



TALENT RETENTION FOR RURAL TRANSFORMATION

Annual Report
2023

IFAD Loan No: 2000003414

AF GRANT No: 2000003413

REPUBLIC OF MOLDOVA

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ABBREVIATIONS & ACRONYMS

ABD	Agribusiness development
AIPA	Agency of Interventions and Payments for Agriculture
AF	Adaptation Fund
AWP&B	Annual Work Plan and Budget
ASAP	Adaptation for Smallholder Agriculture Programme
BOEC	Bids Opening and Evaluation Commission
BP	Business Plan
CB	Commercial Bank
CA	Conservation Agriculture
CC	Climate Change
CFD	Contract Farming Development
CPIU IFAD	IFAD Consolidated Programme Implementation Unit
CW	Civil Works
EF	Entrepreneurship Finance
GoM	Government of Republic of Moldova
IFAD	International Fund for Agricultural Development
IPSC	IFAD Programme Steering Committee
LLC	Limited Liability Company
MAFI	Ministry of Agriculture and Food Industry
MoF	Ministry of Finance
MSMEs	Micro, Small and Medium Enterprises
NBCO	Non-Banking Credit Organization
NBM	National Bank of Moldova
NCFM	National Commission for Financial Market
NFSGB	National Federation of Sheep and Goat Breeders for Meat and Milk
OA	Organic Agriculture
OEAPM	Office for External Assistance Program Management
PB	Programme Beneficiaries
PCB	Partner Commercial Bank
PFI	Participating Financial Institutions
PIM	Programme implementation manual
PG	Producers group
CCRIVC	Climate Change Resilience and Inclusive Value Chains
PY	Programme year
RC	Recurrent Costs
RM	Republic of Moldova
RRP	Rural Resilience Project
SCAs	Savings and Credit Associations
SMEs	Small and Medium Enterprises
SPs	Service providers
TRTP	Talent Retention for Rural Transformation
VCPGs	Value Chain for Producers Groups
YWE	Youth and Women Entrepreneurs

PROGRAMME OVERVIEW

Title:	Talent Retention for Rural Transformation Project – IFAD VIII
Financing Agreement Number:	IFAD Loan No: 2000003414 AF Grant No: 2000003413
Goal and Objective:	<p>The overall goal of TRTP: reduction in poverty and out-migration from rural areas through the enhancement of smallholder resilience to climate change.</p> <p>Development Objective: 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.</p>
Components:	<p>Component 1: Resilient Economic Transformation</p> <p>This component is aimed at enhancing resilient economic transformation in the rural areas and will provide the entry point for addressing constraints related to infrastructure, agribusiness, and marketing. 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 conservation agriculture and strengthening government capacity for economic and market analysis regarding the agribusiness sector for smallholder farmers. This component will have two sub-components; 1.1: Enhancing Climate Resilience and 1.2 Agribusiness Development.</p> <p><i>Sub-component 1.1: Enhancing Climate Resilience</i></p> <p><i>A. Climate Resilient Infrastructure (CRI):</i> The subcomponent is designed to support investments in productive rural infrastructure enhancing resilient rural economic transformation by removing infrastructure bottlenecks.</p> <p><i>B. On-farm Climate Adaptive Water Management:</i> The subcomponent is designed to 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.</p> <p><i>Sub-Component 1.2 Agribusiness Development</i></p> <p><i>A. Strengthening Value Chains for Producer Groups:</i> This sub-component will be focused on enhancing the potential for agri-processing and agribusiness in rural areas aimed at individual farmers willing to undertake agro-processing and agribusiness development through producer groups, farmer associations or cooperatives.</p> <p><i>B. Strengthening MAFI Technical Capacity:</i> The project will strengthen the capacity of MAFI by providing it technical specialists for economic and market analysis. These specialists will be kept informed of the experience of the project in undertaking some of the innovative arrangements in organizing the market facilitation meetings, partnership with private sector entities and the experience of PGs in the equity partnerships.</p> <p>Component 2: Entrepreneurship Finance</p> <p>This component will consist of two complementary subcomponents: 2.1. Affordable credit for youth and women; and 2.2. Rural finance sector development.</p> <p><i>Sub-component 2.1. Affordable credit for youth and women:</i> Will be focused on addressing the two main bottlenecks affecting access to credit for the rural youth and women – the cost of capital and lack of collateral to access loans.</p> <p><i>Sub-component 2.2. Rural finance sector development:</i> 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).</p>
Term:	13.01.2021 - 30.03.2027; Financing closing 30.09.2027
Project Year:	3
Reporting period:	January - December 2023
Initial Allocation:	IFAD Loan 18 939 000 EUR, AF Grant 5 537 415 USD.

INTRODUCTION

The present report has been developed by the Consolidated Unit for the Implementation of IFAD Programs in Republic of Moldova in accordance with the Financing Agreement (Loan No: 2000003414, AF Grant No: 2000003413), PIM, Revised Project Costabs, Final Project Design Report, and recommendations of the TRTP missions. It reflects the activities implemented during the period January-December 2023.

Talent Retention for Rural Transformation Project (TRTP), the eighth IFAD Project in Moldova, was designed to be implemented during a six-year period, entered in force on 13th of January 2021 and completed on 30th March 2027. For the implementation of overall Project's activities, IFAD has allocated EUR 18.9 million and USD 5.05 million from Adaptation Fund.

INITIAL PROJECT ALLOCATION

1. Initial allocation. The total Cost of the Project activities to be implemented during the lifetime of the Project is estimated at EUR 44.2 million. This includes a 43% share IFAD contribution of EUR 18.9 million as Loan and 11% share Adaptation Fund contribution of EUR 5.05 million¹. The donor financing is expected to generate an in-country contribution from: The Government - EUR 1.99 million (5%) to cover the exemption of VAT and other taxes; Beneficiaries - EUR 2.8 million (6%); PFIs - EUR 13.8 million (31%) and AIPA - EUR 1.52 million (3%). (Details in table 1)

Table 1: Initial Allocation, by financier (EUR '000)

	IFAD Loan	AF Grant	Total Project Funds	GoM	Beneficiaries	PFIs	AIPA*	Total
Appraisal	18 939.6	5 054.6	23 994.2	1 995.1	2 817.4	13 886.6	1 524.1	44 217.35
Share (%)	43%	11%	54%	5%	6%	31%	3%	100%

*Based on IFAD SM, AIPA was withdrawn from Project

2. As per Project design documents, EUR 17.4 million is to be spent under Component 1 "Resilient Economic Transformation"; EUR 24.2 million under "Entrepreneurship Finance" component, EUR 1.0 million under "Project Management" and EUR 1.8 million "Unallocated". (Details in table 2)

Table 2: Initial allocation, by Component (EUR '000)

Component	Appraisal							Total
	IFAD Loan	AF Grant	Total project funds	GoM	Beneficiaries	PFIs	AIPA	
Component 1: Resilient Economic Transformation	9 224.9	4 840.58	14 065.5	1 835.4	1 136.0	-	-	17 479.2
Component 2: Entrepreneurship Finance	7 121.4	-	7 121.4	-	1 681.4	13 886.6	1 524.1	24 213.5
Programme Management	705.25	214.06	919.3	159.7	-	-	-	1 048.8
Unallocated	1 888.0	-	1 888.0	-	-	-	-	1 888.0
Total	18 939.56	5 054.64	23 994.2	1 995.1	2 817.4	13 886.6	1 524.1	44 17.4

¹ The AF budget was expressed in USD at the time of design and at the time of financing agreement. Conversion rate used: EUR 1 = USD 1.095

3. According to Project Design, the total financing has been divided into 6 categories of expenditures. The largest part of the funds (USD 30.1 million), have been allocated under the category Credit, Grant, followed by category Works –USD 8.4 million. (Details in table 3)

Table 3: Allocations at Financing Agreement, by Categories (EUR '000)

Categories	Appraisal							
	IFAD Loan	AF Grant	Total project funds	GoM	Beneficiaries	PFI	AIPA	Total
Consultancies	874.9	1 217.9	2 092.8	-	-	-	-	2 092.8
Credit, Grant	11 076.5	2 019.9	13 096.4	-	1 681.4	13 886.6	1 524.1	30 188.5
Equipment, Material, Goods and Services	681.1	-	681.1	170.3	-	-	-	851.4
Works	3 975.1	1 621.1	5 596.1	1 682.8	1 136.0	-	-	8 414.9
Operating Cost	444.0	195.7	639.7	142.1	-	-	-	781.8
Unallocated	1 888.0	-	1 888.0	-	-	-	-	1 888.0
Total	18 939.56	5 054.64	23 994.2	1 995.1	2 817.4	13 886.6	1 524.1	44 217.4

IMPLEMENTATION PROGRESS

4. The **total revised cost** of activities planned to be implemented in 2023 is EUR 2.45 million. Due to regional instability, the demand for investments decreased compare to the same period of 2022 and as a result, AWP and budget was revised and decreased with EUR 1.02 million. Thus, the total revised AWPB, amounts **EUR 2.4 million**: from IFAD Loan sources it was planned to disburse EUR 1.2 million and EUR 370.6 thousand from AF Grant, bringing to a total donor's funds of EUR 1.5 million. The GoM was expected to contribute EUR 274.6 thousand, beneficiaries are expected to contribute EUR 177.3 thousand and PFIs with EUR 406.6 thousand. (Details in table 4)

5. In 2023 year, the total cost was achieved at 79% and by the end of reporting period for implemented project's activities has been disbursed the amount of EUR 1.9 million (Details in table 4).

Table 4: Financial execution by financiers at 31.12.2023, TRTP (EUR '000)

TRTP	IFAD Loan	AF Grant	Total Donors Funds	GoM	Beneficiaries	PFI	Total
Initial Annual Plan	1798.01	609.81	2407.82	418.76	279.20	367.50	3473.28
Revised annual plan	1223,94	370,65	1594,59	274,69	177,38	406,64	2453,29
Actual	713,83	132,07	845,90	80,59	373,40	652,90	1952,79
Actual/Annual Plan, %	58%	36%	53%	29%	210%	160%	79%

6. Execution of the donors' funds in 2023, reported to annual plan was achieved at 53% that is an amount of EUR 845.9 thousand. From IFAD Loan was disbursed EUR 714 thousand that represent 58% from the annual planned amount and EUR 132 thousand or 36% from AF Grant (Details in table 5).

Table 5: Financial execution by donor's funds at 31.12.2023, TRTP (EUR '000)

TRTP	IFAD Loan	AF Grant	Total Donors funds
Revised Annual Plan	1.223,94	370.65	1.594,59
Actual	713,83	132,07	845,90
Actual/revised AWPB %	58 %	36 %	53%

1. Component 1: Resilient Economic Transformation

7. This component is aimed at enhancing resilient economic transformation in the rural areas and will provide the entry point for addressing constraints related to infrastructure, agribusiness and marketing. Particular attention is devoted to the promotion of climate-resilient technologies and building the capacity of government institutions for enhancing awareness and technical knowledge about conservation agriculture and strengthening government capacity for economic and market analysis regarding the agribusiness sector for smallholder farmers. This component has two sub-components: 1.1 Enhancing Climate Resilience and 1.2 Agribusiness Development.

Sub-component 1.1. Enhancing Climate Resilience

A. Climate Resilient Infrastructure

8. The subcomponent is designed to support investments in productive rural infrastructure enhancing resilient rural economic transformation by removing infrastructure bottlenecks. 3.4. The outputs expected from the project under CRI interventions will be (i) up to 80 micro or small irrigation schemes with the final target of 400 beneficiaries, including rainwater harvesting ponds and and (ii) 3 km feeder roads improved and climate-proofed.

9. In November 2021, the 1st Call for infrastructure project funding was published, but no applications received by January 2022 deadline. An extension to March 2022 garnered one ineligible proposal. Following this, the CPIU IFAD asked IFAD's approval to continue the call with quarterly reviews. In June 2022, during the supervision mission, the call was closed for amendments to eligibility criteria, following IFAD's recommendations.

10. Following operated changes in Programme Implementation Manual and Steering Committee approval, the Call for Proposal was relaunched on 07th November 2022 keeping it open the whole year. It is worth mentioning, that periodic, the announcement for the Call for Proposal was published and distributed in all media sources accessible to CPIU.

11. During 2023 year, two applications were submitted for the construction of infrastructure projects, namely, for the reconstruction of water harvesting ponds in Unguri and Calarasovca villages, Ocnita rayon. As a result of site visits undertaken, both projects have passed pre-qualification stage.

12. As a subsequent activity, in order to determine the feasibility of the objects, it was launched the announcement for contracting a service provider who will develop the feasibility studies. The contract with "Global Business Acces SRL & Nova Global SRL" was concluded on 14.12.2023. The company started to develop the feasibility studies for 2 infrastructure projects received by CPIU. The deadline for the submission of the studies was set on February 2024. According to AWPB for Climate Resilient Infrastructure activity, EUR 15 thousand were allocated for services provided in 2023, but no payments made.

13. For the scope of informing on the funding opportunities on water related infrastructure, on 23 of February 2023 CPIU organized a round table with the representatives of Irrigation Water Users Association. The meeting was attended by the MAFI Secretary of State, CPIU representatives and representatives of WUA. During the meeting, the participants were informed about the active call for grants for irrigation infrastructure, eligibility criteria and grant amount and beneficiary's contribution. Additionally, attendees were briefed on the upcoming launch of a new grant program designed specifically for small-scale irrigation systems. The discussion also touched upon the support services that would be extended to beneficiaries through a service provider contracted for this purpose. Representatives of WUAs generally welcomed the initiative of financial support for water infrastructure, however almost all of them stated that the limitation of 10 hectares is a major obstacle for the extension of the area under irrigation. In addition, some of them asked

to revise the mandatory participation of local public authorities as a counterpart of the irrigation investment projects as many of primaries do not wish to be part of this process.

14. Likewise, during the TRTP Supervision Mission meeting conducted in June 2023, the Ministry of Agriculture and Food Industry, highlighted that in accordance with Law no. 71/2023 the categorization of micro, small and medium farmers is determined by the number of employees and annual turnover, not based on number of hectares. Additionally, it was emphasised that the number of ha in case of value-added crop cultivation in open-field is an impediment in the development of the activity.

15. As a result of the meetings undertaken, and the legislative changes to the contest, during the Implementation Support Mission from December 2023 it was agreed to revise eligibility criteria on the land size, which will be raised from 10 ha to 50 ha. The PIM was amended and the call for grants to be changed accordingly.

B. On-Farm Climate Adaptive Water Management

16. The subcomponent is designed to 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. According to the updated logical framework, up to 400 farmers, should implement water saving technologies and adopt practices which are climate resilient. About 5000 farmers should be trained in water and soil conservation agriculture.

17. The activities planned for implementation in the reporting period included information and mobilisation campaign, contracting of the SP for sub-component implementation.

18. The service provider (SP1) for supporting On-Farm Climate Adaptive Water Management Activities was contracted in February 2023. By the end of the year, the SP provided the following deliverables:

- prepared a PowerPoint presentation and leaflet describing opportunities offered by TRTP project;
- printed 400 leaflets and organized 15 awareness and mobilization events covering the whole Moldova with a total number of 489 participants. The campaign was supported by 26 articles in the local and national press and radio;
- Developed a manual on efficient irrigation to be disseminated among farmers during trainings and printed 400 copies in Romanian and 100 copies in Russian languages; The electronic version of the manual was published on the CPIU web page https://www.ucipifad.md/wp-content/uploads/2023/11/Practici_Eficiente_de_Irigare_site.pdf
- Developed training materials (PowerPoint presentations, Word document) of other climate adaptive practices;
- Developed ToT program and trained 23 trainers;
- Organized 10 (3-day long) training sessions across the country and trained 256 farmers on water efficient irrigation practices;
- Assisted 3 applicants to apply for demo plots’ grants for dissemination of efficient irrigation practices;
- Published 8 articles and participated in two TV shows with the scope of knowledge sharing and dissemination of best practices;
- The total cost of these activities delivered by the SP1 by the end of 2023 was EUR 85,80 thousand.



19. During 2023 CPIU approved grants for 5 demo plots applicants with the total disbursed amount from Adaptation Fund of EUR 25,4

thousand vs EUR 35 thousand planned. The difference is being caused by the fact that applicants in many cases do not require the maximum allowed grant amount which is (USD 7.5 thousand) EUR 6.75 thousand.

20. In May 2023 CPIU IFAD signed a contract with the second Service Provider (SP2) responsible for the activities related to Conservation Agriculture, following the call for proposal that was launched in October 2022. By the end of 2023, the deliverable presented by the service provider included:

- the methodology and questionnaire for the Conservation Agriculture national survey;
- draft report on CA survey, which was not accepted by CPIU and was returned to the Provider for improvements;
- the report with the review of the existing educational curricula in Moldova;
- assistance to three research institutions in applying to CA research grants.

The value of the services provided by the SP2 was EUR 10.1 thousand, however payment to the SP2 were not made during the reporting period as the deliverables were not presented in final version.

21. The total value of the activities that were planned to be implemented by the SP2 by the end of 2023 was EUR 43.5 thousand, however a big part of these activities was not implemented during the year. The underperformance of the SP2 was led to the termination of the contract, estimated in Q1, 2024 and launching a new tender including the remaining planned activities such as training of trainers and training of CA professionals; designing CA curriculum for universities and colleges. In case the current SP2 provides the final CA report and CA white paper of unsatisfactory quality, these deliverables will also be included in the ToR for a new SP2.

22. CPIU planned by the end of 2023 to finalize the selection of a scientific research institution that will receive a grant from Adaptation Fund for CA research activities, CA equipment, demo plot and soil lab. By the end of 2023 it was planned to disburse EUR 150 thousand for this activity. The tender was launched in September 2023; however, no winner was selected and no funds were disbursed due to the extension of the call and evaluation process caused mainly by a merger of two research institutions (Selectia and Porumbeni) that accumulated the highest score during the pre-qualification evaluation stage. The merger happened during the evaluation stage and the newly formed institution, which is the National Seed Research and Production Center (NSRPC) was asked to provide an adjusted proposal taking into account the new possibilities and the new needs of this institution. Therefore, the selection and approval of a winner was postponed for Q1, 2024.

Sub-component 1.2: Agribusiness Development

23. The sub-component includes two well defined activities: A) strengthening Value Chains for Producer Groups and B) strengthening MAFI Technical Capacity. In 2023 for the implementation of sub-component activities was used EUR 120,27 thousand from IFAD loan or ≈ 20% of revised plan. The low achievement is due to the non-disbursement of the USD 410,0 thousand planned for financing of 2 Producers Groups (*details in point 27*). The beneficiary’s contribution is linked to investment; therefore, it is lower than the plan, but in line with conditions set (i.e. minim 25% of total investment cost) and represent with EUR 48,4 thousand the GoM with EUR 26,4 thousand (exemption from paying taxes, duties and VAT) (Details in table 6).

Table 6: Agribusiness development, 2023 achievement **(EUR '000)**

Subcomponent 1.2. Agribusiness Development	IFAD loan	Beneficiaries	GoM	Total Cost
Plan, initial	832.07	141.7	140.64	1114.41
Plan, revised	607.18↓	66.57↓	104.83↓	778.58↓
<i>A. Strengthening value chains for producer groups</i>	<i>587,34</i>	<i>66.57</i>	<i>94.91</i>	<i>748.81</i>
<i>B. Strengthening of MAFI technical capacity</i>	<i>19.84</i>	<i>-</i>	<i>9.92</i>	<i>29.76</i>
Actual	120,27	48,48	26,48	195,23
<i>A. Strengthening value chains for producer groups</i>	<i>107,40</i>	<i>48,48</i>	<i>20,05</i>	<i>175,93</i>

<i>B. Strengthening of MAFI technical capacity</i>	12,87	-	6,43	19,30
Actual / Plan revised, %	16,8	72,8	25,2	25,1

24. 1.2.1. Under Strengthening Value Chains for Producer Groups, (the content of this activity was changed at the negotiations stage) financial support is provided for investment related to processing, sorting, and/or packing of agricultural products, production of renewable energy linked to post harvesting activities, for two specific groups:

- (i) financing of Producer Groups (PG) (legal entity with minimum 5 members/founders) as follows: EUR 230 thousand loan matched with grants of maximum EUR 20 thousand (but not more than 8% of the total investment) and cash beneficiary contribution no less than EUR 5 thousand, representing at least 2% of the total investment;
- (ii) micro and small enterprises (MSE) financing with loans for agro-processing of maximum EUR 150 thousand, for 8-year loan term with 4-year grace period and applicants' own contribution 25% of the total investment cost.

25. For intermediation of project funds under Strengthening Value Chains for Producer Groups activity and under sub-component 2.1. Affordable credit for youth and women, were selected and approved 7 partner commercial banks, namely: Comertbank, Eurocreditbank, Banca de Finante si Comert, MAIB, OTPBank, Moldindconbank and ProCreditBank. In addition to commercial banks, under the sub-component 2.1, two (2) more financial institutions were approved as partner financial institutions for intermediation of funds to youth and women, and microentrepreneurs, namely: NBCO "Mikro Kapital" and SCA "Botna".

26. In 2023, two (2) agro-processing MSEs received financing amounting to EUR 107,4 thousand, for procurement of photovoltaic panels within the poultry slaughterhouse and equipment for processing of cereals. The plan was achieved at 61,5%, due to the financing of only 2 agro-processing MSEs out of the 3 projected, but also due to a smaller average loan size than estimated (\$53,7K vs \$58,2K). The beneficiary contributed with EUR 33,08 thousand, representing 25% of the total investment cost; the GoM contribution is EUR 20,05 thousand representing the VAT exemption of the 2 funded MSEs.

27. The EUR 410,0 thousand planned for financing of 2 PGs, which was based on interest of 2 PGs in financing, was not disbursed, due to that fact that the groups have put on hold investments planned for 2023 for several reasons, one of them being the increase in equipment prices. This has led to the low performance of the strengthening value chains for producer groups activity.

28. 1.2.2. Strengthening MAFI Technical Capacity. The assistance to strengthen the capacity of MAFI for economic and market analysis was provided as projected. Based on the interest confirmed by MAFI to benefit from experts' assistance and identified area of assistance, in 2022 CPIU contracted 3 experts (1 marketing expert; 1 policy development expert and 1 communication specialist) for 12-month duration; for 2 of the 3 experts, the contract was finalized in April 2023, and for the 3rd (policy development expert) at the beginning of July 2023. However, MAFI, being in the process of transforming healthy, sustainable, equitable and resilient food systems to achieve the 17 Sustainable Development Goals, requested support in hiring an expert to develop the food security programme 2023-2026. The tender was on 3rd of October 2023 and expert contracted; about 1 month after signing the contract, it was terminated, based on MAIA's request, on the grounds of non-compliance with contractual obligations. Following the above mentioned the planned EUR 5.98 thousand was not used.

2. Component 2: Entrepreneurship Finance

29. The component consists of two complementary subcomponents: 2.1. Affordable credit for youth and women and 2.2. Rural finance sector development. The annual budget was revised by increasing the funds for YWEs financing and MSEs and decreasing it for financing MEs (see point 33), but per total decreased by ≈20%. In the reporting period, for implementation of component activities from IFAD loan was used EUR 581.3 thousand (representing 96.6% of plan), PFIs contributed with own funds amounting EUR 652.9 thousand, beneficiaries' contribution represents EUR 314.08 thousand and GoM contributed with EUR 44.4 thousand (exemption of beneficiaries from paying VAT).

Table 7. Entrepreneurship Finance, 2023 achievement

(EUR'000)

Component 2: Entrepreneurship Finance	IFAD loan	Beneficiaries	PFIs	GoM	Total Cost, 2023
Plan, initial	888.4	137.5	367.5	117.38	1510.78
Plan, revised	601.76↓	110.81↓	406.64↑	83.23↓	1202.44↓
Sub-component 2.1: Affordable credit for youth and women	590.66	110.81	406.64	81.01	1189.12
Sub-component 2.2: Rural finance sector development	11.10	-	-	2.22	13.32
Actual	581,34	314.08	652.9	44.4	1593.67
Sub-component 2.1: Affordable credit for youth and women	557,9	314.08	652.9	42.93	1567.75
Sub-component 2.2: Rural finance sector development	23,44	-	-	1.47	24.9
Actual / Plan revised, %	96,6	283	160.5	53.3	130.3

Sub-component 2.1. Affordable credit for youth and women

30. The sub-component aims on addressing the main bottlenecks affecting access to credit for the rural youth and women; the cost of capital and lack of collateral to access loans, with following distinct financial instruments: 2.1.1. Matching grants for youth and women; 2.1.2 Loans for micro and small enterprises; and 2.1.3. Micro-entrepreneurs lending.

31. In 2023, the financing of **youth and women**² entrepreneurs were achieved at 155 % in terms of value and 145% in terms of volume, with an average funding package of EUR 36.3 thousand less the standard funding package. From IFAD loan EUR 400.8 thousand was used to finance the grant portion; for the loan portion PFIs contributed EUR 652.9 thousand from their own sources, i.e. 62% compared to 60% as per the conditions. For the loan portion different PFIs applied a variable interest rate ranging from 13.5% to 18.5%; the TRTP interest rate ranging from 9.6%-12.6%. Beneficiaries contributed EUR 314.1 thousand or 17% vs 10% requested and GoM with EUR 42.93 thousand (exemption of beneficiaries from paying VAT). The total cost of matching grants for youth and women activity was achieved at 162,9%, due to high demand of the financial products with matching grants (Details in table 8).

² Youth (who, at the time of application, are between 18 and 40 years old) and women are entitled to get a loan with matching grants of 1 million MDL (standard financial package from which is calculated the max grant portion is MDL 800.0 thousand (~€ 41.340). The loan portion of 60% is provided from PFI own funds and grant portion of 40% from IFAD loan.

Table 8. Affordable credit for youth and women

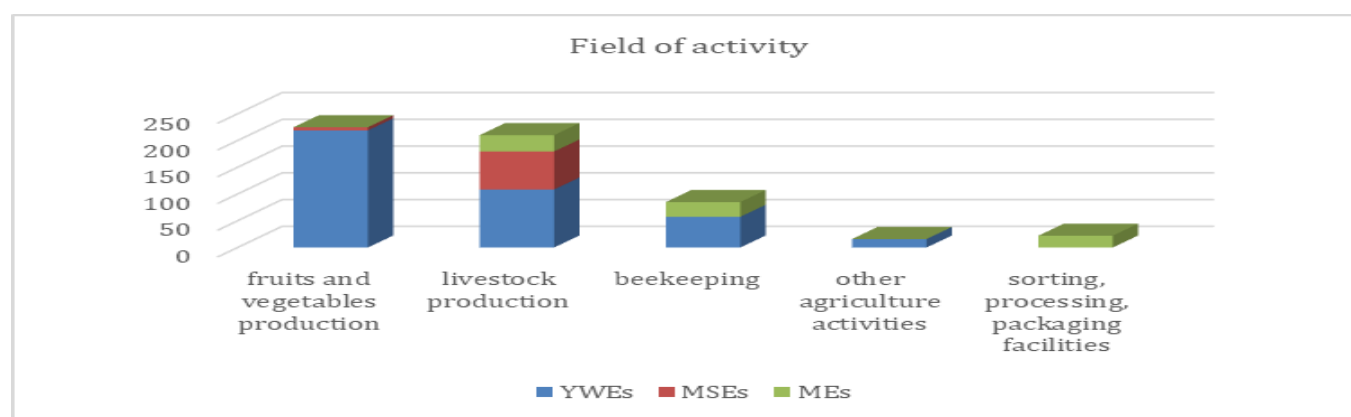
(EUR'000)

<i>Sub-comp 2.1: Affordable credit for youth and women</i>	<i>number</i>	<i>IFAD Loan</i>	<i>PFI</i>	<i>Beneficiaries</i>	<i>GoM</i>	<i>Total cost</i>
Plan, initial	39	870.0	367.5	137.5	113.7	1488.7
Plan, revised	31	590.66	406.64	110.81	81.01	1189.1
2.1.1. Matching grants for Youth and women	20↑+2	271.09	406.64	75.30	43.37	796.4
2.1.2 Credit line for MSEs	5↑+1	184.57	-	20.51	29.53	234.6
2.1.3 MEs lending through SCAs, CBs and NBCO	6↓-11	135.00	-	15.00	8.10	158.1
Actual	34	557.9	652.9	314.08	42.93	1567.7
2.1.1. Matching grants for Youth and women	29	400.85	652.9	215.7	28.62	1298.1
2.1.2 Credit line for MSEs	2	76.97	-	55.2	1.18	133.4
2.1.3 MEs lending through CBs, SCAs & NBCO	3	80.1	-	43.1	13.13	136.4
Actual / Plan revised, %	109.6	94.4	160.5	283.4	53.0	131,8

32. Although the revision of the plan took into account the information received from the PFIs and the number of **micro and small enterprises** (MSEs) was increased, only 2 MSEs were provided with loans amounting to EUR 76.97 thousand, achieving the plan by 41.7%. The beneficiaries contributed with EUR 55.2 thousand, more than required by the conditions: 41% vs 10%, so it is obvious that entrepreneurs are more cautious about large loans.

33. Under **micro-entrepreneurs** lending, 3 loans amounting to EUR 80.1 thousand were disbursed, achieving the plan with 59.3% of the value and 50% of the volume. The average loan amount reached MDL 520.000, close to the established ceiling limit of MDL 600.000. Beneficiaries contributed with EUR 43.1 thousand, representing 35% vs requested 10%.

34. As shown in chart below, classified by activity area, the largest share of the total loan portfolio was used almost proportionally for fruit and vegetable production (40%) and for livestock production / procurement of sheep for breeding (38%), followed by beekeeping with 15% of the portfolio; 3% was used for agrotourism and 4% of the portfolio for processing of agricultural products.



35. Within the affordable credit for youth and women sub-component, 12 out of total 34 beneficiaries are **women** (35.3%) and 29 beneficiaries are **young** (85,2%). Due to TRTP financial products, specifically matching grant for YWEs, 7 **new enterprises** were registered.

Sub-component 2.2. Rural finance sector development

36. Subcomponent was designed to provide support for: 2.1.1 SCA sector strengthening; 2.2.2. SCA capacity building; 2.2.3 NCFM capacity building and 2.2.4 MSE mentoring support. Due to recent legislative and regulatory changes related to SCAs sector reform, the MoF sent to IFAD a request for repurposing the allocated funds for establishment of Deposit Insurance Fund (DIF) and Stabilization Fund for SCAs to sub-component 2.1. According to the AWPB for 2023, under this sub-component, only MSE mentoring support have been planned.

37. Under the **SCA capacity building** were not planned any activities; the amount of EUR 7.39 thousand was used for payment of closing activities of the Pilot Project on increasing SCAs competitiveness, initiated under the RRP. Based on demand, additional technical assistance was provided to 9 SCAs in implementing the individual assistance program on: (i) Marketing and Sales, and (ii) Lending Operational Processes. The assistance was provided from September 2022 to January 2023. Each SCA received 40 hours (5 days) of individual assistance, organized in a mixed form: onsite visits, online and by phone, consultancy (where required).

1. **MSE mentoring support.** In February 2023, a contract was signed with the service provider CCA, for the entire TRTP duration, to design, launch, and implement the Mentoring Program for YWEs TRTP grant beneficiaries, which includes a range of activities with established quantitative results, as following:

- Business plan development support and financing application assistance – 66 beneficiaries;
- Individual mentoring in agricultural business (online and offline) – 264 session (4 sessions per beneficiaries);
- Group mentoring (6 beneficiaries per group) – 22 groups;
- Networking activities - Meet the Leader Events (online and offline) – 6 events;
- Capacity building trainings (hard skills and soft skills)- 4 online workshops;
- eMentoring – 66 hours (1 hour per beneficiary).

2. The Mentoring Program **was launched** online on June 30, 2023, with 44 participants on Zoom and a live broadcast on Facebook <https://fb.me/e/36Rpefhcj> reaching 607 people.



3. The launch of the Mentoring Program was preceded by a series of preparatory activities, including:

- A comprehensive report outlining the design and structure of the Mentoring Program was prepared.
- An "Entrepreneur's Workbook" was developed and printed for distribution to mentoring program beneficiaries (70 units).
- Visual identity elements, including the program logo "AGRIAP" (Agricultural Business Program) and banners for online promotion, were developed;



- Promotional materials, such as flyers promoting the Mentoring Program AGRIAP, were designed and printed (1000 units);
- A virtual community platform was created on Telegram for program participants to facilitate communication and collaboration;
- A roadmap of mentoring sessions, as well as the structure of the mentor report, worksheets, and virtual file templates for each beneficiary, were designed and prepared.



4. In 2023, in the Mentoring Program were involved 29 YWEs (100% TRTP beneficiaries), of which 10 women (34,5%), from different fields of activity: livestock husbandry (sheep, goats and cattle) – 8 beneficiaries; beekeeping - 4 beneficiaries; orchard – 6 beneficiaries; grape’s vineyard – 3 beneficiaries; open field vegetable production - 3 beneficiaries; greenhouses – 3 beneficiaries; berries production – 1 beneficiary; and agrotourism – 1 beneficiary.

5. As planned, in 2023 within the Mentoring Program the following activities were performed for TRTP YWE beneficiaries, but also for other YWEs, that have shown interest in the activities organised:

Activity	Date	Location	Outcome
Business plan development support and assistance in the financing application process	2023	n/a	19 YWEs (66% TRTP beneficiaries)
Group mentoring <i>Subject: Advance subsidies</i>	11.11.2023	Online/Zoom	6 participants - TRTP beneficiaries
Meet the Leader <i>Subject: Where and how we sell agricultural products</i>	24.11.2023	Online/Zoom	58 registered participants
Group mentoring <i>Subject: success in marketing and sales: 3 basic pillars</i>	15.12.2023	Online/Zoom	6 participants - TRTP beneficiaries
Group mentoring <i>Subject: accounting records and records of expenses</i>	20.12.2023	Online/Zoom	6 participants - TRTP Beneficiaries

3. Component 3: Project Management

38. The overall management of the Project lies within the responsibility of the CPIU IFAD, established by the Government Decree, entrusted with responsibility for implementation, coordination of all activities, including financial management. Currently, the CPIU IFAD comprises 6 staff employees and 13 consultants in charge of the on-going programme’ implementation.

39. CPIU continues to exercise its responsibilities in terms of:

- Project Planning: Developing comprehensive project plans, including defining project scope, objectives, deliverables, timelines, and resource requirements;
- Project Coordination: Ensuring effective communication and collaboration among various stakeholders, team members, and departments involved in the project;
- Resource Management: Allocating and managing resources efficiently, including human resources, materials, and budgets, to meet project requirements;
- Risk Management: Identifying potential risks and developing risk mitigation strategies to minimize the impact on project outcomes;
- Progress Monitoring: Regularly monitoring project progress and performance against established milestones and timelines;
- Budget Management: Overseeing project budgets, tracking expenses, and ensuring adherence to financial constraints;

- Quality Control: Ensuring project deliverables meet quality standards and addressing any deviations or issues promptly;
- Stakeholder Engagement: Engaging with project stakeholders, clients, and relevant parties to keep them informed of project progress and address their concerns;
- Compliance: Ensuring project activities align with IFAD policies and relevant regulations.

40. To ensure the optimal management of TRTP for 2023 was planned EUR 47.51 thousand. This includes EUR 31.67 thousand AF Grant and EUR 15.84 thousand Government contribution. In the reported period was disbursed EUR 38.44 thousand which represents 81% from the planned amount. From IFAD Loan was spent EUR 12.19 thousand, from AF Grant was disbursed EUR 20.79 thousand that represent 65% from the revised amount and EUR 5.44 thousand or 34% from Government contribution. (Details in table 9).

Table 9: Plan vs. Actual Figures by 31.12.2023, by financiers (EUR '000)

<i>TRTP</i>	<i>IFAD Loan</i>	<i>AF Grant</i>	<i>Total project funds</i>	<i>GoM</i>	<i>Total</i>
Annual Plan	-	31.67	31.67	15.84	47.51
PM Investment Costs	-	-	-	-	-
Recurrent Costs	-	31.67	31.67	15.84	47.51
Actual	12.20	20.79	33.00	5.44	38.44
PM Investment Costs	1.56	0.16	1.73	-	1.73
Recurrent Costs	10.63	20.63	31.27	5.44	36.71
Actual/Annual Plan, %		65%	104%	34%	81%

41. **Knowledge Management and Communication Activities.** The aim of knowledge management activities under TRTP is fully committed to sharing information and knowledge related to promotion of good practices, scale up innovation and contributes to policies improvement where necessary. At the same time, KM is an important part of the Programme management, as it leverages know-how across Programme stakeholders to improve partnerships, decision making and overall organizational results.

42. In the reported period, six employees participated to the trainings to enhance their knowledge. Three CPIU representatives attended a training session focused on the introduction of the new procurement system „OPEN”, which took place in Italy. Additionally, one staff member received training in the field of „Financial Management within IFAD projects” while two specialists participated in the „National Workshop of the presentation and validation of the draft National Action Plan on Family Farming” organized by FAO.

43. At the start of 2023, the CPIU IFAD initiated a vigorous promotion of the infrastructure component online and on social media: [Facebook](#), [Agrobiznes portal](#), [CPIU IFAD website](#), [Facebook groups](#), [Linkedin](#) which continued during the year.

44. In order to promote IFAD financing products available at the moment and in the scope of raising the awareness of the water responsible use, the CPIU IFAD organized in February a round table with representatives of the Irrigation Water Users Associations. CPIU specialists described the eligibility criteria and funding opportunities for small scale irrigation (\$7500) and for the grant provided by the Irrigation Infrastructure Project, \$300,000(max.) per client group application.

45. Likewise, in the reporting period it was launched the [Information Campaign for the TRTP Project Component, focusing on "Climate-Resilient Water Management in Agricultural Households,"](#) started in Orhei on March 10, 2023, and concluded in Criuleni on May 18, 2023. This campaign was carried out in partnership

with the National Rural Development Association (ACSA), with backing from the CPIU IFAD and the Ministry of Agriculture and Food Industry (MAFI).

46. During the year, all events CPIU has participated in, were publicized on CPIU web page and social media pages.

47. Being a gender transformative project, in October 2023, CPIU has contracted the **Social Inclusion and Gender Targeting Consultant** who will play a crucial role in promoting gender equality and integrating a gender perspective into policies, documents and activities of the project. The attributions of the Gender Consultant include:

- **Gender Analysis:** Conducting in-depth analyses of gender dynamics within specific contexts to understand how gender norms, roles, and inequalities impact individuals and communities. This analysis involves examining power dynamics, access to resources, decision-making processes, and opportunities based on gender.
- **Policy Development:** Assisting in the development of gender-sensitive policies, strategies, and action plans that address gender disparities and promote equality. This may involve conducting policy reviews, providing recommendations for gender mainstreaming, and ensuring that policies align with IFAD standards and commitments related to gender equality.
- **Capacity Building:** Providing training, workshops, and capacity-building sessions to organizations, government agencies, and stakeholders on gender equality concepts, tools, and methodologies. This includes raising awareness about gender issues, promoting inclusive practices, and building skills for gender-responsive programming and implementation.
- **Program Design and Implementation:** Collaborating with project teams to design and implement gender-responsive programs and interventions. This involves incorporating gender analysis findings into program design, setting gender-sensitive objectives and indicators, and monitoring and evaluating program impact from a gender perspective.
- **Research and Data Analysis:** Conducting research and data collection to generate evidence on gender-related issues, trends, and best practices. This includes collecting sex-disaggregated data, conducting gender-sensitive research methodologies, and using data to inform decision-making and advocacy efforts for gender equality.
- **Advocacy and Networking:** Engaging in advocacy efforts to promote gender equality, raise awareness about gender-based discrimination and violence, and advocate for policy changes and resource allocation. Gender consultants also participate in networks and coalitions focused on gender issues to exchange knowledge, share experiences, and collaborate on joint initiatives.
- **Communication and Awareness:** Communicating findings, recommendations, and best practices related to gender equality through reports, presentations, publications, and multimedia channels. Gender consultants also engage in public awareness campaigns to challenge gender stereotypes, promote positive gender norms, and advocate for women's rights and empowerment

48. In order to align with the up-mentioned responsibilities, over the short period of the activity during 2023, Gender Consultant has actively engaged in several significant events that contributed to the equality promotion and sensibilization to women and youth business involvement.

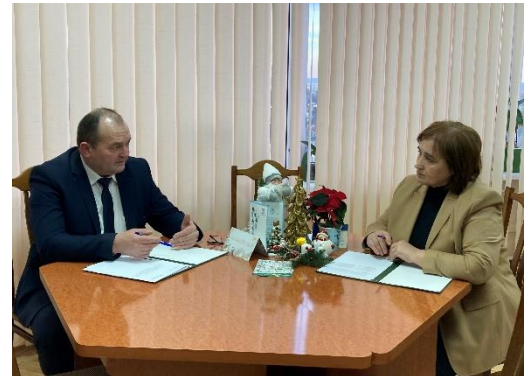
49. One notable participation was at the 26th International specialized exhibition of agricultural products, equipment and technologies held in the period of October 19 to 22, 2023 which provided a comprehensive platform to explore the latest advancements in agriculture, exchange insights with industry experts, and showcase innovative products and technologies. This allowed a deep understanding of the emerging trends in the agricultural sector, the extend of women and youth implication in agricultural sector as well as, potential collaborations.

50. The National Women's Economic Empowerment Conference "Empowering women through gender-sensitive procurement and sourcing," organized by UN Women Moldova on October 20, 2023 focusing on empowering women entrepreneurs by promoting gender-sensitive practices in procurement and sourcing offered an important platform to share insights with other participants in understanding the importance of gender equality in economic empowerment and identifying strategies to support women in business.

51. Furthermore, the Consultant has participated in the webinar "Sexual harassment and other forms of gender-based violence in the agri-food system," organized by the Food and Agriculture Organization of the United Nations in partnership with UN Women on November 9, 2023. This webinar addressed critical issues related to gender-based violence in the agricultural sector, emphasizing the need for a safe and inclusive work environment. The knowledge gained from this webinar reinforced the commitment to promoting gender equality and creating awareness about the challenges faced by women in agri-food systems.

52. Participation in the meeting of the Strategic Advisory Council for the implementation of the Action Plan of the Smart Specialization Study for the North Development Region on November 16, 2023 organized by the Regional Development Agency (ADR) North, aimed to implement regional development policies effectively. During this meeting, Gender Consultant has promoted CPIU IFAD financial products, highlighting opportunities for women in the north of the country to enhance their business development in the agricultural sector. This experience also allowed to contribute to regional development initiatives and also enabled to advocate for inclusive economic opportunities for women in agriculture.

53. As well, one of the most important achievement is the Memorandum of Collaboration between the National Employment Agency (ANOFM) and CPIU for the period 2024-2025 which was signed in December 2023. By signing the Memorandum of Collaboration, it was established the foundations of an important partnership, which will contribute to the growth of entrepreneurial culture, the development of regional infrastructure, the reduction of rural unemployment, the minimization of the migration effect in our society and will contribute to increasing the competitiveness and sustainability of the entrepreneurial environment. The two entities have undertaken to support the growth of economic activity in rural areas by targeting young entrepreneurs, women and smallholders with potential for income generation and employment, using a diversity of interventions including improved access to finance, mentoring, strengthening the value chain, etc.



54. Likewise, the gender Consultant has reviewed comprehensive review of key documents and data pertinent to gender equality and social inclusion. These reviews encompassed various strategic documents and reports, providing valuable insights and informing subsequent actions and strategies. Specifically:

- Targeting and Gender Strategy dated December 2021 to define the terms of reference for the gender and social inclusion consultant role;
- Action Plan 2019-2025 on Gender Mainstreaming Transformative Approaches in IFAD, identifying key activities for implementation in the year 2024;
- Gender Action Plan for Talent Retention for Rural Transformation, focusing on gender equality and women's empowerment initiatives in the year 2023;
- Annual Work Plan and Budget 2023 for the development of the Work Plan and Budget for 2024, ensuring alignment with strategic objectives and resource allocation.

Indicator	Unit	Updated Target Nov 2021	31 December 2023		
			Revised Plan 2023	Actual 2023	Cumulative
Component 1: Resilient Economic Transformation					
Component 1: Resilient Economic Transformation	Men	5302	143	215	215
	Women	3496	95	71	71
	Young	3923	95	111	111
	HH	8798	238	286	286
Subcomponent 1.1: Enhancing Climate Resilience					
Subcomponent 1.1: Enhancing Climate Resilience	Men	4025	135	213	213
	Women	2905	90	71	71
	Young	3176	90	111	111
	HH	6930	225	284	284
A. Climate Resilient Infrastructure					
Roads					
	Km	3			
Number of beneficiaries from roads	Number	290			
	Men	145			-
	Women	145			-
	Young	116			-
Irrigation schemes					
Land of irrigation schemes					
	Ha	2800			
Number of beneficiaries from irrigation schemes	Number	1200			
	Men	600			-
	Women	600			-
	Young	360			-
B. On-Farm Climate Adaptive Water Management					
Water efficient technologies	Number	440			
	Men	280			-
	Women	160			-
	Young	200			-
On-Farm Climate Resilient water management capacity buildings	Number	5000	220	279	279
	Men	3000	132	210	210
	Women	2000	88	69	69
	Young	2500	88	111	111
Water management Demo Plots	Number		5	5	5
	Men		3	3	3
	Women		2	2	2
	Young		2		-
Subcomponent 1.2. Agribusiness Development					
Value Chain Diagnostic Survey	Men	1277	3	2	2
	Women	591	2	-	-
	Young	747	5	-	-
	HH	1868	5	2	2
	Surveys	22			
Value Chain Diagnostic Survey	Number	330			
	Men	231			-
	Women	99			-
	Young	132			-
Producer Groups Associations	Associations	10		-	
	Number	400			
	Men	280			-
	Women	120			-
	Young	160			-
	Meetings	32			

Participation in Market Facilitation Meetings	Number	528			
	<i>Men</i>	370			-
	<i>Women</i>	158			-
	<i>Young</i>	211			-
Business Mentoring support	Plans	10			
	Number	10			
	<i>Men</i>	6			-
	<i>Women</i>	4			-
Equity investment for agroprocessing (credit) Loans for micro and small enterprises	Loan		3	2	2
	<i>Men</i>		2	2	2
	<i>Women</i>		1	-	-
	<i>Young</i>		1	-	-
Agro-processing Grants Equity investment for agroprocessing (credit) Loans with matching grant for PGs (8% max 20 000 Eur as grant and 92% as loan)	Grant	10			
	Number	600	2		
	<i>Men</i>	390	1	-	-
	<i>Women</i>	210	1	-	-
Component 2: Entrepreneurship Finance	Men	157	19	22	22
	Women	103	12	12	14
	Young	103	12	29	30
	HH	260	31	34	36
Sub-comp 2.1: Affordable credit for youth and women					
Matching grants for Youth and women (YWEs)	Number	66	20	29	29
	<i>Men</i>	40	12	19	19
	<i>Women</i>	26	8	10	10
	<i>Young</i>	26	8	27	27
Affordable credit for MSMEs (agroproduction)	Number	28	5	2	3
	<i>Men</i>	17	3	2	2
	<i>Women</i>	11	2		1
	<i>Young</i>	11	2	1	1
Loans for Microentrepreneurs	Number	194	6	3	4
	<i>Men</i>	117	4	1	1
	<i>Women</i>	77	2	2	3
	<i>Young</i>	77	2	1	2
Beneficiaries received more than one activity	Men			3	
	Women			2	
	Young				
	HH			5	
Total number of TRTP	Men	5459	162	234	234
	Women	3599	107	81	83
	Young	4026	107	140	141
	HH	9058	269	315	317