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Investing in rural people

President's report

Proposed loan

Republic of Moldova

Talent Retention for Rural Transformation Project

Project ID: 2000002242

Note to Executive Board representatives

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Abbreviations and acronyms

AIPA	Agency for Intervention and Payments in Agriculture
AWP/B	annual workplan and budget
CA	conservation agriculture
PIU	project implementation unit
M&E	monitoring and evaluation
NCFM	National Commission for Financial Markets
ODIMM	Organization for Small and Medium Enterprises Sector Development
PFI	public finance institution
PSC	programme steering committee
SCA	savings and credit association
TRTP	Talent Retention for Rural Transformation Project

Map of the project area



The designations employed and the presentation of the material in this map do not imply the expression of any opinion whatsoever on the part of IFAD concerning the delimitation of the frontiers or boundaries, or the authorities thereof.

IFAD Map compiled by IFAD

Financing summary

Initiating institution:	IFAD
Borrower/recipient:	Republic of Moldova
Executing agency:	Ministry of Agriculture, Regional Development and Environment
Total project cost:	US\$50.51 million
Amount of IFAD loan:	SDR 15.23 million (equivalent to approximately EUR 18.9 million)
Terms of IFAD loan:	Blend
Cofinanciers:	Government and beneficiaries
Amount of cofinancing:	US\$24 million
Contribution of borrower/recipient:	Government of the Republic of Moldova: US\$3.8 million Agency for Intervention and Payments in Agriculture (AIPA): US\$1.7million. Public finance institutions (PFIs): US\$15.3 million
Contribution of beneficiaries:	US\$3.5 million
Amount of IFAD climate finance:	US\$5.5 million
Cooperating institution:	IFAD

Recommendation for approval

The Executive Board is invited to approve the recommendation contained in paragraph 57.

I. Context

A. National context and rationale for IFAD involvement

National context

1. The Republic of Moldova is a lower-middle-income country. Its 2018 GDP per capita was US\$2,290, and its population is around 3.5 million. The Republic of Moldova is among the poorest countries in the region, but also one of the fastest growing. In 2018, growth reached 4.8 per cent thanks in part to strong domestic demand.
2. The Republic of Moldova has followed a remittance-led growth model, which has been instrumental in reducing poverty in the country. One third of the population works abroad, and remittances accounted for about 25 per cent of GDP in 2018. The absolute national poverty rate fell from 73 per cent to 9.6 per cent and the extreme poverty rate from 59.7 per cent to 0.2 per cent between 1999 and 2015. Large gaps remain between urban and rural areas, however.
3. Agriculture is a central pillar of the economy (accounting for 12 per cent of GDP in 2017) and is the main source of livelihood in rural areas. About 75 per cent of the population live in rural areas and depend on agriculture and related activities for their livelihoods.
4. The Moldova 2020: National Development Strategy aims to promote sustainable development and contribute to poverty reduction. The National Strategy for Agriculture and Rural Development of the Republic of Moldova (2014–2020) focuses on strengthening the agrifood sector's contribution to the sustainable achievement of the national economic and social development goals.

Special aspects relating to IFAD's corporate mainstreaming priorities

5. **Gender.** Rural women face discrimination and inequality in the social, economic and political spheres. Women work in low value added agricultural production subsectors or as family workers, and women entrepreneurs face barriers getting access to bank loans and to state-funded business and entrepreneurship development programmes.
6. **Youth.** Migration significantly affects the Republic of Moldova's economy and demographics. Poverty, lack of decent employment opportunities and low salaries are push factors for youth migration. Unemployment rates among youth range between 28 and 33 per cent. While young people (15–29 years of age) enjoy access to education, the quality of education is a challenge.
7. **Nutrition.** Undernutrition is decreasing, but overnutrition is rising. Food security and energy requirements are largely met, food insecurity is decreasing and child growth deficiency rates have dropped. Food security is nevertheless affected by changing weather conditions.
8. **Climate change.** Drought, floods and other extreme events such as heavy rain, hail, wind and frost occur regularly and have a significant impact on rural livelihoods and the economy as a whole.
9. In line with Eleventh Replenishment of IFAD's Resources mainstreaming commitments, the project has been classified as:
 - Climate-focused;
 - Youth-sensitive.

Rationale for IFAD involvement

10. While the Government has made youth, women and smallholders a key priority in its agricultural and rural development strategy, these groups are unable to fully capitalize on the opportunities available.
11. IFAD has a comparative advantage in focusing on smallholder farmers and implementing lessons learned from previous and current projects related to targeting, infrastructure investments, conservation agriculture (CA), access to affordable finance and inclusion of women and youth through an approach that recognizes their key constraints.
12. Grant resources from the Adaptation Fund can potentially support a range of climate-resilient investments in rural areas that will enable smallholder farmers to effectively mitigate the risks of climate change and deal with growing water scarcity and adopt CA and efficient water use practices.

B. Lessons learned

13. **Targeting approach.** IFAD must sharpen its targeting approach, with a clear focus on targeting smallholders, women and youth. To avoid elite capture, no exclusive self-targeting and no “trickle-down” approach will be proposed, while specific awareness-raising and mobilization approaches will be used.
14. **Approach to training and capacity-building for smallholder farmers.** The Talent Retention for Rural Transformation Project (TRTP) will provide opportunities for technical assistance for tailored coaching and mentoring, business plan development and support in accessing the range of funds and subsidies made available by ongoing government programmes.
15. The focus on agroprocessing and agribusiness will require that innovative arrangements be put in place to ensure that the ownership rights and management responsibilities of collective enterprises are clearly established, with strong links to markets.
16. **Strategy for youth inclusion.** TRTP will enhance the inclusion of youth and increase their incomes by providing a package of business support, credit and matching grants to promote entrepreneurship and income and employment generation that will integrate youth into high-value markets.
17. **Conservation agriculture.** It is important to disseminate knowledge of the benefits of CA, which may not always be immediately evident in the short term. CA requires investments that may be capital-intensive. Therefore, financial arrangements are needed to suit the specific needs of smallholders.
18. **Programmatic approach to rural finance.** A more programmatic approach to investments in the development of the financial sector is needed. This approach is likely to pay dividends by enhancing the effectiveness and sustainability of the sector over time.

II. Project description

A. Objectives, geographical area of intervention and target groups

19. The overall goal of TRTP is to reduce poverty and curb outmigration from rural areas through the enhancement of smallholder resilience to climate change. The development objective of the project is to enable the rural poor (especially youth, women and smallholders) to increase their productive capacity, resilience to economic, environmental and climate-related risks and access to markets.
20. The primary target group is commercially oriented smallholder farmers and youth entrepreneurs cultivating up to 10 hectares. TRTP will also focus on enabling youth entrepreneurs, women and men from rural areas to access finances and business

development support to establish and expand their on- and off-farm businesses. Forty per cent of the beneficiaries will be women and 40 per cent will be youth. As the project is national in scope, the geographical targeting does not limit project interventions to a specific geographical area, but prioritizes interventions in the more climate-vulnerable and deprived areas of the country.

21. The following targeting measures will be put in place under the project: sensitization of implementers and policymakers to the strategic interests and needs of smallholder farmers, women and youth; direct targeting through quotas to ensure participation in project-related activities for women, youth and smallholders; self-selection through the size of grants and choice of project activities; appropriate mobilization and operational measures to address specific constraints faced by women, youth and poorer smallholder farmers; geographical targeting through selection criteria that prioritize youth, women and smallholder farmers and entrepreneurs from climate-vulnerable and poorer areas of the Republic of Moldova; and empowerment of beneficiaries through business plan development, mentoring, producer associations and young entrepreneur networks.

B. Components/outcomes and activities

22. The project will have the following two components: (i) resilient economic transformation; and (ii) inclusive entrepreneurship finance. The components are designed to work in a complementary manner and build on synergy and complementarity with ongoing IFAD projects.
23. The key outcomes expected from the project are: (i) enhanced resilience and increased employment opportunities through investments in rural infrastructure, facilitation of access to markets and strengthening of farmer organizations; and (ii) increased access to rural finance for youth and increased sustainability of rural finance institutions, such as savings and credit associations (SCAs), through transformative changes in the sector.
24. **Component 1: Resilient economic transformation.** Component 1 is aimed at enhancing resilient economic transformation in rural areas. Particular attention will be devoted to the promotion of climate-resilient technologies and building the capacity of government institutions for enhancing awareness and technical knowledge about CA and strengthening government capacity for economic and market analysis regarding the agribusiness sector for smallholder farmers.
25. **Component 2: Inclusive entrepreneurship finance.** The main purpose of this component is to demonstrate that agriculture can be an attractive business and livelihood opportunity for young farmers and contain outmigration trends in rural areas. The component will address bottlenecks affecting access to credit for rural youth and women and build capacity and strengthen the SCA sector and the regulatory and supervisory capacity of the National Commission for Financial Markets (NCFM).

C. Theory of change

26. The underlying theory of change of TRTP is that IFAD can help alleviate poverty and drive the transformation of the rural economy by supporting smallholder farmers, young entrepreneurs and women in becoming more resilient and competitive through a range of complementary investments.
27. Rural challenges include the high rate of outmigration of rural youth due to low wages and lack of productive employment and enterprise development opportunities. Young entrepreneurs, smallholder farmers and women lack access to productive assets and are unable to access institutional credit due to lack of collateral, high interest rates and lack of technical capacity to make proper business decisions.

28. IFAD's experience in the Republic of Moldova has shown that investments in demand-driven physical infrastructure and water-efficient technologies can help enhance productivity and build resilience to climate change and extreme weather events for smallholder farmers. Organizing producers' groups and associations in innovative arrangements with clear specification of ownership rights, equity investments and professional management will encourage farmers to participate in collective agribusiness enterprises and access markets.

D. Alignment, ownership, and partnerships

29. The project is aligned with government priorities and IFAD corporate strategies and commitments, including several of the Sustainable Development Goals. The project seeks to deliver on the shared Government and IFAD ambition of transforming agriculture into a dynamic engine of rural development and growth to generate employment and make farming and agribusiness an attractive and lucrative career option for youth.

E. Costs, benefits and financing

30. TRTP will be financed over a six-year period starting at the beginning of 2020. As per the Multilateral Development Banks Methodologies for Tracking Climate Adaptation and Mitigation Finance, the total amount of IFAD climate finance for this project is preliminarily calculated as US\$5.5 million, which represents 29.8 per cent of the total IFAD project amount.
31. The Republic of Moldova is eligible for borrowing from IFAD on blend financing terms for projects approved by the IFAD Executive Board in 2019. The Ministry of Finance has expressed its interest in borrowing in special drawing rights (SDR).

Table 1
Project costs by component and financier
Thousands of United States dollars

Component/subcomponent	Government		IFAD loan		Beneficiaries		PFIs		Adaptation Fund		AIPA		Total		Foreign exchange	Local (excluding taxes)	Duties & taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
1. Resilient economic transformation																	
1.1. Enhancing climate resilience																	
a. Climate-resilient infrastructure	2 358	20.0	5 969	50.6	1 685	14.3	-	-	1 776	15.1	-	-	11 788	23.3	4 677	4 753	2 358
b. On-farm adaptive water management	-	-	-	-	-	-	-	-	3 261	100	-	-	3 261	6.5	94	3 167	-
Subtotal	2 358	15.7	5 969	39.7	1 685	11.2	-	-	5 037	33.5	-	-	15 049	29.8	4 771	7 920	2 358
1.2. Agribusiness development																	
a. Strengthening value chains for producers' groups	977	17.0	4 755	83	-	-	-	-	-	-	-	-	5 733	11.3	82	4 673	977
b. Strengthening the technical capacity of the Ministry of Agriculture, Regional Development and Environment	-	-	96	100.0	-	-	-	-	-	-	-	-	96	0.2	3	94	-
Subtotal	977	16.8	4 852	83.2	-	-	-	-	-	-	-	-	5 829	11.5	85	4 767	977
Subtotal (subcomponents 1.1 and 1.2)	3 335	16	10 820	51.8	1 685	8.1	-	-	5 037	24.1	-	-	20 878	41.3	4 856	12 686	3 335
2. Inclusive entrepreneurship finance																	
2.1. Affordable credit for youth and women	400	1.6	5 290	21.7	1 768	7.2	15 260	62.6	-	-	1 675	6.9	24 393	48.3	1 000	22 993	400
2.2. Rural finance sector development	-	-	2 742	100.0	-	-	-	-	-	-	-	-	2 742	5.4	-	2 742	-
Subtotal	400	1.5	8 032	29.6	1 768	6.5	15 260	56.2	-	-	1 675	6.2	27 135	53.7	1 000	25 735	400
3. Project management	109	4.4	1 897	75.7	-	-	-	-	500	19.9	-	-	2 506	5.0	274	2 122	109
Total	3 844	7.6	20 750	41.1	3 453	6.8	15 260	30.2	5 537	11.0	1 675	3.3	50 518	100.0	6 131	40 543	3 844

Table 2
Project costs by expenditure category and financier
(Thousands of United States dollars)

Expenditure category	Government		IFAD loan		Beneficiaries		PFIs		Adaptation Fund		AIPA		Total		Foreign exchange	(Excluding taxes)	Duties & taxes
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%			
I. Investment costs																	
A. Consultancies, studies, technical assistance, workshops	-	-	1 057	44.2	-	-	-	-	1 333	55.8	-	-	2 390	4.7	180	3 199	-
B. Credit	-	-	12 137	43.5	503	1.8	15 260	54.7	-	-	-	-	27 900	55.2	-	19 623	-
C. Equipment, material, goods and services	1 397	54.9	829	32.6	320	12.6	-	-	-	-	-	-	2 546	5.0	1 049	4 539	1 397
D. Grant	-	-	1 349	21.8	945	15.3	-	-	2 213	35.8	1 675	27.1	6 182	12.2	-	6 833	-
E. Works	2 300	22.2	4 838	46.7	1 455	14.0	-	-	1 776	17.1	-	-	10 369	20.5	4 533	4 667	2 300
Total Investment costs	3 697	7.3	20 210	40.00	3 223	6.4	15 260	30.2	5 322	10.5	1 675	3.3	49 387	97.8	5 762	38 860	3 697
II. Recurrent costs																	
A. Salaries & allowances	-	-	394	69.2	-	-	-	-	175	30.8	-	-	569	1.1	-	1 210	-
B. Operating costs	148	26.2	146	25.9	230	40.8	-	-	40	7.09	-	-	564	1.1	369	473	148
Total recurrent costs	148	13.1	540	47.7	230	20.3	-	-	215	18.9	-	-	1 133	2.2	369	1 683	148
Total	3 845	7.6	20 750	41.1	3 453	6.8	15 260	30.2	5 537	11.0	1 675	3.3	50 520	100.0	6 131	40 543	3 844

Table 3
Project costs by component and project year (PY)
 (Thousands of United States dollars)

	PY1		PY2		PY3		PY4		PY5		PY6		Total	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
1. Resilient economic transformation														
1.1. Enhancing climate resilience														
a. Climate-resilient infrastructure	65	0.6	2 237	19.0	3 467	29.4	3 561	30.2	1 741	14.8	717	6.1	11 788	23.3
b. On-farm adaptive water management	-	-	582	17.8	975	29.9	980	30.1	583	17.9	140	4.3	3 261	6.5
Subtotal	65	0.4	2 819	18.7	4 442	29.5	4 541	30.2	2 324	15.4	857	5.7	15 049	29.8
1.2. Agribusiness development														
a. Strengthening value chains for producers' groups	584	10.2	1 145	20.0	1 642	28.6	1 151	20.1	1 155	20.2	56	1.0	5 733	11.3
b. Strengthening the technical capacity of the Ministry of Agriculture, Regional Development and Environment	12	12.6	29	29.9	25	26.2	26	26.8	4	4.6	-	-	96	0.2
Subtotal	596	10.2	1 173	20.1	1 667	28.6	1 177	20.2	1 160	19.9	56	1.0	5 829	11.5
Subtotal (subcomponents 1.1 and 1.2)	661	3.2	3 993	19.1	6 109	29.3	5 718	27.4	3 484	16.7	913	4.4	20 878	41.3
2. Inclusive entrepreneurship finance														
2.1. Affordable credit for youth and women	-	-	4 879	20.0	4 879	20.0	4 879	20.0	4 879	20.0	4 879	20.0	24 393	48.3
2.2. Rural finance sector development	510	18.6	1 670	60.9	135	4.9	176	6.4	125	4.5	127	4.6	2 742	5.4
Subtotal	510	1.9	6 548	24.1	5 013	18.5	5 054	18.6	5 003	18.4	5 006	18.4	27 135	53.7
3. Project management	514	20.5	166	6.6	195	7.8	419	16.7	582	23.2	629	25.1	2 506	5.0
Total	1 686	3.3	10 707	21.2	11 317	22.4	11 191	22.2	9 069	18.0	6 548	13.0	50 518	100.0

Financing and cofinancing strategy and plan

32. The total project cost is estimated at US\$50.51 million, of which US\$20.7 million (41.1 per cent of the total cost) will be financed by IFAD through a loan. Grant resources from the Adaptation Fund amounting to about US\$6 million (11 per cent) will be allocated mainly to component 1 (about US\$5 million, or 10 per cent), while the remainder (US\$0.5 million) will be go to project management. Additionally, there will be an implementing entity fee of US\$0.5 million, which is not included in the total project cost estimation of US\$50.51 million. The Government of the Republic of Moldova is expected to provide US\$3.8 million (7.6 per cent). Contributions from the Government will mainly finance taxes and duties.
33. Project beneficiaries are also expected to benefit from subsidies from the Agency for Intervention and Payments in Agriculture (AIPA) and public finance institutions (PFIs). Beneficiaries are expected to obtain around US\$1.7 million (3.3 per cent of total project cost) from AIPA to finance part of the intervention under component 2. PFIs are expected to provide credit worth US\$15.3 million (30.2 per cent) to young entrepreneurs as part of component 2. Project beneficiaries are expected to provide both in-kind and in-cash contributions of about US\$3.5 million (6.8 per cent), cofinancing investments and socio-environmental infrastructure and innovations under both components. Funds allocated to the project management unit are estimated to be around US\$2.5 million, equal to 5 per cent of the total project costs.

Disbursement

34. Funds will be disbursed into two separate designated accounts denominated in United States dollars and opened through the State Treasury at the National Bank of Moldova for the IFAD loan and the Adaptation Fund grant. The designated accounts will be operated under imprest arrangements. The authorized allocation to the loan-designated account will be a maximum US\$3.3 million, to be disbursed in three separate initial advances, including one of up to US\$1 million specifically to support the creation of the NCFM Stabilization Fund and a second of up to US\$0.8 million for the NCFM Insurance Deposit Fund. The initial authorized allocation to the grant-designated account will be US\$0.5 million.
35. The project implementation unit (PIU) will also open, through the State Treasury of the Ministry of Finance, separate project accounts in local currency (Moldovan leu) at the National Bank of Moldova:
 - Two project accounts to receive resources for eligible expenditures from the loan- and grant-designated accounts;
 - One project account to provide counterpart Government funding to cover duties, taxes and other services for project implementation; and
 - One project account to receive contributions from beneficiaries.

Summary of benefits and economic analysis

36. It is expected that the project will reach 11,723 households, or around 34,000 rural people. Benefits to the target group are expected to accrue from: (i) enhanced climate resilience and reduced climate risks from increased water availability for productive use and CA techniques; (ii) diversification of productive activities and sources of income thanks to access to finance; (iii) increased food availability for the rural poor; (iv) increased value added of agricultural outputs; (v) reduced transportation costs and enhanced processing efficiency through innovative technology and improved infrastructure; (vi) improved quality of processed products, thus attracting higher prices in the local market; (vii) increased employment either for hired or family labour, for both on-farm and off-farm activities; and (viii) tax revenues as a result of increased volume of taxable production.
37. **Economic profitability.** The project is assessed to be economically viable. The net present value, discounted at 11 per cent, is 636 million Moldovan lei (US\$36.3 million), resulting in an economic internal rate of return of 22 per cent for the base-case scenario.

Exit strategy and sustainability

38. There are several key elements of the project's exit strategy associated with each of its key components. For example, investments in physical and water-efficient infrastructure will be maintained by the municipal authorities, and individual users and agribusinesses who have contributed to investments will take over operation and maintenance of the schemes after completion.

III. Risks

A. Risks and mitigation measures

39. The project faces several risks, as summarized in the integrated risk framework below.

Table 4
Risks and mitigation measures

<i>Risk categories</i>	<i>Risk probability</i>	<i>Risk impact</i>	<i>Mitigation measures/ comments</i>
1. Political and governance			
Political instability, deepening crisis brought on by inconclusive parliamentary elections.	Medium	Medium	Rationale of project investments and policy support in line with the overall priorities of the agriculture and financial sectors in the country.
Changes in the structure of the Government has led to increased responsibility for the Ministry of Agriculture, Regional Development and Environment, which is not always commensurate with the capacity of different Government agencies.	Medium	Medium	The project will strengthen the capacity of the Ministry of Agriculture, Regional Development and Environment through provision of technical specialists.
2. Macroeconomic			
Closer trade ties with the European Union has led to increased competition for domestic produce.	Medium	Medium	The project will help smallholder producers undertake high-value production offering better chances of competing in local and non-traditional markets.
3. Sector strategies and policies			
Considerably reduced risk appetite after the fraud in the banking sector has made the Government conservative and risk-averse.	Low	Low	Financing of two funds to strengthen the SCA sector and enhance performance and sustainability will protect the sector against undue risk.
4. Technical design of the project			
Infrastructure schemes. Inadequate operation and maintenance arrangements of infrastructure schemes.	Low	Medium	Strict application by the PIU of selection criterion, requiring adequate proposals for future operations and maintenance. Careful technical assessment and field verification of the main infrastructure operation during the proposal qualification stage.
Suboptimal infrastructure design quality procured by beneficiaries.			Compliance with technical norms and state regulations (licensing of designers and submission of the technical designs for infrastructure project for approval/examination by relevant state entities).
Limited potential for uptake of water-efficient technologies due to lack of awareness about suitable technologies.	Low	Low	Create awareness and understanding regarding the use of water-efficient technologies to enhance uptake.
Producer groups and private sector partners are unable to forge equity partnerships.	Medium	Low	Provide technical assistance, strong mentoring support and equity investments on behalf of smallholders to make them an attractive partner for the private sector.
Collateral guarantees from the Organization for Small and Medium Enterprises Sector Development (ODIMM) are unacceptable to private banks to provide credit to youth entrepreneurs and women.	Medium	Medium	Negotiate with AIPA to underwrite the collateral arrangements with banks and influence ODIMM guarantee features and expedite the IFAD-European Union guarantee fund mechanism.
5. Institutional capacity for implementation and sustainability			
PIU salaries limit the recruitment of qualified candidates.	Medium	Medium	Negotiate with Government to review salaries/recruit part-time specialists.
6. Financing			
Funding from Adaptation Fund may not be approved.	Low	High	Project will have to be redesigned at start-up in close coordination with the PIU and the partner institutions if funding from the Adaptation Fund is not approved.
7. Procurement			
See below			

<i>Risk categories</i>	<i>Risk probability</i>	<i>Risk impact</i>	<i>Mitigation measures/ comments</i>
8. Stakeholders			
Lack of interest among stakeholders.			Demonstration and sharing experience of CA techniques by users will contribute to uptake of CA and impact on productivity and yields.
Beneficiary capacity for upfront contribution.			An escrow account operated by a partner bank could hold advance payment in the account until the transaction for the purchase of equipment or the implementation of investment is completed and the PIU approves the payment of the final instalment. Banks are willing to offer these services at a small fee.
9. Environment and social			
Targeting. Exclusion of smallholders, youth and women.	Medium	Medium	Additional weight will be put on criteria aimed at ensuring the inclusion of smallholders, youth and women.
Overall	Medium	Medium	A range of measures are proposed to enable the implementing agencies to manage the risks in the country and those associated with the project design.

B. Environment and social category

40. The project is classified as a category B operation and is not expected to have any significant adverse environmental or social implications. TRTP will enhance sustainable and resilient business opportunities for vulnerable rural households and assist them in diversifying their production and accessing markets and technical support and financial resources to enable them to use climate-smart natural resource management practices as a main driver for local economic growth and sustainability.

C. Climate risk classification

41. The project is expected to be moderately sensitive to climate risks associated with the exposure of the Republic of Moldova's agriculture sector to changes in temperature and rainfall. A key aim is to reduce the vulnerability of the rural poor to such risks. Funds will be allocated to ensure climate adaptation and resilience of both infrastructure and livelihood strategies of the rural poor.

D. Debt sustainability

42. According to the International Monetary Fund and the World Bank, the Republic of Moldova's debt remains sustainable and has improved, mostly thanks to GDP growth. The Republic of Moldova has a strong record of timely repayment to the Fund, and the risk of debt distress remains low. The Republic of Moldova's external debt accounted for 64.6 per cent of the country's nominal GDP in 2018 (World Bank Economic Update, 13 May 2019). The level reached an all-time high of 133.8 per cent in December 2000 and a record low of 64.6 per cent in December 2018.

IV. Implementation

A. Organizational framework

Project management and coordination

43. The existing IFAD programme steering committee (PSC) will be responsible for the management and implementation of TRTP. The PSC will provide overall policy guidance and oversight for all IFAD-supported projects and programmes in the Republic of Moldova.
44. The borrower/recipient will designate a PIU to exercise day-to-day management and implementation of the project. The PIU's capacity to implement TRTP will be strengthened by hiring an additional engineer, a specialist to oversee the Adaptation Fund grant and an agribusiness specialist to coordinate the activities of TRTP. Activities requiring specialist expertise will be contracted out to consulting

firms or NGOs with the requisite skills for communication, identification of beneficiaries and administration of grants for the Adaptation Fund activities.

Financial management, procurement and governance

45. The financial management unit structure of the PIU is adequate to manage the responsibilities envisaged under the proposed project. The unit consists of a finance manager and an accountant.
46. The project accounting system will follow national standards, operating on an accrual basis, and transactions will be recorded in the 1C stand-alone accounting software at the PIU. As national reporting requirements differ from IFAD's, a specific set of financial statements will be prepared, as per current practice, based on records from 1C, on an International Public Sector Accounting Standards cash basis of accounting and in accordance with the requirements set forth in the IFAD Handbook for Financial Reporting and Auditing of IFAD-financed Projects. Ongoing internal control procedures will also be applied to TRTP, which will ensure proper segregation of duties. The project will maintain the same audit arrangements as current ongoing programmes.

B. Planning, monitoring and evaluation, learning, knowledge management and communications

47. **Planning.** The annual workplan and budget (AWP/B) will be the key planning document for the project and will be prepared according to the schedule stipulated in the financing agreement. The preparation of the AWP/Bs will be undertaken, discussed and approved no later than 60 days before the end of the preceding financial year. Where required, the PIU, through the PSC, may propose adjustments to the AWP/B during the relevant project year, which will become effective after clearance by IFAD.
48. **Monitoring and evaluation (M&E).** The M&E specialists at the PIU will be responsible for data-keeping and analysis of activities, outputs and outcomes and for reviewing the performance of components and subcomponents on the basis of information collected from the field. A beneficiary database will be developed to allow for tracking of beneficiaries and activities. The new Operational Results Management System will link outputs and outcomes (core indicators) to strategic objectives and areas of thematic focus of the IFAD Strategic Framework 2016-2025.
49. **Strategic communication.** The project will use the in-house capacity established by the PIU for disseminating information about the activities of IFAD-financed projects through strategic communication and knowledge management.
50. **Policy dialogue.** The project has the potential to influence policy in several key areas, including CA and development of the SCA sector. TRTP will provide financing for two key policy instruments aimed at strengthening the entire SCA sector.
51. **Innovation and scaling up.** The successful experience of applying vibrated concrete pavement for rural level roads piloted under ongoing IFAD interventions will be replicated. The financing of the equity share in public-private partnerships between producers' groups and private sector entities is an innovative arrangement that will safeguard the smallholder farmers' stake in the investments and ensure that the enterprise will be professionally managed by a private sector agency with established market linkages. An additional innovative mechanism is the scaling up of the previous IFAD experience of lending directly to SCAs, which has proved to be extremely successful.

C. Implementation plans

Implementation readiness and start-up plans

52. IFAD and the Government will ensure implementation readiness at start-up by ensuring that the service providers and new staff can be recruited as soon as possible after project effectiveness. The additional staff identified for the Adaptation Fund activities will be shortlisted and selected prior to project start-up. The PIU will begin the preparation of the memorandum of understanding between the PIU and AIPA and the PIU and ODIMM for collaboration between the TRTP and these agencies.

Supervision, midterm review and completion plans

53. The project will be directly supervised by IFAD on an annual basis, with implementation support provided as and when required. A midterm review mission will be carried out during the third year of implementation. During the last year of implementation, the project team will contract a consulting firm to determine project impact by direct comparison of data collected during baseline and midline surveys. The evidence compiled will support the narrative and key findings to be included in the project completion report.

V. Legal instruments and authority

54. A project financing agreement between the Republic of Moldova and IFAD will constitute the legal instrument for extending the proposed financing to the borrower/recipient. A copy of the negotiated financing agreement is attached as appendix I.
55. The Republic of Moldova is empowered under its laws to receive financing from IFAD.
56. I am satisfied that the proposed financing will comply with the Agreement Establishing IFAD and the Policies and Criteria for IFAD Financing.

VI. Recommendation

57. I recommend that the Executive Board approve the proposed financing in terms of the following resolution:

RESOLVED: that the Fund shall provide a loan on blend terms to the Republic of Moldova in an amount equivalent to fifteen million two hundred and thirty thousand in special drawing rights (SDR 15,230,000), equivalent to approximately eighteen million nine hundred thousand euros (EUR 18,900,000), and upon such terms and conditions as shall be substantially in accordance with the terms and conditions presented herein.

Gilbert F. Hougbo
President

Negotiated financing agreement: "Talent Retention for Rural Transformation Project"

(Negotiations concluded on 8 April 2020)

Loan No: _____
AF Grant No: _____

Project name: Talent Retention for Rural Transformation (TRTP) ("the Project")

The Republic of Moldova
and

The International Fund for Agricultural Development (the "Fund" or "IFAD")

(each a "Party" and both of them collectively the "Parties")

WHEREAS the Borrower/Recipient has a loan and a grant from the Fund for the purpose of financing the Project described in Schedule 1 to this Agreement;

WHEREAS IFAD and the Adaptation Fund have entered into an agreement on _____ between (the "Donors Agreement") that will provide five million five hundred thirty seven thousand four hundred fifteen in the United State dollars (5 537 415 USD), through the AF grant ("AF GRANT") to finance the Project described in Schedule 1 to this Agreement.

WHEREAS, the Fund has agreed to provide financing for the Project;

NOW THEREFORE, the Parties hereby agree as follows:

Section A

1. The following documents collectively form this Agreement: this document, the Project Description and Implementation Arrangements (Schedule 1), the Allocation Table (Schedule 2) and the Special Covenants (Schedule 3).
2. The Fund's General Conditions for Agricultural Development Financing dated 29 April 2009, amended as of December 2018, and as may be amended hereafter from time to time (the "General Conditions") are annexed to this Agreement, and all provisions thereof shall apply to this Agreement. For the purposes of this Agreement the terms defined in the General Conditions shall have the meanings set forth therein, unless the Parties shall otherwise agree in this Agreement.
3. The Fund shall provide a Loan and an AF Grant (the "Financing") to the Borrower/Recipient, which the Borrower/Recipient shall use to implement the Project in accordance with the terms and conditions of this Agreement. The Financing shall be channelled to the Borrower/Recipient through the Designated Account as detailed in Article 2, paragraph 7 below. The AF Grant shall be channelled to the Borrower/Recipient only if and to the extent that IFAD has received the AF Grant proceeds in accordance with the terms and conditions of the Donors Agreement.

Section B

1. A. The amount of the loan is eighteen million nine hundred thirty nine thousand Euros (18 939 000 EUR).
- B. The amount of the AF grant is five million five hundred thirty seven thousand four hundred fifteen United States dollars (5 537 415 USD) .
2. The Loan is granted on blend terms, and shall be subject to interest on the principal amount outstanding and a service charge as determined by the Fund at the date of approval of the Loan by the Fund's Executive Board. The interest rate and service charge determined will be fixed for the life cycle of the loan and payable semi-annually in the Loan Service Payment Currency, and shall have a maturity period of twenty five (25) years, including a grace period of five (5) years starting from the date of approval of the Loan by the Fund's Executive Board.
3. The Loan Service Payment Currency shall be in EUR.
4. The first day of the applicable Fiscal Year shall be 1st January.
5. Payments of principal, interest, and service charge shall be payable on each 1st April and 1st October.
6. There shall be two Designated Accounts (one for the IFAD loan in EUR and one for the AF grant in USD), for the exclusive use of the Project opened at the National Bank of Moldova. The Borrower shall inform the Fund of the officials authorized to operate the Designated Accounts.
7. The Borrower/Recipient shall provide counterpart financing for the Project in the amount of USD 3.8 million in the form of taxes and duties for the Project.

Section C

1. The Lead Project Agency shall be The Ministry of Agriculture, Regional Development and Environment.
2. A Mid-Term Review will be conducted as specified in Section 8.03 (b) and (c) of the General Conditions; however, the Parties may agree on a different date for the Mid-Term Review of the implementation of the Project.
4. The Project Completion Date shall be the sixth anniversary of the date of entry into force of this Agreement and the Financing Closing Date shall be 6 months later, or such other date as the Fund may designate by notice to the Borrower/Recipient.
5. Procurement of goods, works and services financed by the Financing shall be carried out:
 - (a) in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines,
 - (b) Pursuant to Procurement Plan, which shall be identify procedures which must be implemented by the Borrower/Recipient in order to ensure consistency with IFAD Project Procurement Guidelines.

Section D

1. The Fund will administer the Loan/Grant and supervise the Project.

Section E

1. The following are designated as additional grounds for suspension of this Agreement:
 - (a) The PIM and/or any provision thereof, has been waived, suspended, terminated, amended or modified without the prior agreement of the Fund and the Fund, after consultation with the Borrower/Recipient, has determined that it has had, or is likely to have, a material adverse effect on the Project.
2. The following are designated as additional (general/specific) conditions precedent to withdrawal:
 - (a) The IFAD no objection to the Project Implementation Manual (PIM) shall have been obtained;
 - (b) Key Project staff has been appointed as per Schedule 1 of this Agreement.
 - (c) The PIU has been designated by the Government of Moldova.
3. This Agreement is subject to ratification by the Borrower/Recipient.
4. The following are the designated representatives and addresses to be used for any communication related to this Agreement:

For the Borrower/Recipient:

Ion Perju
Minister of Agriculture, Regional Development and Environment
str. Constantin Tănase 9
MD-2005 mun. Chişinău, Moldova

For the Fund:

Gilbert F. Hougbo
President
International Fund for Agricultural Development
Via Paolo di Dono 44
00142 Rome, Italy

This Agreement, dated _____, has been prepared in the English language in two (2) original copies, one (1) for the Fund and one (1) for the Borrower/Recipient and shall enter into force at the date the Fund receives an instrument of ratification from the Republic of Moldova.

THE REPUBLIC OF MOLDOVA

(Authorized Representative)

Date: _____

INTERNATIONAL FUND FOR
AGRICULTURAL DEVELOPMENT

Gilbert F. Hougbo
President

Date: _____

Schedule 1

Project Description and Implementation Arrangements

I. Project Description

1. *Target Population.* The primary target group of TRTP is commercially-orientated small-holder farmers and youth entrepreneurs cultivating up to 10 hectares. The project will ensure that women farmers are especially included in project activities. In addition, the project will engage with a range of actors such as agribusinesses, exporters, input suppliers, processors of agricultural goods, farmers with larger landholdings where they can function as aggregators, innovators and catalysts providing pathways for small-holder farmers to access national and international markets. Forty percent of the beneficiaries will be women and forty percent will be youth.
2. *Project area.* As the project is national in scope, the geographical targeting does not limit project interventions to a specific geographic area but prioritizes interventions in the more climate vulnerable and deprived areas throughout the country based on Small Area Deprivation Index and data on climate vulnerability from the 4th National Communication of the Republic of Moldova on Climate Change.
3. *Goal.* The goal of the Project is to stimulate broad-based rural economic growth and reduce poverty through complementary investments.
4. *Objectives.* The objectives of the Project is to enable the rural poor (especially youth, women and smallholders) to increase their productive capacity, resilience to economic, environmental and climate-related risks and their access to markets.
5. *Components.* The Project shall consist of the following two Components:

5.1 Component 1: Resilient Economic Transformation

Sub-Component 1.1 Enhancing Climate Resilience

Climate Resilient Infrastructure (CRI):

- (a) The subcomponent is designed to support investments in productive rural infrastructure enhancing resilient rural economic transformation by removing infrastructure bottlenecks.
- (b) Investments in irrigation infrastructure shall focus on micro and small irrigation schemes.
- (c) Investment in rural roads improvements shall be directed to rural feeder roads and ancillary structures.
- (d) Priority of implementation shall be given to proposals from geographic locations more prone to climate risk and to target areas showing a relative higher concentration of poverty, based on the Small Areas Deprivation Index (SADI) indicators.

On-farm Climate Adaptive Water Management

- (a) Build smallholder farmer's resilience to climate change by fostering the adoption of climate smart, water saving technologies and building smallholder awareness and capacity in climate adaptive agricultural practices. Grants from the Adaptation Fund shall be provided exclusively to smallholder farmers with up to 10 ha land (owned and cultivated). *Demo plots, the Training of Trainers programmes and extension support services.* Based on the FAO lessons learned the project shall train and provide demand driven advisory services.

- (b) Conservation agriculture. Support Ministry of Agriculture Regional Development & Environment (MARDE) in the development of the new National Programme for Conservation Agriculture.
- (c) Knowledge management. The project shall dedicate around USD 50,000 to ensure that project results are being adequately recorded and the findings disseminated.

Sub-Component 1.2 Agribusiness Development

1Strengthening Value Chains for Producer Groups

- (a) The project will be implemented by a service provider who could be an individual, a consulting firm or an NGO which has the requisite skills to provide the technical support which is required under the component.
- (b) The project shall work closely with the Producer Groups and private sector entities to develop proper feasibilities and business plans for collaboration. The PIU will ensure that all service providers follow sound labour management practices.
- (c) Investments in producer groups. The project will also put in place innovative arrangements for investments in collection and grading centres, warehouses, cold storages and agro-processing facilities, refrigeration trucks, branding, marketing and providing equipment and materials, etc. The project investments in the market infrastructure and processing facilities, through mix of grants and loans, will represent an investment and contribution on behalf of the smallholder farmers who are members of the PGs.

1Strengthening MARDE Technical Capacity

- (a) The project shall strengthen the capacity of MARDE by providing it technical specialists for economic and market analysis.
- (b) The project shall also organize opportunities for learning and experience sharing for MARDE staff and PGs.

5.2 Component 2: Entrepreneurship Finance

Sub-component 2.1. Affordable credit for youth and women

- (a) This subcomponent shall focus on addressing bottlenecks related to the cost of capital and lack of collateral to access loans.
- (b) The project shall provide mentoring support for young entrepreneurs and women to assist the target group in the formation of investment and working capital proposals.
- (c) IFAD-funding would provide equipment grants of up to 40% of the investment costs, matched with loans.
- (d) The project would facilitate young entrepreneurs and women with developing proper proposals for subsidies and loan guarantees from the relevant entities. .
- (e) Saving and Credit Associations (SCA). IFAD shall provide financing for SCAs to on-lend to microenterprises in rural areas. The interest rate on the credit line to these eligible SCAs shall be established by the government.

Subcomponent 2.2. Rural finance sector development

- (a) This sub-component is designed to build capacity and strengthen some of the initiatives of the previous IFAD projects and will further strengthen the SCA sector and the regulatory and supervisory capacity of the National Commission for Financial Markets (NCFM).

- (b) *An SCA Stabilization Fund.* IFAD shall provide technical assistance and facilitate the sector investment for the establishment of SCA Stabilization Fund, once the proper regulation is in place. The feasibility of establishing the SCA Stabilization Fund or the reallocation of funds allocated to this component to another project component will be discussed during project implementation.
- (c) *The SCA Deposit Insurance Fund.* IFAD shall assist the SCA sector to adopt international best practices of financial consumer protection by providing it financing to establish an SCA Deposit Insurance Fund. The feasibility of establishing the SCA Deposit Insurance Fund or the reallocation of funds allocated to this component to another project component will be discussed during project implementation.
- (d) *Technical assistance.* The project shall also provide a technical assistance to several sector institutions and provide mentoring support to the SMEs: i) SCA capacity building ii) NCFM capacity building and (iii) NCFM capacity building.

II. Implementation Arrangements

6. *Lead Project Agency (LPA).* The Lead Project Agency shall be The Ministry of Agriculture, Regional Development and Environment.

7. *Project Steering Committee (IPSC).* The Project Steering Committee shall be responsible for the overall management and implementation of TRTP. The IPSC shall be responsible for providing overall policy guidance and oversight for all IFAD-supported projects and programmes in Moldova. The IPSC membership may be amended depending on project requirements, with a view to reflect the increased emphasis on climate adaptation and resilience, subject to prior approval of IFAD.

8. *Project Implementation Unit (PIU).* The Borrower/Recipient will designate a PIU to exercise day-to-day management and implementation of the project. The responsibilities of the PIU shall include:

- (i) undertaking the annual plans and budgets, taking the lead in implementation, coordinating with partner institutions and supervising the service providers and infrastructure contractors.
- (ii) monitoring and documenting project progress and ensuring the timely availability of all progress reports.
- (iii) assuming responsibility for generating the AWPBs for submission to the IPSC for review and approval, and subsequently to IFAD for no objection.
- (iv) taking the lead in procurement of civil works and goods and services.

9. The PIU capacity shall be strengthened to implement the TRTP by hiring an additional engineer, specialist to oversee the Adaptation Fund grant and an Agribusiness Specialist to coordinate the activities of TRTP.

10. *The project accounting system.*

11. *Standards and requirements.* The project accounting system shall follow national standards, accrual basis, and transactions shall be recorded in the 1-C stand alone accounting software at the PIU. As national reporting requirement differ from IFAD's, a specific set of Financial Statements shall be prepared as per current practice based on records from their system on an IPSAS cash basis of accounting and in accordance to the requirements set in the IFAD Handbook on Reporting/Auditing.

12. *Internal control.* The project can maintain the same audit arrangements as current on-going projects/programmes. At the same time, the PIU may take into consideration the opportunity to strengthen this area with dedicated resources.

13. *External control.* The project shall be externally audited by independent firms acceptable to IFAD as it is adopted for the on-going projects/programmes.
14. *Implementing partners.* The project shall also partner with the Research Institute of Field Crops "Selectia", the State Agrarian University of Moldova, and National Agency for Rural Development (ACSA) or other Service Providers in the implementation of the Adaptation Funded activities for the developing the demo plots; the designing and implementation of the Training of Trainers (ToT) programme; and the training of extension workers and beneficiaries of on-farm water management activities.
15. *Monitoring and Evaluation.* Monitoring and Evaluation activities would be the responsibility of PIU.
16. *Knowledge Management.* The TRTP project is expected to generate learning and knowledge on several aspects that will be documented for sharing with key decision-makers and for policy advocacy.
17. *Project Implementation Manual.* The Project Implementation Manual (PIM) outlines the programmatic and financial procedures to be followed by the IFAD PIU during the different stage of the project cycle. The manual aims to describe in detail the necessary steps to be undertaken by the relevant project staff, when undertaking actions related to the implementation of project's activities, targeting and financial management.

Schedule 2

Category	Loan Amount Allocated (expressed in EUR)	AF Grant Amount Allocated (expressed in USD)	Percentage
I. Consultancies	875 000	1 333 738	100% net of taxes
II. Credit & Grant	11 077 000	2 213 000	100% net of taxes
III. Equipment, Material, Goods and Services	681 000		100% net of taxes
IV. Works	3 974 000	1 776 000	100% net of taxes
V. Operating Costs	444 000	214 677	100% net of taxes
Unallocated	1 888 000		
TOTAL	18 939 000	5 537 415	

- (i) Category I: "Consultancies" include Studies, technical assistance, trainings and workshops.
- (ii) Category II: "Credit & Grant" include credits to PFIs and SCAs. IFAD Loan includes EUR 9 969.30 credits and EUR 1 107.70 Grants. AF grant of USD 2.2 million will be exclusively for smallholder farmer's.
- (iii) Category V "Operating Costs" under IFAD Loan, include operating costs and eligible expenditures related to Salaries and Allowances and under AF Grant, include USD 174 677 of salaries & allowances and USD 40 000 for eligible expenditures related to MTR and Final Evaluation.

Schedule 3

Special Covenants

In accordance with Section 12.01(a) (xxiii) of the General Conditions, the Fund may suspend, in whole or in part, the right of the Borrower/Recipient to request withdrawals from the Loan/Grant Account if the Borrower/Recipient has defaulted in the performance of any covenant set forth below, and the Fund has determined that such default has had, or is likely to have, a material adverse effect on the Project:

1. Within 6 months of entry into force of the Financing Agreement, the Project will procure and install a customize accounting software as it is the practice in IFAD on-going supported projects, to satisfy International Accounting Standards and IFAD's requirements.
2. Within six (6) months of entry into force of the Financing Agreement, the Project will enter into Memorandum of Understandings (MoU) with implementing partners that will structure the collaboration, define roles, responsibilities and duties with regards to implementation, financial management, accounting and reporting.
3. *Planning, Monitoring and Evaluation.* The Borrower/Recipient shall ensure that a Planning, Monitoring and Evaluation (PM&E) system shall be established within twelve (12) months from the date of entry into force of this Agreement.
4. *Land tenure security.* The Borrower/Recipient shall ensure that the land acquisition process has already been completed and that compensation processes were consistent with international best practice and free prior and informed consent principles.
5. *Compliance with the Social Environmental and Climate Assessment Procedures (SECAP).* The Borrower/Recipient shall ensure that the Project will be implemented in compliance with IFAD's SECAP.
6. *Environment and Social Safeguards.* The Borrower/Recipient shall ensure that: (a) all Project activities are implemented in strict conformity with the Borrower/Recipient's relevant laws/regulations; (b) all Project activities give special consideration to the participation and practices of ethnic minority population in compliance with IFAD's *Policy on Indigenous Peoples* (2009), as appropriate; (c) proposals for civil works include confirmation that no involuntary land acquisition or resettlement is required under the Project. In the event of unforeseen land acquisition or involuntary resettlement under the Project, the Borrower/Recipient shall immediately inform the Fund and prepare the necessary planning documents; (d) women and men shall be paid equal remuneration for work of equal value under the Project; (e) recourse to child labour is not made under the Project; (f) the measures included in the Gender Action Plan prepared for the Project are undertaken, and the resources needed for their implementation are made available, in a timely manner; and (g) all necessary and appropriate measures to implement the Gender Action Plan if any to ensure that women can participate and benefit equitably under the Project are duly taken.
7. *Anticorruption Measures.* The Borrower/Recipient shall comply with IFAD Policy on Preventing Fraud and Corruption in its Activities and Operations.
8. *Sexual Harassment, Sexual Exploitation and Abuse.* The Borrower/Recipient and the Project Parties shall ensure that the Project is carried out in accordance with the provisions of the IFAD Policy on Preventing and Responding to Sexual Harassment, Sexual Exploitation and Abuse, as may be amended from time to time.

Logical framework

Results	Indicators					Means of Verification			Assumptions
Hierarchy	Name	Unit	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outreach	Number of persons directly receiving services promoted or supported by the programme (Core indicator outreach 1)	Total	0	13,599	33,997 (11,723 hhs)	M&E system	Semi-annually	M&E officers	
		Men	0	8,160	20,398				
		Women	0	5,439	13,599				
		Young	0	5,439	13,599				
		Non-young ^a	0	8,160	20,398				
Goal: Reduction in poverty and outmigration from rural areas through the enhancement of smallholder resilience to climate change	Number of households that report an increase in income.	HHS	TBD	TBD	TBD	Baseline, midline, completion surveys and impact study	Project start, midline and completion	PIU	<ul style="list-style-type: none"> Political stability Macroeconomic conditions remain stable or improve
Development Objective: The development objective of the project is to enable the rural poor (especially youth, women and smallholders to increase their productive capacity, resilience to economic, environmental and climate-related risks and access to markets.	Percentage increase in average monthly income of supported smallholders over baseline.	%	TBD ¹	-	30%				
58. Outcome 1 Enhanced resilience and increased employment opportunities through investments in rural infrastructure, facilitation of access to market and strengthening of farmer organizations.	Households reporting improved access to land, forests, water or water bodies for production purpose (core indicator 1.2.1)	HHS	0	834	2,085	Annual outcome survey	Project start and annually	PMU/ M&E officers	<ul style="list-style-type: none"> Smallholder farmer are willing to participate in the programme Demand driven investments in physical infrastructure and water efficient technologies can help
	Rural producer organizations engaged in formal partnerships or contracts with private entities (core indicator 2.2.3)	organizations	0	5	10	Annual outcome survey	Annually	M&E officers	
	New jobs created (core indicator 2.2.1)	jobs	0	500	1000	Enterprise records	Annually	PIU/M&E officers	
Output 1.1	Roads constructed, rehabilitated or	km	0	15	30	Construction contracts/	Semi-annually	M&E officers / Component	

¹ Baseline figures to be updated based on the baseline survey.
a: Includes 50% adult women.

Results	Indicators					Means of Verification			Assumptions	
Hierarchy	Name	Unit	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility		
Climate resilient infrastructure is built	upgraded (core indicator 2.1.5)					progress reports		officer	<p>enhance productivity and build resilience to climate change and extreme weather events.</p> <ul style="list-style-type: none"> ▪ Availability of qualified service providers for group facilitation, training and extension activities ▪ Farmers and rural communities are keen to provide monetary contribution for rural infrastructure renovation and maintenance ▪ Organizing producer groups and associations in innovative arrangements with clear specification of ownership rights, equity investments and professional management will encourage farmers to participate in collective agribusiness enterprises and access markets. 	
	Number of climate resilient small-scale of irrigation schemes rehabilitated	schemes	0	10	20	Construction contracts/ progress reports	Semi-annually	M&E officers / Component officer		
	Number of farmers adopting water saving technologies and adopting practices which are climate resilient	Total		0	440	885	Component reports	Semi-annually		M&E officer / Component officer
		Women		0	198	398				
		Youth		0	220	443				
		Men		0	22	44				
	Number of persons trained in water and soil conservation agriculture which promote CA	Total		0	1840	4600	Training reports	Semi-annually		M&E officer / Component officer
		Women		0	644	1610				
		Youth		0	920	2300				
		Men		0	276	690				
Output 1.2 Producer groups linked to markets	Number of producer group associations formed which display attributes of sustainability	Groups (women, men members)	0	5	10		Semi-annually	M&E officer / Component officer		
	Numbers of Market Facilitation meetings organized	Meetings	0	18	32					
	Number of business ideas/plans supported and mentored which assist in diversification of production	plans	0	5	10					
	Number of producer groups assisted with diversification of production and equity participation.	Groups (men, women, small and large holders)	0	6	10					
Output 1.3 Increase capacity for of academic institutions and Government in disseminating policy and lessons regarding Conservation Agriculture	Number of institutions that have introduced CA in their curricula.	Institutions	0	1	4	Curricula of academic institutions	Semi-annually	M&E officer / Component officer		

Results	Indicators					Means of Verification			Assumptions
Hierarchy	Name	Unit	Baseline	Mid-Term	End Target	Source	Frequency	Responsibility	
Outcome 2: Increased access to rural finance for youth and increased sustainability of rural finance institutions, such as SCAs, through transformative changes in the sector.	Number of people reporting using financial services (core indicator 1.2.5)	Number	0	400	820 (328 women and 462 youth)	Annual Outcome Survey	Annually	M&E officers	<ul style="list-style-type: none"> Business mentoring support and market integration through a skilled facilitator will help Young Entrepreneurs and women in business planning, access subsidies and finance and add value to produce.
Output 2.1. Affordable credit for youth and women is made available	Persons in rural areas accessing financial services (core indicator 1.1.5)	Total	0	72	180		Annually	M&E officers / Component officer	<ul style="list-style-type: none"> Funds to SCAs will enhance access to finance in rural areas and generate growth. Provision of a stabilization Fund and a Deposit Insurance Fund would assist in the growth and sustainability of the SCA sector thereby increasing access to finance in rural areas.
		Women	0	29	72				
		Youth	0	44	108				
		Men	0	0	0				
	Number of young entrepreneurs provided matching grant and collateral support	Total	0	136	340				
		Women	0	55	136				
		Youth	0	82	204				
	Number of young entrepreneurs and women provided loans through SCAs	Men	0	0	0				
		Total	0	120	300				
		Women	0	48	120				
Youth		0	60	150					
	Men	0	12	30					
Output 2.2. SCA Stabilization Fund and Deposit Insurance Fund Established.	Number of SCAs whose savings are protected by the Deposit insurance fund	Number	0	20	50	M&E system	Semi-annually	M&E officers/ Component officer	
Output 2.3. Change in Policy Regarding SCAs.	MoF and NCFM policy regarding SCAs	Policy document	0	0	1	NCFM	Semi-annually	NCFM and MoF	There is support to transform and grow the SCA sector