COSOP performance”, for which the objectives and indicators laid out in the COSOP documents need to be taken into consideration. Both the COSOPs and the project documents make frequent reference to „direct poverty targeting“ whereas in practice only the small microfinance components really fell into this category. Most of the programme was devoted to support for growth through supporting medium-scale commercial farmers to raise productivity and move up the value chain. In the Moldovan context this was, in the view of the evaluation, the efficient way to achieve longer-term poverty reduction.
59. Over 14 years, the core of IFAD’s programme has continued to be the provision of medium and long term credit lines channelled through the banking system. Moldova’s banking system has evolved. The commercial banks are highly liquid, reasonably competitive, and well-represented in the rural areas. The banks do not provide much medium and long-term credit from their own resources for agriculture – most of their resources come from short-term deposits - and they require excessively high collateral when they do so. It would be necessary to ask whether the availability of this money creates a disincentive for the banks to serve the needs of their more established clients with good credit history, from their own resources. IFAD and the Government need to consider an exit strategy in this area that encourages the commercial banks to increase the use of their own resources and at the same time that also allows for more focus on the support for new borrowers and young entrepreneurs.
60. Value chain development, market-driven rural infrastructure, and natural resource management are seen as the keys to Moldova’s agricultural growth and rural poverty reduction. The Government’s draft new Agricultural Strategy, produced after completion of the CPE, reflects the priority of these areas of IFAD’s programme. The programme offers some very good lessons on both the problems and the potentials in each of these areas and IFAD needs to work closely with the
61. Government to draw on these lessons for the design of its own programme in the future and, more importantly for the design of Government programmes.

62. IFAD's non-lending services have not as yet achieved their full potential. While partnerships with the Government, agencies, banks and service providers have been excellent, more needs to be done to strengthen partnerships with external donors and increase the leverage of the programme. As for the policy dialogue, there are opportunities to identify and study key policy issues emerging from the operations, possibly using grant resources, and contribute to a national dialogue led by the Government. Knowledge management has not been systematically planned and has not drawn on broader regional experience, although there have been good in-country efforts to share knowledge.

Agreement at completion point

63. The CPE makes three key recommendations: (i) strengthening country strategy, and in particular properly reflecting the main priorities and overarching strategic issues in the next COSOP; (ii) embracing and enhancing the adjustments being made in the rural finance programme, shifting away from the approach of channelling a bulk of IFAD loans to lines of credit, after over a decade of generally effective implementation; and (iii) strengthening the non-lending activities through a more strategic and effective use of grant resources and outreach.

Recommendation 1: Strategy

- (a) Ground the next COSOP in reality. The programme has supported the rural poor through helping increase agricultural growth and employment, although the evidence on its depth and extent is incomplete. The trade-offs that have been made are appropriate but the past COSOP has not been clear about them. The next COSOP needs to provide a frank assessment of IFAD's role and contribution in Moldova, and propose a programme that reflects the country's needs and IFAD's comparative advantages. The results framework needs to be more realistic and relevant to IFAD's programme than in the past. There is also need for better monitoring on the impact on and outreach to the rural poor through indirect and direct targeting.
- (b) Design a better integrated programme. Each of the programme pillars is relatively robust, but more could be done to plan these elements in an integrated fashion and exploit potential synergies. Both project design and country strategy need to look across components at how best to build this synergy.
- (c) Focus on how to mainstream value chain development within the programme. It has been challenging to articulate and implement an operational approach to pro-poor value chain development in Moldova. Progress has been relatively slow in terms of supporting organisations of small-scale producers and their linkages to markets. The value chain components of the projects now need to move beyond awareness and capacity-building. Value chain development should takeover from rural finance as the „flagship“ of IFAD's programme. IFAD and the Government of Moldova need to select and pilot activities in key value chains such as horticulture and livestock development. At the same time rural finance, infrastructure and natural resource management programmes could be geared more closely to the needs of these value chains.
- (d) Proposed follow-up. The above-mentioned recommendations will be duly taken into account in formulating the new results-based COSOP in Moldova, which is planned to be designed in 2014/2015 and submitted for the IFAD Executive Board approval in September 2015.
- (e) Deadline date for implementation. September 2015

- (f) Entities responsible for implementation. IFAD/PMD (NEN) and the Government.

Recommendation 2: Rural Finance

- (a) Diversify from the approach of channeling the bulk of loans to lines of credit. This is now a mature programme and has reached the point at which IFAD needs to strategize more effectively concerning its role; develop exit strategies in some areas and expand its coverage in others. In particular IFAD and the Government need to consider ways to encourage the banks to increase the use of their own resources and focus IFAD future support for rural credit on new and young borrowers.
- (b) Seek greater leverage for IFAD funding of the young entrepreneurs programme. A key group of new entrepreneurs are the 18-30 age group that IFAD has supported thanks to grant funding from DANIDA. The programme has demonstrated success. For scaling up of the programme, IFAD and the Government should systematically evaluate the demand and seek grant cofinancing from donors to meet this demand.
- (c) Enhance the quality of the micro-finance programme. The micro-finance part of IFAD's programme is still work in progress. First, there is a need to evaluate the programme and identify what benefits are being derived by participants and how effective it has been in moving borrowers out of poverty. Second, IFAD needs to review the institutional framework for micro-finance and contribute to a dialogue with the Government, the regulatory body and the various MFIs on what the future institutional framework should look like and how Moldova can move towards it.
- (d) Proposed follow-up. The above-mentioned recommendations are already being sizeably addressed by the country programme as follows.
 Recommendation (a): in the framework of the newly approved IRECRP participating commercial banks have committed to raise their own resources to a minimum 20% attesting their increased commitment to agriculture lending and the rural sector, thus freeing up IFAD resources for further investments in new and young rural borrowers. Recommendation (b): through the new and scaled-up IRECR programme, IFAD and the Government of Moldova have further engaged in extending their support to young entrepreneurs and obtained additional grant resources (US\$5 million) from DANIDA.
 Recommendation c): the revision of the micro-finance institutional framework is carried out on a continuous basis, within the ongoing country programme through constant dialogue with all key stakeholders involved (microfinance institutions, Government, National Commission for Financial Market, etc.). Further consultations and actions will be duly undertaken in the process of the new result-based COSOP preparation with the strategies for rural finance reflected in the document.
- (e) Deadline date for implementation. (a) and (b) December 2014; (c) September 2015.
- (f) Entities responsible for implementation. IFAD/PMD (NEN) and Government.

Recommendation 3: Non-lending

- (g) Use the grant programme to provide the analytic underpinnings for a dialogue on key policy issues. IFAD needs to take up with the authorities some of the key policy issues that have emerged in recent years, such as the role of micro-finance above and the issue of ownership and maintenance of infrastructure. But a key to doing this is to understand what underlies these issues. For example, what are the benefits of the micro-finance programme?

How effective is it in supporting smallholders to move out of poverty? What needs to be done to enhance its impact? IFAD should use its grant programme to carry out analysis of such questions.

- (h) Expand outreach and strengthen non-lending activities. While programme implementation is extremely efficient, IFAD needs to expand its outreach and strengthen its non-lending activities in Moldova through selective policy dialogue, stronger partnerships and expanded knowledge-sharing. In addition to the policy area already mentioned, IFAD needs to be more proactive on partnerships and take its case to the donor community under the Government's active leadership; on knowledge-sharing a more systematic approach is needed with a designated focal point in the CPIU and the preparation of an annual plan in this area. IFAD's regional management needs to consider how to exploit the obvious learning potential through comparing the Moldova programme with those in other small Eastern European and the Former Soviet Union borrowing countries.
- (i) Proposed follow-up. The above-mentioned recommendations will be duly addressed through a number of activities: (a) possible use of IFAD's loan and grant resources for conducting impact assessments of programme results and achievements in order to capture evidence-based knowledge generated from successful project experiences in a meaningful and targeted way. It is envisaged that this knowledge will also feed into ongoing and future policy dialogue taking place at the national level. Furthermore, it will serve as an input for the new COSOP design; (b) through the preparation of learning events and/or tools for dissemination within IFAD, in-country team and other relevant national and international stakeholders; and (c) a Knowledge Management Specialist will join the CPIU within the framework of the recently approved IRECR Programme. The Specialist will be tasked to follow up on knowledge production and dissemination.
- (j) The CPIU will continue being proactive in sharing its knowledge through a number of means: digital media (website, video material) and printed media (numerous brochures and leaflets on the programme). In addition, CPIU has recently established a new partnership with the neighbouring country – The Republic of Belarus to share its knowledge and experience on agricultural development programme implementation. In early 2014, CPIU is planning to meet with a group of experts from Belarus to exchange experiences in programme implementation.
- (k) Further actions will be undertaken in the framework of existing and new programmes and the results will be reflected in the newly designed COSOP.
- (l) Deadline date for implementation. September 2015.
- (m) Entities responsible for implementation. IFAD/PMD (NEN) and Government.

Signed by:

Honourable Vasile Bumakov
Minister of Agriculture &
Food Industry
Government of Moldova

Kevin Cleaver
Associate Vice President
Programme Management Department
IFAD

Date: 13 February 2014

COSOP preparation process including preparatory studies, stakeholder consultation and events

64. The preparatory process was initiated in early 2017 with the commencement of the COSOP results review (CRR), which started the evidencing process of detailing the performance of IFAD in Moldova and developing a robust theory of change that included the core contextual drivers. The CRR also documented the polarizing trends permeating the Moldovan rural space, with the vast majority of smallholders becoming older, more subsistence oriented and having increasingly smaller plots, whereas trade in land was declining. On the other hand the CRR also documented the increasing (but comparatively small) number of successful farmers and agribusiness that were able to commercialize and some also to penetrate new markets, most notably in EU, but also in the Middle East.
65. The CRR entailed extensive consultations with all core stakeholders, including farmers, government partners, private sector, financial institutions and other external development partners engaged in the rural space. At the end of the CRR mission, a joint validation and learning event was organized for all these partners, during which the findings and recommendations were subject to intensive debate, refinement and finally also agreement. The joint validation and learning event has been core in informing this COSOP.
66. Consequently, the CRR process served as an input to preparing the first draft of the COSOP in early 2018, a version of which was presented to Moldovan stakeholder in March 2018, during which more detailed conversations were held, not least on the proposed new development engagement, the TARUT project.
67. The COSOP design mission in March 2018 also included a joint validation and learning event, but with a more focused scope, involving only the Ministry of Agriculture, Regional Development and Environment (including the minister) and the EU (including the European Neighborhood Programme for Agriculture and Rural Development, ENPARD).

Key file 1: Rural poverty and agricultural/rural sector issues

Priority Areas	Affected Groups	Major Issues	Action Needed
<p>Poverty and vulnerability to poverty</p> <p>Rural poverty has been declining, but not on a sustainable basis and importantly vulnerability growing driven by, ageing population and reduced government support;</p>	<ul style="list-style-type: none"> Isolated retired people, People with disabilities and extreme poor and minorities Rural HHs especially in remote and deserted areas 	<ul style="list-style-type: none"> Climate change poses risks to all rural households, but affects more vulnerable HHs, and remote communities; Limited employment and labour opportunities in rural areas; Lack of property ownership among women and youth restricts access to finances; Migration from rural areas to urban settlements and abroad; Remittances used for consumption; The social targeted assistance may promoted 'inactive' behaviour 	<ul style="list-style-type: none"> State policies and strategies supported by IFAD are to be inclusive; Support to sub sectors dominated by the productive poor, vulnerable and smallholders; Wide outreach and information dissemination on IFAD programme's benefits for inclusion; Promote diversification of income streams; Target rural areas with potential in policies and investments with higher poverty incidents and climate change vulnerability; Direct targeting of vulnerable groups to improve nutrition and incomes (women headed HHs and youth)
<p>Vulnerability to climate change and natural disasters</p> <p>Resilience of small scale famers to climate change</p>	<ul style="list-style-type: none"> Rural HHs, HHs in southern areas 	<ul style="list-style-type: none"> Growing incidents of drought, hail, frost and other natural disasters; Increase of temperatures and dry spells; Variability of precipitations; Increase of eroded areas due to water and wind erosion; Unauthorized deforestation on agricultural lands; Lack of appropriate forest buffer zones; Depletion of aquifers; Inexistence of irrigation infrastructures among small-scale farmers; Use of inappropriate soil cultivation technologies; degradation of natural resources because of lack of policies and legislation in water management; Lack of technological investment Limited access to information about the efficient use of soils; Limited knowledge on climate-smart technologies; 	<ul style="list-style-type: none"> Support policies, legislation, strategies on sustainable management of natural resources; Support adaptation of sustainable agricultural technologies and ecosystem-based practices by smallholder farmers in agriculture to enhance climate change resilience; Build capacities for diversification and off-farm incomes; Promote use of greenhouse climate control systems Develop CA techniques: No till, mini-till, use of organic mulching, free movement shelter (on improved pastures), free movement shelter without grazing, using forage blend...;

Priority Areas	Affected Groups	Major Issues	Action Needed
		<ul style="list-style-type: none"> Limited knowledge on climate resilience and adaptation strategies; Lack of off-farm opportunities; 	
Low agricultural productivity	<ul style="list-style-type: none"> Subsistence oriented and small scale farmers; Farmers in deserted areas; Smallholder farmers 	<ul style="list-style-type: none"> Very small land plots suitable for cropping; Animal and crop diseases; Rural infrastructure in state of disrepair; Poor governance of infrastructure and natural resources; Quality standards underdeveloped, squeezing smallholders Insufficient 'quality infrastructure' Weak value chains esp. for smallholders Limited access to irrigation water; Low yield, limited production, limited returns Lack of knowledge of adequate agricultural practices and limited access to extension Limited use of inputs (seeds, breeds, fertilizers) 	<ul style="list-style-type: none"> Investments focus on improvements in horticulture productivity Support access of smallholders to improved inputs and technologies Enhance capacity of smallholders Encourage and incentivize links between farmers to form groups Provide support to improve resilient production and management Promote "green jobs" together with the development of Climate-Smart Agriculture techniques;
<ul style="list-style-type: none"> Weak Value Chains 	<ul style="list-style-type: none"> Smallholder farmers, inputs suppliers, small and medium size enterprises 	<ul style="list-style-type: none"> EU requirements for food safety to be fully introduced in 2020, would mostly affect smallholders and squeeze many from small scale production Small producers have difficulties to meet market requirements in quantity, quality and food safety Poor level of organization along the value chain Limited processing and short value chains Limited access to finances 	<ul style="list-style-type: none"> Provide support to viable smallholders with meeting food safety requirements; Support efficient linkages and partnerships among producers and processors; Support improved access to modern technology; Investments in supportive infrastructure and services; Improving access to finances

Key file 2: Organizations matrix (strengths, weaknesses, opportunities and threats analysis)

Organization	Strengths	Weaknesses	Opportunities	Threats
Ministry of Finance	<ul style="list-style-type: none"> Well developed and generally efficient financial management system in place Efficient use of IFAD revolving funds under CLD. Strong role in enforcing state policies on financial issues, budgeting and taxes. Robust expertise in loan negotiations, concluded by GoM, controls their realization and loan's return. Capacity to provide and manage state budget funds and control their transfer within Moldova. 	<ul style="list-style-type: none"> Does not always have technical capacity to analyses the benefits of IFAD projects Limited donor coordination capacity. 	<ul style="list-style-type: none"> Recent government reforms create space for improved donor coordination Key driver in EU legislative alignment. 	<ul style="list-style-type: none"> Limited staff in reformed ministry may prove to undermine its effectiveness May translate IMF requirements into blanket refusal to take IFAD loans Limited cooperation from line ministry may undermine coordination
Ministry of Agriculture, Regional Development and Environment	<ul style="list-style-type: none"> Strategic planning capacity and translate them into concrete planning Good cooperation with external development partners, IFAD included Key agency in development and implementation of unified government policy on the development of the rural sector of Moldova and protection of the environment. Has a range of technical and administrative capabilities. Supports the development of rural cooperation and regional development Protects the environment Strong human resources on environment and climate change 	<ul style="list-style-type: none"> Significant recent staff reductions undermine capacity to fulfill mandate esp. within agriculture; Limited synergy between agriculture, regional development and environment; Too high workload for EU alignment of policies and strategies; Agricultural agencies are scatter geographically, limiting coordination and coherence. 	<ul style="list-style-type: none"> More coherent policies and synergies between agriculture, regional development and the environment; New civil servant code may allow key ministry staff to stay in their positions after elections, reducing turnover and promoting institutional stability; EU Association Agreement provides alignment and clarity of legal and regulatory framework. 	<ul style="list-style-type: none"> Merging the ministries will continue to undermine capacity; Merging of agriculture and environment may reduce the regulatory and protective clout of environment leading to unsustainable practices (e.g. depletion of aquifers and increased pollution); Started reforms may only be partially implemented due to the organizational turbulence; Reduced capacity to implement EU conditions may jeopardize funding from budget support.

Organization	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> • Robust structure for implementation of regional development projects through the three regional agencies (north, center & south) • Promotes processing of primary agricultural and food products. • Important Legal Entities under the Ministry: Moldsilva (ICAS), Agricultural Intervention Agency and Payments Agency (AIPA). State Commission of the Republic of Moldova for Plant Variety Testing and Consolidated Program Implementation Unit (CPIU). 			
Financial institutions	<ul style="list-style-type: none"> • Improved supervision of financial institutions following the banking fraud. • New foreign investors in the banking sector, bringing in innovation, stability and credibility. • National Commission for Financial Market robust capacity to supervise non-bank financial institutions. 	<ul style="list-style-type: none"> • Conservative lending policies in wake of banking fraud • Limited trust in financial sector • High collateral requirements • Lack of effective credit guarantee mechanism • Limited innovation in rural finance • Too many unsustainable / unprofessional SCAs. 	<ul style="list-style-type: none"> • Potential exists for developing financial products suitable for rural areas. • Willing to increase their activities in rural areas. • Potential for launching a credit guarantee fund with EU support. 	<ul style="list-style-type: none"> • Continued weak governance may lead to renewed crises in the sector • Repeat of high inflation would reduce lending and increase interest rate • National bank may tighten regulatory requirements so much that on-lending will be reduced.
The rural private sector	<ul style="list-style-type: none"> • Increased market orientation to EU stimulate better quality management system and improved food safety • Active and competent food safety agency. • Moldovan wine is increasingly recognized for its quality outside CIS 	<ul style="list-style-type: none"> • Growing number of semi-subsistence farmers becoming fully subsistence. • Slow process of cooperation and organization of smallholders. • Too many labour 	<ul style="list-style-type: none"> • Land consolidation could be accelerated. • EU markets are opening and quotas increasing. • Potential markets are being developed outside EU and CIS • Diversification of business e.g. agro-tourism growing. 	<ul style="list-style-type: none"> • Climate change reducing yields • New EU supermarket chains may increase competitive pressures in Moldova by importing produce and marginalize smallholders • Worsening quality of

Organization	Strengths	Weaknesses	Opportunities	Threats
	<ul style="list-style-type: none"> Some land consolidation has allowed the emergence of efficient large-scaling farming, competitive on international markets. 	<ul style="list-style-type: none"> intensive production systems. Ageing structure agriculture. 		<ul style="list-style-type: none"> governance may deter rural investments Continued massive migration may depopulate entire areas and reduce access to labour Geopolitically dependent on what events can occur in the neighboring countries. Uncertainty of government policy.
Local NGOs, CSOs, service providers	<ul style="list-style-type: none"> Several organizations active, with different expertise, degree of community outreach and knowledge. Some have well qualified and experienced personnel, strong advocacy/lobbying skills and the cultural knowledge that is essential for successful grass roots development. Strong technical and networking capacity and also ability to engage with international organizations. Service providers for training have strong capacity and teaching abilities. 	<ul style="list-style-type: none"> Most only based in center (often Chisinau) and have limited outreach. High dependence on donor funding 	<ul style="list-style-type: none"> Potential for providing rural business services (incl. extension) on a commercial basis. Reforms in agricultural research & education may bring new market opportunities for rural services. 	<ul style="list-style-type: none"> Smallholders refusing to pay for rural services (after having been subsidized) Donors may withdraw funding

Key file 3: Complementary donor initiatives/partnership potential

Title	Beneficiary Agency	Donor Agency	Start Date	Completion	Budget (EUR)	Partnership potential
Financing Agreement between the Republic of Moldova and International Development Association on Project "Emergency Agriculture Support"	Ministry of Agriculture and Food Industry	World Bank (IDA)	2013	29/05/2028	3,888,665.89	Stand-by short term assistance facility for emergencies. Complementary to IFAD long-term perspective
The 2KR installment sales program in the irrigated agriculture performance of the Millennium Challenge Account Moldova	Ministry of Agriculture and Food Industry	USA MCA	2015	31/03/2025	2,045,560.2	Strong cooperation and coordination with many farmers accessing irrigation. MCA not interested in cofinancing partnership.
ENPARD Moldova Program - Support to Agriculture and Rural Development	Government of The Republic of Moldova	European Commission	2015	01/07/2022	64,075,000	Strong partnership potential by the most important external development agency. IFAD will accelerate efforts to partner
Agricultural Registry for Wine and Vine (ARWV)	Ministry of Agriculture and Food Industry	USAID	2017	30/09/2021	473,171.19	Complementary activity. USAID not interested in cofinancing partnership.
The Project "Fruit garden of Moldova"	Ministry of Agriculture and Food Industry	European Investment Bank	2014	02/11/2020	120,000,000	Partnership potential, which is being perused through the credit guarantee fund.
Moldovan Vine and Wine Register (MVWR) Project	Ministry of Agriculture and Food Industry	USAid	2015	13/06/2018	168,180.7	Addendum to above.
Research and specialists fund	Nongovernmental Organizations from Moldova, State Institutions	German Development Cooperation	2010	31/12/2017	675,000	Research may be of relevance to e.g. SLM. Will stay informed of outcomes.
Elaboration and implementation of the Vine and Wine Register in the Republic of Moldova	Ministry of Agriculture and Food Industry, National Office of Wine and Vineyard of Moldova	Czech Development Agency	2014	31/12/2017	794,774.48	Limited engagement and narrow project. Coordinates with lead in sector, USAID
FAO Project „Increasing small scale farmers' resilience to drought by adopting best irrigation practices and modern irrigation technologies"	Ministry of Agriculture and Food Industry	Hungary	2014	31/12/2017	314,543.8	Have incorporated key learnings from FAO in irrigation models promoted
Inclusive Rural Economic and Climate Resilience Programme (IRECR) (Danish Grant No. 2000000703)	Ministry of Agriculture and Food Industry	Denmark	2015	31/12/2017	4,699,063.75	Non in Moldova as Denmark phasing out. Strong partnership potential in Georgia.
Additional Financing Agreement for	Ministry of Agriculture and	World Bank (IDA)	2015	01/07/2017	10,810,810.81	Mostly working with larger rural

Title	Beneficiary Agency	Donor Agency	Start Date	Completion	Budget (EUR)	Partnership potential
Agriculture Competitiveness Project between Republic of Moldova and International Development Association, Credit Nr. 5639-MD	Food Industry					SMEs but IFAD engaged in linking farmers to the value chains. Strong cooperation with the WB.
Agriculture competitiveness	Ministry of Agriculture and Food Industry	Global Environment Facility, International Development Agency, Kingdom of Sweden	2012	28/05/2017	19,547,586	Same project as above, but the GEF component.

Key file 4: Target group identification, priority issues and potential response

Typology	Poverty Levels and Causes	Coping Actions	Priority Needs	COSOP Response
<p>Semi-commercially based farming HHs (at least 40% of ag production is for commercial purposes)*</p> <p>Can be fully engaged in agriculture, or have agriculture as a second important source of income. This is a target group of IFAD programme.</p> <ul style="list-style-type: none"> • Smallholder HHs, • Women headed HHs, • Young people led HHs. <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> • Have upper school education, sometime higher education • Mostly self-employed in own farms for own consumption and surplus sales; • Income is at the level and slightly higher than established living standards' minimum; • No livestock, or 1-2 cattle, fragmented small land plots in average 1.2ha and not larger than 2 ha, small household plot; • Rely significantly on natural resources; • Very vulnerable to changing weather patterns; • Very vulnerable to external shocks. 	<p>Poverty moderate but very vulnerable sink into subsistence farming</p> <ul style="list-style-type: none"> • Lack of farm or off-farm jobs; • Have limited assets: no arable land or very small plot; very small household plots, have poultry, no or very few if any livestock (1-3 cattle), no machinery; • Skills mismatch with demand on a market; • Low productivity of production with no investment; • Difficulty to sell any agricultural products' surplus due to low quality and quantity. 	<ul style="list-style-type: none"> • Partly rely on remittances and some on state transfers; • Part of land may be leased out for in kind payment; • Agricultural production is basic; • Rely mainly on HH labour; • Income usually as low paid seasonal labour; • Seeks new knowledge; • Seeks to improve productivity and yields; • Rely on family labour; • Avoid or limit taking risks. 	<ul style="list-style-type: none"> • Improve access to infrastructure and services; • Improved nutrition; • Minimize risks to ag production; • Employment opportunities; • Higher incomes; • Improved access to natural resources, collection of fuelwood, plants 	<ul style="list-style-type: none"> • Generate employment in ag production, processing and services; • Support VCs with considerations of nutritional value of products; • Support capacities for diversification of livelihoods; • Ensure fair access to pastures; • Ensure inclusion and consider interests of poor in capacity-building activities and other projects' benefits; • Improved productive and social infrastructure • Improved ecological environment
<p>Rural youth (between 18 and 40 years) IFAD target group</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> • High propensity to emigrate • Better education than parents • Eager to test new methods and practices • Aware of climate change 	<ul style="list-style-type: none"> • Varying degrees of poverty, but generally few physical and productive assets; • Extremely limited access to financial services caused by no assets and no credit history; • Limited access to land and to consolidate land; 	<ul style="list-style-type: none"> • Those not emigrating are depending on parents and wider family • Credits from informal markets, at times leading over-indebtedness • Subsistence agricultural or simple wage work 	<ul style="list-style-type: none"> • Access to credits and productive assets • Better facilitation of the transfer of land titles across generations and between absent owners • Knowledge about market and practise 	<ul style="list-style-type: none"> • Provide carefully calibrated package of access to finance, grants, capacity development and value chain integration • Promotion of rural diversification into off-farm employment and business opportunities

<ul style="list-style-type: none"> • Feeling isolated • Challenges finding partner and raising family 	<ul style="list-style-type: none"> • Limited network and VC integration due to inexperience; • Unwilling to accept low governance standards and the uncertainty caused. 			<ul style="list-style-type: none"> • Encourage young entrepreneurs to assume of breaking new pathways to rural climate adaptation.
<p>Commercial farmers and enterprises (Agriculture and agribusinesses are the major sources of income and livelihood)</p> <p>IFAD target groups</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> • Have higher and often technical education; • Have arable land plot and rent additional land to grow cereals, fruits and vegetables, have household plot, livestock (from 5 and more cows), some types of machinery (truck, mini tractor); • Hires permanent and seasonal labour; • engaged also in other employment/business • Income is higher than established living standards' minimum; • Has from 3 to 20 heads of cattle • Has 5+ ha of land (also leased) • Vulnerable to changing weather patterns; • Vulnerable to external shocks 	<ul style="list-style-type: none"> • Access to finances is limited (affordability); • Access to irrigation is limited; • Issues with access to markets (seeks selling links to middlemen or to the processors); • Moderate to high levels of land degradation; • Rely somewhat on diversified income streams. 	<ul style="list-style-type: none"> • Takes loans for ag production from formal financial sources; • Seeks new knowledge and technologies; • Access to resources to expand production and profit from value chain; • Increase product quantity or consolidate with other farmers; • Improve product quality to meet market requirements and to increase premium; • Improve food safety requirements to meet EU requirements; • Improve production facilities; • Searches for various credit/grant resources. 	<ul style="list-style-type: none"> • Improved nutrition and health; • Improve access to natural resources; • Improved rural infrastructure (access roads, irrigation); • Access to improved inputs, knowledge, technology and finance; • Ability to consolidate production with other farmers for higher profit margin and lower cost; • Improved knowledge on climate-smart agriculture; • Access to better inputs; • Access to markets with better links with processors, further integration in VCs; • Access to marketing infrastructure; • Predictability and stability of markets; • Expand production scale and upgrade facilities; • Enhance resilience to climate change. 	<ul style="list-style-type: none"> • Support inclusive land consolidation • Support VCs with considerations of nutritional value of products for own consumption as well; • Support better farming practices programme (awareness, capacity-building, demonstration); • Ensure access to natural resources, knowledge and new technologies; • Improve access to inputs and services; • Facilitate formation of demand driven groups, cooperatives, associations; • Improve opportunities for post-harvest storage, processing, branding and marketing and exports; • Assist in establishing links with the private sector; • Improve product quantity, quality to meet market requirements; • Access to technical and business development skills • Adopt climate-resilient production practices • Support diversification of farming systems.

<p>Women which inhibit women' economic participation relate to working women</p> <p><u>Characteristics:</u></p> <ul style="list-style-type: none"> • Engaged in own farm • No or few livestock (usually not more than 3 cows), very small land plot, mostly rely household plot; • Very vulnerable to changing weather patterns; • Vulnerable to external shocks 	<ul style="list-style-type: none"> • High domestic workload, lack of childcare support services, especially in rural areas, • unequal access to assets and resources, • low participation in decision-making due to prevailing traditional patriarchal attitude especially in rural areas • On average, women engage in agricultural work 80 days more than men but mostly as unpaid labour • female's remuneration about 44% lower than men's; • Limited access to finances due to lack of collateral; • Limited access to inputs, irrigation, machinery; • Limited access to finances; • Limited access to information on opportunities; • Lack of confidence in dealing with banks and state institutions. 	<ul style="list-style-type: none"> • Cultivating household plot to grow produces for market; • Small-scale home based processing; • Taking loan from informal sources or expensive non-collateralized loans for short terms; • Reduction in consumption. 	<ul style="list-style-type: none"> • Improved nutrition; • Improved health; • Improved social and physical rural infrastructure; • Access to finances; • Access to improved inputs, technology and extension; • Access to business development skills and information; 	<p>The same as above</p>
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Natural resources management and climate change adaptation: Background, national policies and IFAD intervention strategies

I. Background

1. In the last 10 years, even though the economy of the Republic of Moldova registered certain progress, the economic growth was impacted by the 2009 global economic and financial crisis, as well as by the 2012 and 2015 crises. In 2015 the Gross Domestic Product accounted for MDL 121,85 billion or Euros 5.83 billion, decreasing (in real terms) by 0.5% compared to the previous year (UNDP, 2016).

II. Major landscape characteristics and issues (social, natural resources and climate)

A. Sociocultural context

2. Population, poverty and social protection. As of January 2016, the population of the Republic of Moldova 4.03 million people. The density is approximately 119.1 persons per square kilometer. Females predominate with 52.2% in the total population. 60% of Moldova lives in rural areas and a quarter is employed in agriculture with low levels of productivity.
3. Gender and youth. Moldova suffers considerable gender disparities with only 37% of women employed compared to 42% of men, women earning only 87% of the male wage on average and allocating 4.9 hours per day to unpaid work compared to 2.8 hours for men (UNDP 2014). The employment rate of women in Moldova is lower than that of men (7% of women employed compared to 42% of men). In the rural areas, women make 36% of the total agricultural holders in the country, but they manage only 19% of the land covered by agricultural holdings.
4. Migration. Low pay and lack of employment opportunities, wage discrepancies between rural and urban areas, as well as relatively easy access to European and Russian labour markets, indicate that Moldova is seriously affected by emigration, with an estimated 600,000 people (at least 25% of the workforce) working abroad.
5. Employment. End of 2015, the economically active population in Moldova was made up of 1.35 million⁹, with an employed population in 2015 of 1.31 million. Out of this, 55.2% live in rural and 44.8% in urban areas. The male employment rate (46.4%) is higher than that of females (41.3%).

B. Natural Resources and NRM

Land and Land Use

6. Agricultural land constitutes approximately 74% (2.5 million ha) of the country's total land area, of which 54% is arable land for annual crop production (maize, wheat, sunflower, barley, oilseed, soybean, sugar beet). Most farmers (97.7%) are small-scale, with farm sizes ranging between 0.85 and 10 ha. Many of them lease the land to private or corporate entities or leave it as fallow.

⁹ National Bureau of Statistics.

Table 1
Available Land by Category in Moldova between 1992-2016, thousand ha¹⁰

	1992	1995	2000	2005	2010	2011	2012	2013	2014	2015	2016
Land – total, including:	3376.0	3385.1	3384.4	3384.6	3384.4	3384.4	3384.6	3384.6	3384.6	3384.6	3384.6
Agricultural land, of which:	2565.9	2556.7	2550.3	2521.6	2501.1	2498.3	2498.0	2497.8	2500.1	2499.7	2499.6
Arable land	1736.3	1758.7	1813.8	1840.2	1816.7	1812.7	1810.5	1814.1	1816.1	1817.4	1822.9
Perennial plantations, of which:	474.8	430.7	352.3	297.8	301.0	298.8	298.7	295.3	295.3	291.7	288.9
Orchards	224.5	208.3	170.8	131.9	132.5	133.3	134.5	135.1	135.8	134.5	132.5
Vineyards	215.8	202.6	168.9	155.5	153.5	149.6	147.3	142.6	141.2	137.5	132.5
Pastures	350.5	365.2	373.9	370.8	352.1	350.4	350.3	348.9	348.0	346.4	345.0
Hayfields	4.3	2.1	2.5	2.7	2.2	2.2	2.0	2.1	2.0	2.2	2.1
Fallow land	0.0	0.0	7.8	10.1	29.1	34.2	36.5	37.4	38.7	42.0	40.6
Forest land and areas covered with woody vegetation	421.7	425.3	422.7	439.5	462.8	463.1	462.7	464.2	465.2	464.5	465.2
Rivers, lakes, water basins and ponds	88.7	92.6	95.5	96.8	96.4	99.6	99.5	99.2	96.9	96.8	96.7
Other lands	299.7	310.5	315.9	326.7	324.3	323.6	324.4	323.4	322.4	323.6	323.1

Source: Statistical Yearbooks of the RM for 2016, 2014, 2012, 2008, 2003, 1999 and 1994.

7. Land degradation. For the last decades Moldova is experiencing an increasingly of soil degradation, mainly caused by: (1) use of inappropriate soil cultivation technologies; (2) allocation of land without taking into account the soil conservation and fertility maintaining needs; (3) failure in crop rotation; (4) lack of funding at all levels; and (5) unauthorized deforestation on agricultural lands. As a result, soil degradation is estimated at MDL 3.1 billion annual losses¹¹.
8. Precipitations, rivers and lakes. The annual volume of precipitation is evaluated at 15.3 km³ per year. About 91% of Moldova's surface water is in the Dniester and Prut rivers. The average annual total of groundwater is of 1.3 km³ per year¹². There are 3,621 rivers and water-springs in the Republic of Moldova. The largest rivers include the Dniester (1,352 km long, including 657 km in the RM, with the annual water debit of approximately 2.4 km³), Raut (286 km), Cogalnic (243 km, including 125 km in the Republic of Moldova), Bac (155 km), and Botna (152 km). There are approximately 60 natural lakes located mainly in the high-water beds of the rivers Prut and Dniester, as well as 3,500 water storage ponds created and maintained for diverse economic purposes.
9. Biological Resources. Natural and semi-natural ecosystems cover approximately 15% of Moldova. The main natural ecosystems of Moldova are: forest (9.6 - 10.7%), steppe (1.9%), rocky habitats or petrophyte (0.68%), and aquatic (2.8%). The forest steppe zone is located in the northern and central parts of the country, the steppe zone is situated in the south and south-eastern part of the republic.

C. Climate

10. Moldova has a temperate continental climate with short winters (-2.8°C to -5.3°C and extremes of -30°C) and long warm summers (averaging 20°C, and extremes in the high 30s °C). Moldova has limited precipitation, ranging from around 600 mm in the northwest to 480 mm in the southeast.

¹⁰ Fourth National Communication of the Republic of Moldova under the United Nations Framework Convention on Climate Change, 2018. Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova.

¹¹ Idem

¹² <http://www.fao.org/nr/water/aquastat/main/index.stm>

11. Agro-climatic zones. The country is divided into three major agroecological zones (AEZ): (i) the Northern zone, along the Dniester, also known as the forest-steppe, with high productivity rates for forages, pastures, livestock and crops (ii) the Central zone, a hilly and forested area best suited for perennial crops such as vineyards or orchards); and (iii) the Southern zone, which is a mix of hilly terrain, has annual mean temperatures of 8.3-11.5°C and annual precipitation of 450-550 mm. In all cases, about half of precipitation falls during the crop vegetative period.
12. Historical analysis. Climate data has been measured via the hydro-meteorological monitoring network since 1886. Recordings show a clear increase in both mean annual temperature and precipitation (Table 2). During the period 1886 to 2007, average annual temperatures have increased by approximately 10C and precipitation by 60 mm, or circa 11%.

Table 2: Dynamics of Average Annual Temperature and Amount of Precipitations at the Chisinau Meteorological Station¹³

Times series	Air temperature	Times series	Amount of precipitations
1886-1960	+0.5 °C	1891-1960	+40 mm (+8%)
1960-2007	+0.5 °C	1960-2007	+20 mm (+3%)
1886-2007	+1.0 °C	1891-2007	+60 mm (+11%)

13. Predictions based on Scenarios. According to the different scenarios the warming would be higher during winter, up to +4.6°C in the Northern AEZ, while in Central and Southern AEZ's the temperature rise will be lower, up to +4.2°C. Regarding the impact of climate change on water resources, projections of climate models ensemble assessed for Representative Concentration Pathway (RCP) 8.5 scenario envisage a dramatic reduction in mean annual flow layer of about 45.0% in Northern AEZ, 54.8% in Central AEZ, respectively 64.5% in Southern AEZ. Forecasts suggest that the 2 major basins of the country will experience declines in available surface water resources of 16% in the 2020s, 36% in the 2050s and 58% in the 2080s. Regarding the Agroecological Zones an overall - 9.9% annual rainfall decline is predicted in the north while - 13.4% decline in the south. Winters are predicted to become wetter with a rainfall increase of - 11.8% in the north, and - 7.4% in the south.

Possible future impacts on agriculture

14. Climate Change and Major Annual Crop Production. The impact assessment performed on national level allows concluding that the negative effect of global warming will not be offset by increase of precipitations. If no adaptation measures are taken, it can be expected by 2100: a significant drop in the productivity for grain corn and winter wheat; a medium drop in the productivity for sunflower, sugar beet, and tobacco. By the end of the XXI century, the cultivation of grain corn and winter wheat could be impossible according to the RCP 8.5 high emission scenario.
15. Climate Change and Livestock Production. The assessment of climate impact on the Republic of Moldova's Agriculture Sector¹⁴ revealed that, due to the impact of the main climate and crop predictors variables, the milk production by 2035 could decrease from 24% (RCP 2.6) to 29% (RCP 8.5). By 2035, a decrease is expected in livestock productivity: from 62% to 77% for beef production, from 32% to 38% for pork production and from 13% to 17% for mutton production.

¹³ National Inventory Report: 1990-2005. Greenhouse Gas Sources and Sinks in the Republic of Moldova. Ministry of Environment and Natural Resources, UNEP.

¹⁴ L. aranu, 2014, An Assessment of Climate Impact on the Republic of Moldova's Agriculture Sector.

III. Institutional and legal environment

A. Institutions

16. The current Government, invested on January 20, 2016 is comprised of 16 ministries. But, as of 26 July 26 2017, due to the transfer of competences, out of 16 only 9 ministries remained.
17. The Ministry of Agriculture, Regional Development and Environment (MARDE) of the Republic of Moldova, resulting of the result of the merging of the former Ministries in charge of Agriculture and Food Industry, Environment and Regional Development, aims at strengthening the coordination and the synergies between three key and complementary sectors.
18. The Ministerial Agency for Intervention and Payments in Agriculture (AIPA) was created in 2010 to financially support the restructuring and modernization of agriculture, through granting subsidies to critical needs of the agricultural sector.
19. The Forestry Agency "Moldsilva" is the central public administration responsible for forestry policy development and the management of state forestry resources.
20. ICAS (Forestry Research and Development Institute) is under the jurisdiction of Moldsilva. ICAS's mission is to scientifically base the management and development of the forest sector.
21. The National Commission for Implementing Provisions of the United Nations Framework Convention on Climate Change and Provisions and Mechanisms of Kyoto Protocol is the supreme authority in the Republic of Moldova responsible for implementation of the UNFCCC provisions. The activity of the National Commission is coordinated and monitored by the National Commission's Secretary, who is also the Manager of the Climate Change Office under the MARDE.
22. Other institutions are working in the field of environment, such as: The State Hydro-Meteorological Service (SMSS), responsible for weather forecasting and climate projections; "Apele Moldovei", notably responsible for the development of irrigation and water management policy.
23. The Local Public Authorities (LPA) acquired decentralized functions related to local development, natural resources management and environmental protection. Rayonal councils have sections for agriculture that are responsible for issues related to use of land and agricultural products.

B. Existing national strategies, policies and regulations related to agriculture, environmental protection and climate change

24. The overall framework guiding the action of the Government is the National Development Strategy "Moldova 2020", the main objective of which is the acceleration of the economic growth and reduction of poverty in the Republic of Moldova. Under this framework the agriculture and rural sector is governed by several policy documents, among them: a) National Strategy on Agriculture and Rural Development for the period 2014-2020; b) Strategy for the Development of Rural Extension services for the period 2012-2022; c) Small and Medium Enterprises' Sector Development Strategy for the years 2012-2020; d) Strategy for Domestic Trade Development in the Republic of Moldova for the years 2014-2020.
25. The Intended National Determined Contribution to the Secretariat of the United Nations Framework Convention on Climate Change (UNFCCC) on

25 September 2015 is a commitment to an unconditional target of 67 per cent reduction of its GHG emissions by 2030 compared to the 1990 level. To reach this target the INDC relies mainly on 2 operational Strategies: the National Environment Strategy and the Climate Change Adaptation Strategy, both strategies detailing the measures identified to reach the INCD target. The National Environment Strategy 2014–2023 aims at reducing GHG emissions by no less than 20 per cent as compared to the base-year (1990) by 2020; ensuring rational use, protection and conservation of natural resources; and integrating climate change adaptation principles into all sectors of the national economy. The Climate Change Adaptation Strategy until 2020 and its corresponding Action Plan aim the reduction by at least 50 per cent of the climate change vulnerability and facilitation of climate change adaptation in six priority sectors (agriculture, water resources, forestry, human health, energy and transport) by 2020. For the Agriculture sector the Strategy intends to promote specific adaptation measures: a) developing good practice guides for agriculture, especially for non-irrigated agriculture; b) developing and implementing local action plans for climate change adaptation; c) developing and implementing plans for land improvement that would increase the precipitation likelihood; d) use research to combat current vulnerabilities and change cropping/farms structure for an agriculture less exposed to climate change; e) encourage crop/farm insurance. Regarding the funding of the adaptation measures the Strategy, as the INCD, relies on the traditional funding sources (national, bilateral and international), but also on the capacity of RM to accessing Climate funds, namely: Global Environment Facility, Green Climate Fund and Adaptation Fund.

IV. IFAD interventions strategies

Lessons learned from IFAD interventions

26. Based on 15 years of cooperation the key lessons from IFAD experience are:

- (n) An empowerment strategy based on capacity-building and training in value chain production and post-harvest technology, combined with effective access to business and market enabling-infrastructure, investment loans and support services, micro and small rural entrepreneurs in Moldova are able to invest successfully in the creation of competitive production assets;
- (o) Contract farming in the upstream value chain is considered a success story, having proven an efficient logical mechanism to tap synergies with active downstream value chain partners that need supplies of primary commodities;
- (p) In the rural finance and capacity-building domains, the support provided to young entrepreneurs is one of the project's success stories, having yielded the best result in terms of impact on sustainable income growth and job creation;
- (q) One notable omission of the old COSOP is the risk posed by climate change, and the portfolio has responded pragmatically with progressively more emphasis on increasing farmers' climatic resilience. The IRECR project's impact on the environment has so far been assessed to be positive from the environmental perspective because of its training and investments in shelterbelts, grass cover and CA;
- (r) The experience with IFAD-V shows that enterprises were able to more than double the land they were renting in under conservation farming with a 44%

increase in employment generation from baseline.¹⁵ The farmers who have invested in shelterbelt protection and rehabilitation of grasslands report a positive impact on their productivity as well;

- (s) The most valuable lesson from the Moldovan experience is that of promoting a 'going with the grain' incremental innovation approach that focus on having a long-term perspective in the development engagements. The strength of having substantial project experience informing the policy dialogue is evident and has enabled IFAD to assist in mainstreaming e.g. CA, sustainable small-scale infrastructure and cost-effective rural financial intermediation.

Potential access to GEF and GCF

27. Based on the priority given by the Republic of Moldova to promoting a transition to a Green Economy, the IFAD COSOP Strategic objectives will be translated into actions and interventions supporting the new country priorities in terms of climate-smart agriculture. IFAD will use this national political framework to systematically and explicitly promote and translate the Green Economy principles into concrete measures. In this context IFAD will envisage how to mobilize financial resources from the Global Environment Facility as well as the Green Climate Fund.
28. The ongoing GEF6 fosters on sustainability and resilience of agro-ecosystems for food security. IFAD is the lead agency, working closely with FAO, UNPD, UNIDO, World Bank. For 2018 there are still some funds remaining for Moldova and, according to the National GEF Focal Point, there no project proposal in the pipeline for 2018. For the next GEF financial cycle 2018-2022 (GEF7) two relevant dedicated Impact Programmes have been proposed to GEF donors¹⁶: (i) food systems, land use and restoration; and (ii) Drylands Initiative of the SFM IP.
29. GEF 7 will foster integrating approaches, which generate multiple environmental benefits, create jobs and secure livelihoods through SLM. It will give priority to projects and interventions aiming at achieving the target 15.3 on land degradation neutrality. Since land degradation has both poverty and global environment dimensions, integrated solutions are required to support interventions that address both dimensions.
30. In this context IFAD should identify interventions, particularly under COSOP SO1, that fit with GEF priorities, by addressing particularly the following issues: (i) restoration and enhancement of carbon stocks in forests and non-forest lands; (ii) improved agricultural management; (iii) sustained flow of services in agro-ecosystems; and (iv) increased investments in SLM.
31. Under COSOP SO2 IFAD should systematically include "green economy principles" into the different components of the value chains. This would require from IFAD to systematically include components on SLM management and climate change adaptation in the different training modules. IFAD should also undertake a study on how to "green" the rural financial services by introducing some criteria related to sustainable land and water management and climate change adaptation.
32. In addition, the COSOP activities fit with most of the GCF results areas such as Reduced emission from: (i) energy access and power generation (e.g. on-grid, micro-grid or off-grid solar, wind, geothermal, etc.); and (ii) forestry and land use (e.g. agroforestry, agricultural irrigation, water treatment and management, etc.);

¹⁵ Impact Assessment: RFSADP adoption of conservation farming subsidies for procurement of agriculture machinery.

¹⁶ GEF/R.7/19 April 2, 2018, GEF-7 Replenishment Programming directions.

(iii) Increase resilience of health and well-being, and food and water security (e.g. climate-resilient crops, efficient irrigation systems, etc.).

33. In addition, IFAD should support the Ministry of Agriculture to strengthen its scientific and technical capacities on early warning system and improve its weather station network in the country since these activities are also eligible to GCF.

Country at a glance

Land area (km ² thousand) /1	33.8	GNI per capita (USD) 2016/2	2120
Total population (million) 2016 /1	3.6	GNI per capita growth (annual %) 2016 /1	3.4
Population density (people per km ²) 2016	107	Inflation, consumer prices (annual %) 2015 /1	6.9
Local currency	Moldovan Leu (MDL)	Exchange rate (13/2/2018): USD 1 =	16.7
Social Indicators		Economic Indicators	
Population (annual population growth rate) 2016/2	0.1	GDP (USD million) 2015 /2	6750
Crude birth rate (per thousand people) 2015/2	10.5	Annual rate of growth of GDP 2016/2	4.1
Crude death rate (per thousand people) 2015/2	12.6	Sectoral distribution of GDP 2016 /5	
Infant mortality rate (per thousand live births) 2016 /2	14	% agriculture	16.1
Life expectancy at birth (years) 2015 /1	72	% industry	20.7
Number of rural poor (million) (approximate) 2014/1	0.6	% services	63.2
Poverty headcount ratio at \$4,3 a day (2011 PPP) (% of population) 2014/2	9.6%	General government final consumption expenditure (as % of GDP) 2016/2	19.0
Total labour force (million) 2016 /2	1.3	Household final consumption expenditure, etc. (as % of GDP) 2016/2	86.7
Female labour force as % of total 2016 /2	49.0	Gross domestic savings (as % of GDP) 2016/2	-5.7
Education		Balance of Payments (USD million)	
School enrolment, primary (% gross) 2015 /2	92.4	Merchandise exports 2016 /2	2104
Adult literacy rate (% age 15 and above) 2014 /2	99.1	Merchandise imports 2016 /2	5007
Nutrition		Balance of merchandise trade	
Daily calorie supply per capita 2014/4	2850	Current account balances (USD million)/2	-283
Malnutrition prevalence, height for age (% of children Under 5) 2012/4	4.3	Foreign direct investment, net 2016 /2 (USD million)	90.97
Malnutrition prevalence, weight for age (% of children under 5) 2012/4	3.2	Government Finance	
Malnutrition prevalence, weight for height (% of children under	n.a	Total expense (% of GDP) 2016 /2	31.5
Health		Total external debt (USD million) 2016/2	6594
Health expenditure, total (as % of GDP) 2014 /2	10.3	Present value of debt (as % of GNI) 2016 /2	15
Physicians (per thousand people) 2014 /2	4.776	Total debt service (% of exports of goods and services) 2015 /2	13
Per cent of population with sustainable access to an improved water source/2 (%)	100	Lending interest rate (%) 2016 /2	14.3
Population without access to improved sanitation, 2015 /2 (%)	76.4	Deposit interest rate (%) 2016 /2	10.7
Agriculture and Food		Land Use	
Food imports (% of merchandise imports) 2016 /2	14.5	Arable land as % of land area 2014 /2	55.5
Fertilizer consumption (hundreds of grams per ha of Arable land) 2014 /2	39.4	Forest area (km ² thousand) 2015 /2	4090
Food production index (2004-2006=100) 2014/2	93.0	Forest area as % of total land area 2015 /2	12.4
Cereal yield (ton per ha) 2014/2	3.2	Agriculture irrigated land (% of total agriculture land) 2010/2	9.2
1/NBS, various years 2/ World Bank World Development Indicators, 2018 3/ National bank of Moldova, various years		4/WHO, various years 5/CIA World Factbook 2017	

Concept note

Talent Retention for Rural Transformation (TARUT)

C. Strategic context and rationale for IFAD involvement, commitment and partnership

68. Agriculture in Moldova is dominated by private businesses but the sector is the least productive in the economy, yet employs the largest proportion of the workforce.¹⁷ The agriculture sector accounted for 12.2% of GDP in 2016. The dependence of Moldova's economy on agriculture means that annual GDP growth is disproportionately affected by the agricultural harvest in any given year. About 90% of agricultural production is rainfed. Bumper harvests are often followed by droughts. The negative output growth in agriculture in 2009, 2012 and 2015 dragged the economy each time into recession. Almost 30% of female employment is in the agriculture sector, with shocks in the sector having significant implications for women's economic opportunities. Agricultural value chains are weak and most unable to comply with the EU standards in terms of safety, quality, traceability, labelling and certification.
69. There are many reasons for the underdevelopment of agriculture, but a key driver has been that rural areas are increasingly becoming starved of its most precious resources; that of young talented entrepreneurs who are willing to make much needed long-term investments. The key factor has been emigration, with one third of working age population having left the rural areas, most for work outside Moldova. Increasingly rural areas are becoming devoid of core social amenities such as schools, health centres and social meeting places as economic opportunities diminish with the de-population process. Moldovan agriculture is rapidly becoming dominated by backyard farming with old people cultivating only a few square metres mostly for home consumption and barter-style trading with neighbours and family.
70. Counterintuitively, rural poverty has fallen during the last decade but that is primarily due to increasing social transfers (particularly pension and disability benefits) and increased remittances from younger relatives abroad.
71. Climate change is affecting the agricultural sector disproportionately hard. In the future, Moldova will have a more marginal and risky agricultural production, as increases in temperatures and reduced precipitation during critical crop and pasture growth periods will cause a large moisture deficit. This will also cause an increased exposure to new pests and diseases for agricultural crops, forests and livestock due to temperature increases.
72. IFAD Country Programme: IFAD has been engaged in Moldova since 1999, supporting a total of seven projects. At operational level, IFAD in Moldova has proven its effectiveness, scoring consistently among the top ten of IFAD's 113 benchmarked countries, across a range of impact and efficiency indicators.¹⁸
73. The TARUT project will be developed building on lessons learned from IFAD's experience in Moldova, and in conjunction partnership developed with the government of Moldova and other development partners. It will be the eighth

¹⁷ This even though the number of workers in agriculture has declined by more than half between 2000-2015. See EBRD: Moldova Diagnostic, 2017.

¹⁸ See e.g. COSOP Results Review, 2017.

project in Moldova and probably coincide with the closure of the Inclusive Rural Economic and Climate Resilience project.

D. Possible geographic area of intervention and target groups

74. The core target group will be, young rural entrepreneurs, which faces unique challenges that require tailor-made targeting strategies. Young entrepreneurs are most likely to originate from families of commercially oriented smallholder farmers and small enterprises. They are often limited by access to even short-term finance due to their limited credit history, limited business skills, and lack of any form of “hard” collateral. Moreover, while young entrepreneurs often have innovative ideas, drive and high ambitions, they often lack the experiences needed to translate these into viable, realistic and implementable business plans. This group will receive funding for business plans and some technical assistance in the start-up phases. This group will also include young migrants so they can integrate TARUT support in their returning plan. Often, migrants are eager to adopt innovations and acquire new qualifications during their international migration. However young entrepreneurs will also rely on other actors in the value chain if they are to realise their talents and unfold their business potential. Hence TARUT will also support agribusinesses. From past IFAD experience in Moldova, this group has driven rural transformation towards more productive and profitable business practices, in the process creating rural employment, exports and taxable revenue. Processors and service sector entrepreneurs will serve as investors, aggregators and models to demonstrate the viability of new approaches to increase rural resilience and provide potential development pathways for the poor, including generating employment opportunities, especially for youth and women.¹⁹
75. These transformation drivers will be from the private sector and they play a crucial role in driving market-led enterprise growth by providing commercial outlets and market opportunities for smallholders as well as offering both on- and off-farm employment opportunities.
76. Many of the transformation drivers will be agribusinesses and also form core part of the MSPs. The detailed design phase will identify more precisely the engagement modalities between agribusinesses, rural poor with commercial potential, young entrepreneurs can partner, noting the strengths and challenges faced by each of them and highlighting how they can engage in win-win partnerships.
77. The TARUT recognize that the best entrepreneurial opportunities will be found in the wealthier communities or regions and among their wealthier households. The design process will consider eligibility and assessment criteria that strike an appropriate balance between commercial viability and inclusiveness of the target beneficiaries.
78. While the TARUT is in principle covering all rural Moldova, special prioritization will be given to climate-vulnerable farmers and agribusinesses as well as poorer areas of the rural society.

E. Justification and rationale

79. A key challenge is to provide alternative and attractive options for one of the most valuable resources of Moldova: its rural youth. The government issued its National Strategy for Youth Sector Development 2020 in 2014, which recognizes the importance of developing its young population as well as regulating the profession of youth workers with particular emphasis on promoting economic development of

¹⁹ A gender and social inclusion strategy will be developed during the detailed design of TARUT.

rural regions in ways that can retain youth. However, with decreasing government revenues, funding the youth policy is becoming challenging. It is against this background that the IFAD is seeking to further augment its support for rural youth entrepreneurs through the TARUT project.

F. Key TARUT objectives and underlying theory of change

80. The proposed engagement 'talent retention for rural transformation' (TARUT) will seek to deliver on the shared government and IFAD ambition of transforming agriculture into a dynamic engine of broader rural development which can generate employment (mainly off-farm) and prove that farming and agribusiness can be an attractive and lucrative career options. The underlying theory of change is consequently to catalyse increased economic activity in the rural areas by targeting young entrepreneurs who have a long-term perspective and high potential for income and employment generation, utilizing a diversity of interventions, including the promotion of climate-resilient technologies, improved access to finance, mentoring, value chain strengthening and integration, as well as support to multi-stakeholder platforms (MSPs) that will allow for grouping of beneficiaries and economies of scale. Transformation drivers will play a key role in demonstrating new disruptive pathways for rural inclusion.
81. The main objective of the TARUT is to promote rural economic growth and reduce poverty by improving access to new job opportunities both on- and off-farm. TARUT will utilize a diversity of inputs and development engagements that will deliver catalytic outputs leveraging the latent potential of the rural areas, through e.g. branding, finance, advisory services and accurate targeting. Special attention will be paid to develop off-farm employment opportunities for the youth in areas such as food processing (e.g. regional specialties that command premium pricing), artisanal products, hospitality development, including agro- and gastro-tourism, and other services. This will also entail a focus on instilling a more entrepreneurial spirit among the rural youth, using roles models, mentoring and entrepreneurship development.

G. Scaling up

82. The new Moldova COSOP seeks to promote systematic scaling up of innovations as a main priority of the IFAD-Moldova partnership, and a key dimension of the value added that IFAD can bring to the country. At the overall portfolio level a programmatic approach will be adopted, i.e. an institutional mechanism/process that facilitates identification, documentation, assessment and dissemination/replication of scalable innovations generated by activities on the ground. The proposed project is seeking to tackle a set of economic and social challenges of enormous importance to the government, and successes achieved are thus likely to be enthusiastically taken up at the national level. During project design it will be critical therefore to ensure that scaling up is systematically included in underlying principles and expected results, and that a clear scaling up strategy/mechanism is defined. Progress towards scaling up will be monitored and reported during implementation and resources will be allocated to facilitate scaling up.

H. Ownership, Harmonization and Alignment

83. The government is realising that there is an untapped potential that could also reduce the rural urban migration and retain youth talent in those areas: Core to the long-term sustainability of rural Moldova. This is also reflected in the country's National Development Strategy, Moldova 2030, in which the government commits

to promote partnership and foster entrepreneurship, investment, innovation and employment. The proposed project concept note is fully aligned with the current development strategies and policies of Moldova.

I. Components and activities

84. The project is expected to have two core complementary outcomes: The first outcome aims at grouping of producers, processors, traders, retailers and service providers to achieve critical mass for economies of scale and for improving investment attractiveness. The second outcome aims at improving entrepreneurs' access to financial services, leveraging private financial resources in the process. Operationally, each of the two outcomes has been translated into two concrete components that are synergistically reinforcing.
85. Component 1 is aimed at enhancing resilient economic transformation in the rural areas and is the entry point for the engagement aimed at addressing localised challenges which constrain production and marketing of the key commodities and services in the areas. This component will increase economic activity both on and off-farm within the selected economic development areas primarily through group investments and support to key economic infrastructure co-managed by the stakeholders (rayons included). This is expected to lead to increased profitability of farming, agribusinesses and the services sector and hence attract young entrepreneurs to remain in these areas. Particular attention will be devoted to the promotion of climate-resilient technologies.
86. MSPs will be established with representatives from all main actors of the selected value chains (including the hospitality value chains), including: producers, brokers, traders, processors, marketers, input suppliers, transporters, tour organisers and retailers. These platforms will identify binding constraints which hinder partnership and value addition as well as potential opportunities, both at individual agent level as well as at group level and encourage economic actors to develop sound business plans accordingly. The platforms will also be the main mechanism to engage with local authorities and business partners. Youth and women will be strongly represented on the MSPs.
87. The MSP represent a unique and innovative way to strengthen the presence, visibility and the agency of social actors that otherwise will remain marginal to the process of rural development but are key to drive the expected transformation. Traditional models, roles and practises confine those actors in stereotypes that limit their full inclusion within development interventions. This is visible in the low participation of women and youth in traditional forms of organisation where the head of the household (usually adult man) is supposed to participate (i.e. rayon committees, cooperatives). Their active participation through the platform is expected to generate ideas and increase their motivation as well as opportunities for employment and self-employment which are suitable for them.
88. The local socio-economic actors, that may be already organised in producer organisations (cooperatives, breeders' associations and producers' unions), constitute a potential multi-stakeholders platform once they are brought together. The MSP's aim will be to regularly exchange information concerning their practices and skills and eventually to express a common stand to influence decision-making instances within the economic development areas. The MSP will not be an institution per se but a flexible set up among stakeholders aiming at upgrading their capacities (to do better), upstreaming²⁰ their understanding (to do in

²⁰ To reflect on the reasons behind a given context from a broader perspective

synergy) and upscaling their impact (to do bigger)²¹. In this capacity the MSP will also represent a space of influence and decisions for those actors that are usually excluded or not represented. This is particularly relevant for women and youth.

89. Component 2 on inclusive entrepreneurship finance will address the core challenge of prohibitively high collateral requirements from banks and other financial institutions.
90. The high collateral demands and consequent inability to obtain loans, reduce the availability of investment capital needed to finance the rural transformation that rural investors and entrepreneurs in the rural areas so desperately need. This lack of wider financial inclusion of these communities, place them at a significant disadvantage given the increasing commercial and competitive environment. The youth is particularly disadvantaged as collateral is often the single most important challenge young entrepreneur's face, and they have limited assets and a short credit history. This component will hence provide credit and matching grants to promote youth entrepreneurship, income and employment generation. Of the total financing package, the grant element constitutes 40% whereas the credit element is 60%. Banks are still solely responsible for the financing decision (and hence also if the borrower will get a matching grant) which ensures that the programme is based on sound investment criteria. The programme thus assists in overcoming the difficulties in accessing financial services, which have only been exacerbated by the economic crisis. The financing package is complemented with synergistic support in the form of tailor-made mentoring and business development services which may include business plan development, marketing, technology utilisation and tax compliance. This will also help in instilling a more entrepreneurial, yet realistic, spirit among the rural youth by exposing them to role models (e.g. transformation drivers), entrepreneurship training and start-up management. As land consolidation is only progressing slowly, emphasis will also be on supporting off-farm employment and career opportunities for the youth.

J. Preliminary Environmental and Social category

91. Based on the criteria for categorisation, the project is preliminary classified as a category B project. Overall, the project is not expected to have any significant adverse environmental or social implications. There might be some environmental risks related to the project activities, which will need to be addressed in accordance with the more thorough Environmental and Social category assessment to be conducted during the detailed design.

K. Preliminary Climate Risk classification

92. The project's preliminary climate risk classification is moderate. Based on assessment done during preparation of the concept note, the project is expected to be moderately sensitive to climate risks, mainly due to the exposure of Moldova's agriculture sector to expected changes in temperature and rainfall. A more detailed assessment of the project climate risk classification will be undertaken during detailed design.

L. Costs and financing

93. The estimated PBAS allocation for Moldova during the period 2019-2021 is US\$20 million. The implementation period will be six (6) years. Cofinancing will be sought.

²¹ Adapted from Cees Leeuwis, Reconceptualizing Participation for Sustainable Rural Development: Towards a Negotiation Approach, *Development and Change* Vol. 31 (2000), 931±959. # Institute of Social Studies 2000. Published by Blackwell Publishers, 108 Cowley Road, Oxford OX4 1JF, UK

94. A tentative allocation of funding by component and sources of funds is presented below.

Table 1: Indicative allocation of funds by Financiers

Name of component	IFAD (US\$ m)	Co-financer (US\$ m)	Private sector (US\$ m)	GoM (US\$ m)	Beneficiaries (US\$ m)	Total (US\$ m)	%
1. Resilient economic transformation in the rural areas	10	2.5	1.8	3	3	20.3	55%
2. Inclusive entrepreneurship finance	8.5	1.3	2.5		2	14.3	40%
3. Project coordination, monitoring and evaluation	1.5			0.5		2.0	5%
Total	20.0	3.8	4.3	3.5	5	36.6	100%

95. Contribution of the Government. GOM will finance taxes and duties, salaries for government seconded staff, office space and utilities.
96. Contribution of private sector. The private sectors are expected to contribute in cash and in kind.
97. Contribution of beneficiaries. Beneficiaries will contribute in cash and in kind in the form of labour, right of way or building material.
98. The budget and concrete lending terms will be detailed during the design process.

M. Organization and management

99. The TARUT project will be implemented by the Ministry of Agriculture, Regional Development and Environment, through the CPIU. The CPIU, which is currently managing IFAD projects, will recruit additional specialists as needed, who will be responsible for the day-to-day management and implementation project activities, covering overall management/supervision, fiduciary management, monitoring and evaluation. Detailed implementation arrangements, including the involvement of local authorities, will be made during the design phase.²²

N. Monitoring and Evaluation indicators, KM and Learning

100. The M&E system will fully incorporate the new IFAD Operational Results Management System (ORMS). The project's M&E system will rely on evidence-based data and as such, all baseline/completion surveys will be implemented promptly to allow for results-based analysis. Additional surveys/studies will be conducted when deemed necessary. IFAD will provide support for capacity-building for the M&E officer through IFAD programmes including the "Training and Global Certification for M&E in Rural Development" under the Program in Rural M&E. Knowledge management will be critical in making sure relevant learnings from the projects inform policy dialogue as well as feedback into project design and implementation.

O. Risks

Risks	Measures of Mitigation
Large current account deficit, high level of dollarization and high external debt.	GoM committed to IMF programme.
Insufficient capacities in the ministry.	IFAD will pro-actively take measures to counter these,

²² IFAD will continue applying the financial safeguard introduced after 2014.

	in particular by further building the capacity of the key implementing unit in MARDE; the CPIU.
At project level there is the risk that IFAD, by targeting the poor in remote areas, will not be able to attract the quality and quantity of private sector investments and that the beneficiaries will not be sufficiently entrepreneurial.	The selection criteria for both areas and beneficiaries will ensure that there is a commercial potential even if not fully realised at project start. On geographical targeting, efforts will be made to ensure that there are commercially viable ventures that can be supported and that the infrastructural requirements are in place or will be put in place by relevant authorities.

P. Timing

101. The government is currently revising its strategy for lending to rural engagements and elections are scheduled for late 2018, hence a realistic assessment of when a request can be obtained is spring 2019. Should the government prove faster, the below timeline will also be forwarded.

OSC for COSOP and Concept Note	May 2018
Government Request	April 2019
Detailed Design	June 2019
QE	September 2019
Final Design	November 2019
QA	December 2019
EB presentation	April 2020

Annex 1: Logical Framework

Results	Indicators					Means of Verification			Assumptions
	Name	Baseline	YR1	Mid-Term	End Target	Source	Frequency	Responsibility	
Goal: To stimulate broad-based rural economic growth and reduce poverty, based on expanded income-generating and job opportunities both on- and off-farm.	<ul style="list-style-type: none"> 75% of targeted households with improvements in asset ownership. 	0%	10%	40%	75%	Completion Survey	Midterm and completion	PIU M&E unit	<ul style="list-style-type: none"> Political stability Macro-economic conditions remain stable or improve
Development Objective: Enable productive poor to improve their on and off-farm competitiveness, commercialisation.	<ul style="list-style-type: none"> 70% of farm owners benefiting from the project increase in net annual income by at least 30% (disaggregated by gender and age). 	0%	5%	35%	70%	Midterm and Completion survey	Midterm and completion	M&E officer	
<p>Component 1: Enhancing resilient economic transformation</p> <p>Outcome 1.1: Grouping of producers, processors, traders, retailers and service providers to achieve critical mass for economies of scale and for improving investment attractiveness.</p>	<ul style="list-style-type: none"> No. of multi-stakeholder platforms (MSPs) established with representatives from all main actors of the selected value chains (including the hospitality value chains), including: producers, brokers, traders, processors, input suppliers, transporters, tour organisers and retailers. At least 70% of the targeted beneficiaries have improved their capacity in business development. 	0	5	30	60	M&E system Component reports	Annually	M&E officer Component officer	<ul style="list-style-type: none"> Climatic changes are in line with current predictions
		0	5%	35%	70%				
<p>Outputs</p> <p>1.1 Capacity development of producers, processors, traders, retailers and service providers</p> <p>1.2 Rural enterprises and productions supply chains supported.</p> <p>1.3 Multi-stakeholder platforms established.</p>	<ul style="list-style-type: none"> No of trainings/platforms established No of value chain infrastructure/processing facilities established and operational. No. of people (government officials, private sector, smallholders) trained/oriented in technical production, marketing and quality standards. New policies and regulations approved and policy studies/briefs prepared. 	0	15	90	180	M&E system Component reports	Semi-annually	M&E officer Component officer	<ul style="list-style-type: none"> Beneficiaries willingness to participate
		0	10	60	120				
		0	100	300	900				
		0	1	4	10				

Results	Indicators					Means of Verification			Assumptions
	Name	Baseline	YR1	Mid-Term	End Target	Source	Frequency	Responsibility	
<p>Component 2: Inclusive entrepreneurship finance</p> <p>Outcome 2.1: Improving entrepreneurs' access to financial services, leveraging private financial resources in the process.</p>	<ul style="list-style-type: none"> At least 60% of the beneficiaries have improved access to financial services. 	0%	5%	30%	60%	M&E system Component reports Statistics of the Geostat	Annually Semi-annually Annually	M&E officer Component officer Geostat	<ul style="list-style-type: none"> Micro-economic conditions are supportive for doing business Beneficiaries willingness to participate
<p>Outputs 2.1: Access of smallholder farmers to services (including financial services) inputs and markets strengthened.</p>	<ul style="list-style-type: none"> No. of credit and matching grants to develop youth entrepreneur, income and employment generation. No of tailor-made mentoring and business development services which may include business plan development, marketing, technology utilisation and tax compliance. 	0 0	15 40	90 100	200 300	M&E system Component reports	Semi-annually	M&E officer Component officer	<ul style="list-style-type: none"> Market for dairy product
<p>Component 3: Project coordination, management and M&E</p>	<ul style="list-style-type: none"> Successful project implementation in place 					M&E system Component reports	Annually	M&E officer Component officer	<ul style="list-style-type: none"> Current PMU is efficient and show results