

Republic of Moldova

Rural Resilience Project

Supervision Report

Main report and appendices

Mission Dates: 9-29 September 2018
Document Date: 19/12/2018
Project No. 2000001156
Report No. 4917-MD

Near East, North Africa and Europe Division
Programme Management Department

Abbreviations and Acronyms

ASAP	Adaptation for Small Holder Agriculture Programme
AWPB	Annual Work Plan & Budget
BDS	Business Development Services
CASCA	Central Association of SCAs
CRS	Climate Resilient Specialist
CPIU	Consolidated Programme Implementation Unit
CUSCA	Central Union of SCAs
CLD	Credit Line Directorate
DANIDA	Denmark's development cooperation
FFS	Farmers Field Schools
GoM	Government of Moldova
IFAD	International Fund for Agricultural Development
IPSC	IFAD Programme Steering Committee
IRECRP	Inclusive Rural Economic Climate Resilience Project
LPA	Local Public Authorities
M&E	Monitoring and Evaluation
MARDE	Ministry of Agriculture, Regional Development and Environment
ME	Micro Entrepreneurs
MEC	Ministry of Economy
MFI	Micro Finance Institution
NCFM	National Commission for Financial Markets
ODIMM	Organization for Small and Medium Enterprises Development
PFI	Participating financial institution
RFC	Rural Finance Corporation
RFSADP	Rural Financial Services and Agribusiness Development Project
RRP	Rural Resilience Project
RIMS	Results and Impact Management System
SADI	Small Area Deprivation Index
SCA	Savings and Credit Association
SME	Small and Medium Enterprise
VCD	Value Chain Development
YE	Youth Entrepreneur

A. Project Overview

Region:	Near East, North Africa and Europe Division	Project at Risk Status:	Not at risk
Country:	Republic of Moldova	Environmental and Social Category:	B
Project Name:	Rural Resilience Project	Climate Risk Classification:	2
Project Id:	2000001156	Executing Institution:	Ministry of Agriculture and Food Industry
Project Type:	Rural Development	Implementing Institutions:	Ministry of Agriculture and Food Industry
CPM:	Vrej Jijyan		
Project Director:	Mr Victor Rosca		
Project Area:	Nation wide		

Approval Date	26/11/2016	Last audit receipt	not available yet
Signing Date	20/02/2017	Date of Last SIS Mission	29/09/2018
Entry into Force Date	14/08/2017	Number of SIS Missions	1
Available for Disbursement Date	03/01/2018	Number of extensions	0
First Disbursement Date	04/04/2018	Effectiveness lag	9 months
MTR Date	not available yet		
Original Completion Date	30/09/2023		
Current Completion Date	30/09/2023		
Financial Closure	not available yet		

Project total financing

IFAD Financing breakdown	ASAP Trust Fund	\$5,000,000
	IFAD	\$18,200,000
	Near East, North Africa and Europe Division	\$500,000
Domestic Financing breakdown	Beneficiaries	\$9,519,000
	Domestic Financing Institutions	\$2,570,000
	National Government	\$2,946,000
Co-financing breakdown,		
Project total financing		\$38,735,000

Current Mission

Mission Dates:	9-29 September 2018
Days in the field:	1 day (The mission was organized in 3 teams)
Mission composition:	Mr Vrej Jijyan, (CPM), Ms Maliha H. Hussein (Mission Leader and Agriculture Economist); Ms Lim Lourdes (Programme Associate), Ms Olga Tomilova (Rural Finance Specialist); Mr Samvel Ghazaryan (Rural Infrastructure Specialist), Ms Shazreh Hussain (Targeting and Gender Specialist); Mr Youssef Ibrahim (Environment Specialist); Mr Renaud Coleman (Environment and GIS Specialist), Ms Nathalie Gebrayel (Procurement Specialist), Ms Natalya Khaloshina (Finance Officer) and Mr Norpulat Daniyarov (Financial Management Specialist).
Field sites visited:	Parcova, Edinet

B. Overall Assessment

Key SIS Indicator #1	Ø	Rating	Key SIS Indicator #2	Ø	Rating
Likelihood of Achieving the Development Objective		4	Assessment of the Overall Implementation Performance		4

Effectiveness and Developmental Focus	4	Project Management	4
Effectiveness	3	Quality of Project Management	5
Targeting and Outreach	3	Knowledge Management	5
Gender equality & women's participation	4	Value for Money	3
Agricultural Productivity	4	Coherence between AWPB and Implementation	3
Nutrition	N/A	Performance of M&E System	5
Adaptation to Climate Change	4	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

Sustainability and Scaling-up	4	Financial Management and Execution	4
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	4
Partnership-building	5	Quality of Financial Management	5
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	
Quality of Beneficiary Participation	5	Counterparts Funds	4
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management	4	Procurement	4
Exit Strategy	5		
Potential for Scaling-up	4		

Relevance	5
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C. Mission Objectives and Key Conclusions

Background and Main Objective of the Mission

The International Fund for Agriculture Development (IFAD) undertook a Supervision Mission for the Rural Resilience Project (RRP) in September 2018. This project is the seventh IFAD project in the country and builds on previous IFAD experience in addressing key Government priorities. IFAD has allocated USD 18.7 million, (loan USD 18.2 million and grant USD 0.5 million). In addition, an IFAD administered grant from ASAP of USD 5.0 million will be provided for support to the financing of the climate change resilience-related activities. The Government of Moldova, participating financial institutions and beneficiaries will also be expected to provide a share of the costs. The project is a six-year project that became effective on August 14, 2017 with a completion date of 30th September 2023.

The main purpose of the mission was to review the implementation progress of the project in collaboration with the Consolidated Project Implementation Unit (CPIU) in accordance with the financing agreement. The mission undertook a review of the progress that had been made so far putting in place project management, monitoring and evaluation, procurement and financial management arrangements. The mission assessed the approaches being developed for the project's targeting and gender and mainstreaming strategies, the implementation readiness of the project and the progress in the implementation of project component activities.

The mission held detailed meetings with the Consolidated Project Implementation Unit (CPIU) and met with the representatives of the Ministry of Agriculture, Regional Development and Environment (MARDE), Ministry of Finance (MoF), the Credit Line Directorate (CLD), the National Commission for Financial Markets (NCFM), the Rural Finance Corporation (RFC), selected partner banks, and members of Savings and Credit Associations (SCA), SMEs, and beneficiaries of the on-going IFAD project to draw some lessons and build on this experience.

The key issues and recommendations were discussed with the CPIU during several debriefing sessions and formally presented at a wrap-up meeting on September 28, 2018.

Key Mission Agreements and Conclusions

The main mission finding was that while the project has undertaken most of the preparatory tasks for the RRP it needs to further (i) strengthen its implementation capacity to ensure that it is able to cope with the additional burden of the new project; (ii) review salary of staff to make them more competitive and retain its staff; (iii) Ensure that the targeting criteria is in keeping with the spirit of the design report and the rural country context; (iv): Find innovative opportunities to leverage the reform in the rural finance sector through project investments in on-going engagement and policy dialogue with key decision-makers. These recommendations are detailed in the sections below;

Strengthen CPIU Capacity: The strengthening of the CPIU is required in particular for the implementation of the new irrigation infrastructure schemes, implementation of ASAP grant and to ensure timely procurement. The CPIU is already overburdened with its activities associated with IFAD VI. The additional responsibility for IFAD VII will put an extra burden on the staff. It is therefore recommended that the positions recommended for the implementation of both IFAD VI and IFAD VII should be filled as soon as possible and additional staff hired to expedite the pace of implementation.

Salary Review of Staff to make them competitive: It is also recommended that the salary of all staff should be reviewed and made competitive to discourage the high rate of attrition of CPIU staff witnessed over the last few years. IFAD would like to stress this to ensure that the CPIU is able to retain its experienced staff to ensure effective implementation performance.

Targeting Criteria in PIM: The mission noted that some of the targeting criteria specified in the Project Design Report (PDR) had been modified and not properly reflected in the PIM. The mission would like to recommend that the spirit of the original design of the project should be adhered to and respected when formulating the PIMs for the various project components. The mission has made some specific recommendations for the purpose that should be considered for improved targeting of vulnerable areas, smallholders, women and youth. The mission would like to recommend that the aspects of targeting should be carefully monitored and reviewed based on field experience and, if required amended, to ensure the small-holder, vulnerability, women and climate risk protection focus of the project.

Leverage Opportunities for SCA reform: The RRP is being implemented at a time when the Government is reforming the SCA sector. There is an opportunity to use some of the project investments to support the reform and strengthen the SCA sector in line with international best practice. The CPIU should pursue these opportunities through on-going engagement and policy dialogue with key decision-makers such as MoF, NCFM and the commercial banks and SCAs.

D. Overview and Project Progress

The Rural Resilience Project (RRP) is being implemented by the same Consolidated Project Implementation Unit which is implementing IFAD's on-going investments in the country. Thus most of the implementation arrangements are in place apart from some that require additional staff, service providers or partnerships. The project was officially launched on 5th October 2017. The 18-month AWPB and Procurement Plan (disaggregated for 6 months 2017 and 12 months 2018) were developed and approved by the IFAD Project Steering Committee (IPSC) and submitted to IFAD for approval. However, only a miniscule amount of funds have been spent from the procurement plan of 2017 and 2018 due to the delay in opening project accounts and approval of the PIMs. The Project Implementation Manuals for Sub-component 1.1 and 1.2 were prepared in consultation with the MARDE. The draft PIM for Component 2: Agribusiness Development Support has been prepared in consultation with the Ministry of Finance but not yet approved due to revision in the arrangements for disbursing credit. The mission reviewed the various PIMs and made some suggestions regarding the targeting strategy to ensure that the criterion included in the PIM was reflective of the rationale on the basis of which the project was designed and is relevant in the country context. The financial management arrangements are now in place to implement the project but the PIMs are still under preparation. Some of the promotional materials for the project have been developed and others are in the process of development and some preliminary workshops have been organized to introduce the project scope of activities and eligibility. The Climate Resilience Specialist (CRS) for the management of the ASAP grant is in place.

Component 1: Improve smallholder and agribusiness adaptive capacity

The component is designed to (i) enhance climate-resilient irrigation and rainwater harvesting infrastructures; (ii) Demonstrating and promoting investments for the application of conservation and organic agriculture, efficient irrigation technologies, integrated pest management, diversifying crops and investments in post-harvesting and processing technologies and (iii) Creating or restoring vegetation shelterbelts, forests and grasslands to reduce soil/wind erosion while increasing ecosystem services.

Subcomponent 1.1 Climate-resilient water management and infrastructure development Based on the approved PIM, application procedures have been developed for the three types of Infrastructure to be financed: Irrigation Systems, Water Harvesting ponds and Irrigation Systems. The PDR stipulation that the irrigation investments be made in more climate vulnerable areas and that priority be given to investment proposals for those shifting from field crops to more labour-intensive crops. These issues were discussed at length. The CPIU had added a 10% to 20% weight to assess the climate risk mitigation aspects of the identified schemes. The mission recommended that a clear and transparent manner of ranking identified schemes on this basis should be developed using the vulnerability data available for the country.

Figure 1 below gives a vulnerability map of the country which could be used as a starting point to develop the appropriate criterion. The project will continue to add the 10% SADI weight for ranking of infrastructure schemes as well. The landholding ceiling for those applying for irrigation schemes would be a maximum of 100 hectares. However, given the operational difficulty of monitoring the extent to which farmers transform from field crops to high value horticulture crops, this criterion will not be used.

There has been some progress in the implementation of this sub-component. The CPIU invited proposals for infrastructure under RRP to be implemented in 2019. By the deadline set for application submission, a total of 8 proposals were submitted to the CPIU. These include 3 roads, 4 small-scale irrigation systems and 1 water pond for irrigation. Currently the proposals are at pre-qualification stage by CPIU. Detailed feasibility studies will be made for the pre-qualified proposals. It is expected that that bid for selection of consulting company to conduct the feasibility studies will be announced by 10 December 2018. Given the limited number of proposals it was agreed to proceed with a second call for applications to be implemented in 2019. Anticipated final selection of schemes is expected by the end of January 2019.

Subcomponent 1.2: Farmers' adaptation through climate-resilient investments

Support farmers in the shift from conventional agriculture to climate-resilient farming systems: The CPIU has been in the process of finalizing the PIM and the development of application procedures for beneficiaries of the various sub-components specified in the PDR. The mission would like to recommend that the CPIU target these investments at smallholders who own up to 25 hectares of land and that at least 30% of the total beneficiaries of this sub-component should be women. The beneficiaries would be required to demonstrate at least have year of previous experience in farming to qualify for support under the project. The mission would also like to recommend that the CPIU recruit one or more service providers who can assist the CPIU in identifying applicants, provide training and support to the beneficiaries in understanding the technical and economic aspects of investments in conservation farming and climate resilient production practices. The package of support should include a broad range of equipment and machinery that is consistent and appropriate for both conservation and organic agriculture. The mission recommends the development of a clear strategy and package of support to implement this component and to consider innovative ways to consider how information can be disseminated to smallholders such as through partnership with the Farmer Federation. The mission would also like to recommend the inclusion of a range of equipment and machinery appropriate for conservation, organic and climate resilient agriculture products and services. The mission would also like a specific focus on documenting the benefits and costs of conservation agriculture building on the experience of previous IFAD projects to build a consolidated set of findings and recommendations for sharing, dissemination and policy advocacy.

Women Smallholders Vulnerability and Business Diversification Pilot: This component is exclusively for poor women in their capacity as individuals (physical persons, peasant framers) or groups of at least 5 in agriculture cooperatives. In order to support the improvement of the food and nutrition security and business diversification for women's groups in vulnerable areas, the CPIU has concentrated its efforts on the identification of the pilot area. The pilot area was selected

based on two main criteria; Livelihood Vulnerability Index and the Poverty Indicator. Based on this four 4 rayons were selected namely; Telenesti, Nisporeni, Calarasi and Rezina which include about 30 Local Public Authorities (LPA). The CPIU undertook intensive internal meetings to develop the Terms of Reference for selecting a company responsible for the implementation of this pilot project including identification of potential women beneficiaries, assistance in filing grant applications, training and capacity building support and monitoring. The supervision mission identified some specific issues with reference to the poverty and gender targeting of the activities under this component and made some suggestion that have been highlighted in the relevant sections of the report. However, the mission would like to suggest that information about the women's pilot activities should be disseminated widely to ensure inclusion, ensure that strong technical capacity is available to mentor and support women starting with the application procedures to implementation and managing the activities with clear performance criteria identified for the service provider. The wide range of technical and business skills required should be ensured in hiring the service provider. The targeting criteria and ceilings identified in the section on gender should be adopted and implemented. However, it should be noted that this sub-component is exclusively for support to women.

Component 2: The Agribusiness Development Support.

Subcomponent 2.1: Term finance for micro, small and medium-sized enterprises (MSMEs)

This subcomponent is designed to support investments for MSMEs in Moldova. Based on IRECRP experience, the mission recommended that the lending conditions for the three target groups be streamlined and adjusted to better fit the needs of the target groups. The proposed changes are outlined below:

- For small and medium-sized enterprises (SME): loan amounts up to USD 250,000, for a term of up to 8 years, with up to 4 years grace period and up to 20% of the loan to be used for working capital purposes linked to the investment. **Proposed changes from the project design include having a ceiling of USD 250,000 both for loans extended to agricultural producers, agribusinesses, agriculture services and agro-tourism (in the project design, the loan ceiling for producers is at USD 150,000).**
- For young entrepreneurs (YE): loan amounts up to USD 100,000, for a term of up to 8 years, with up to 4 years grace period and up to 20% of the loan to be used for working capital purposes linked to the investment. **The proposed change is to raise the loan ceiling for YE from USD 35,000 to make this window more attractive for the target group and widen economic options for YE.**
- For microenterprises (ME) – to be provided through SCAs: loan amounts up to MDL 150,000 (approx. USD 9,000), for a term of up to 5 years, with up to 2 years grace period and up to 30% of the loan to be used for working capital purposes linked to the investment. **These conditions detail the project design description of the activity which mentions the average loan size of MDL 80,000 for ME and is in line with IFAD VI experience and feedback from the target group with respect to loan amount and loan duration.**

There has been no disbursement under this component due to the fact that the PIM has not yet been approved. The MoF requested that the new formula, approved by CLD for calculation of Reference rate on loans in MDL should be used and included in the PIM. Furthermore, the MoF suggested that it should be specified that selection of PFIs eligible for intermediation of external resources be undertaken by MoF through CLD and that there should be participation of CLD in re-crediting of funds. In order to maintain all the arrangements in accordance with the Project documents, the manual was reviewed and modified several times. The arrangements have now been agreed and it has been decided that the Subsidiary loan agreement for the on-lending funds will be signed by four parties: MOF, CPIU, CLD and PFI. It is expected that these arrangements will be approved in the next IPSC.

Subcomponent 2.2: Credit guarantees for MSMEs (IFAD loan US\$ 4.0 million). Since the government has not yet established a credit guarantee fund, it is recommended that the project explore other options to utilize this funding. In particular, options worth exploring, in close cooperation with MoF and the National Commission for Financial Market (NCFM) include re-purposing of the funding allocated for the credit guarantee to be used to support the Deposit Insurance Fund and the SCA Stabilization Fund that are currently being developed as part of the SCA sector reform. This type of support is fully in line with IFAD's mandate to promote stable, sustainable financial institutions and advance consumer protection of low-income rural residents – many of whom are SCA members. The contributions to both funds will be temporary – to cover the initial funding gap until both are fully funded with SCAs' contributions (over the course of 5-7 years).

Subcomponent 2.3: Technical support to MSMEs: This subcomponent includes a wide variety of activities, including 10 matching grants of up to US\$ 25,000 to smallholder groups, technical assistance (TA) to YE, SME, SCAs and their apexes, and TA to NCFM. It is recommended to separate the management of grant- and credit-related technical support activities. In particular, a dedicated staff person should be managing the grants activity (with a possibility of outsourcing the implementation). The eligibility of the applicants for support for these large grants needs to be detailed in the PIM in keeping with the smallholder focus of RRP. Credit-related TA and training activities should be revisited to reflect the needs of the target groups and the latest financial sector developments (such as the SCA sector reform). The project should also monitor whether current log-frame indicators are achievable (such as 100% of borrowers trained or 100% of them operating profitably; 920 guarantees extended that back a portfolio worth of US\$29.9 m etc.) and should develop suggestions on adjustments as necessary (such as including explicit assumptions under which the indicators in the log-frame are achievable).

Agreed Action	Responsibility	Agreed Date
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Overview and Project Progress		
Climate Risk Assessment The CPIU would identify an operation basis to rank identified schemes on their potential for climate risk mitigation.	Engineer	10/2018
Selection of investment proposals Bid for selection of consulting company to conduct the feasibility studies for the first batch of applications.	CPIU	10/2018
Selection of investment proposals Second call for applications for infrastructure proposals to ensure sufficient eligible proposals for the implementation stage.	CPIU	10/2018
Landholding limit Limit the landholding ceiling to 25 Hectares with 30% women beneficiaries and have at least one-year experience of farming to be eligible for support under the project.	CRS/Director	10/2018
Eligibility Criteria The eligibility of the applicants for support for these large grants needs to be detailed in the PIM in keeping with the smallholder focus of RRP.	CPIU	10/2018
Recruitment of service providers Recruit one or more service providers to assist CPIU in identifying and facilitating applicants	CPIU/CRS	11/2018
Develop a clear Strategy and package of support for CA/OA. The CPIU should adopt a holistic view of conservation agriculture and provides support in production practices and equipment and training for CA/OA.	CRS	11/2018
Streamline TA activities plan, including appointing a dedicated person to manage the grants activity under the value chain component Revisit TA plan in line with market and financial sector developments and use the Value Chain Specialist to manage the grant component.	CPIU and VCS	03/2019
Explore alternative options to utilize funding for the credit guarantee fund In close cooperation with MoF and NCFM, explore options such as SCA Deposit Insurance Fund and SCA Stabilization Fund.	CPIU	07/2019
Landholding Limits The upper limit for landholding size per beneficiary for irrigation infrastructure schemes was fixed at 100 ha as indicated in PDR.	Director/IPSC	
Ensure Inclusion of Smallholders This can be undertaken through awareness campaigns, strong mechanisms for facilitation of applicants and use of Farmer Federation, NGOs or SCAs.	CRS	

Proper assessment of the Benefits and Costs of CA The CPIU should consolidate and disseminate its findings regarding CA and share with key decision-makers.	CRS/ M&E Officer	
Targeting The targeting criteria and ceilings indicated in section on gender should be adopted which specifies that this component is exclusively for poor women in their capacity as individuals or groups of at least 5 in agriculture cooperatives.	Director/CRS	
Ensure proper mentoring support This should be available for facilitating applications and providing technical and business support by hiring a company with the wide range of technical and business skills.	Director, CRS and KMCS	
Monitor whether current log-frame indicators are achievable Include explicit assumptions in the log-frame under which the indicators could be achievable. Develop suggestions on adjusting the indicators as necessary.	CPIU	

E. Project implementation

a. Development Effectiveness

Effectiveness and Developmental Focus

Effectiveness

Rating: 3

Justification of rating

The project has been engaged with undertaking the preparatory work to initiate implementation of the Project, which has been inordinately delayed due to the delay in the opening of bank accounts for RRP, and approval of the PIM. As a result, the project has not been able to implement most of the activities identified for 2017 (October-December, 2017) and 2018 (January-September, 2018). While the project has issued a call for proposals for some of its activities such as infrastructure and CA, it has spent less than 0.4% of the funds allocated for this period. It is too early to begin a discussion of the extent to which the project will achieve its project objective. It is expected that the project will catch up with the delay and complete the residual in the next few years. Overall the project progress was slow.

Log-Frame Analysis & Main Issues of Effectiveness

None of the outputs specified in the Log-Frame for the first year (2017) and the second year (2018) have so far been achieved. However, it is too early to begin a discussion of the impact of this on the overall development objective. It is expected that the lag will be remedied in subsequent years of implementation and that the overall objective of the project will not be compromised. However, the mission has suggested a review of the Log-Frame targets to make it consistent with the changes suggested in the targeting strategy for climate resilient activities and the loan ceilings for financial services.

Development Focus

Targeting and Outreach

Rating: 3

Justification of rating

The CPIU has been involved in start-up activities for targeting, such as preparation of the PIM, selection of target districts and preparation of RFPs for service providers. The communication campaign, a key targeting tool, in RRP, has been launched. However, there are some significant differences between the PDR and the PIM with respect to targeting criteria. In the component on Climate Resilient Agriculture, the eligibility criteria for grants has been revised to include farmers with slightly larger landholdings. In infrastructure, the size of land-holding has been limited to those allowed in the PDR for irrigation schemes and poverty ratings and climate risk ratings have been incorporated in the selection criteria. Overall the outreach level was low.

Main issues

While some of the earlier IFAD projects in Moldova such as the IRECRP had a poverty focus, this was lost sight of during implementation and it was generally accepted by the implementing agencies and IFAD, that the consolidation of landholdings in the country provided a justification for targeting farmers with much larger holdings. The RRP design has very specifically outlined a sharper poverty and climate vulnerability focus and has indicated a clear intention to target smallholder farmers who are responsible for half the agricultural production of Moldova and the more vulnerable areas in the country. This requires the CPIU to directly target and manage interventions with smallholder farmers. It is important to facilitate this shift by aligning the targeting criteria and mechanisms at the outset with the PDR. The manner in which the CPIU is currently planning for the selection of the infrastructure schemes is by considering the entire country prone to climate risks and therefore has opened up the scope to cover the activities across the country. However, the recommendation outlined under sub-component 1.1 regarding identifying more vulnerable areas should be incorporated in ranking and qualifying infrastructure schemes.

In Component 1.2, the target group for grants for climate-resilient agriculture specified in the PDR is semi-subsistence, commercially orientated farmers with up to 10 ha, with 50 per cent co-financing by beneficiaries. The mission noted that this had been changed in the draft PIM to include farmers with landholdings up to 500 ha. In addition, the PIM mentioned two windows: one with farmers up to 50 ha with a contribution of 30% and one with farmers up to 500 ha with a contribution of 50%. The mission noted the CPIUs concern that the eligibility criteria of 10 ha in the PDR may limit demand. The mission cited the IRECRP data that illustrated that small holders owning less than 10 hectares had the demand and the capacity to match the grant. The mission recommended that the CPIU should retain the focus on smallholders in RRP and agreed with the CPIU that this could be increased to 25 hectares with grants of up to USD 5000 with 30% beneficiary contribution. The mission also recommended that not only farming enterprises and registered farmers but physical persons should be included as eligible for the grants. The mission also noted that currently there is no plan to contract in a service provider to identify and support small-holder men and women farmers in the application process. As lack of information and the complexity of the grant process are potential barriers to the inclusion of poorer farmers, the mission recommends the provision of such support. The technical capacity of the service provider should

include a range of technical and business skills to guide the applicants during the implementation of their proposals as well.

In Component 2, the targeting of beneficiaries for the USD 25000 grants should be specified to ensure that this is provided to smallholders farmers and processors. The targeting requirements for rural finance provision are aligned to those in the PDR for rural finance. It works through self-selection using channels appropriate to the target groups: banks for YEs and SMEs and SCAs for the rural poor. The mission recommended an increase in the ceiling on loans for YEs and greater flexibility in the terms and conditions to support beneficiaries.

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Targeting Criteria for support to conservation agriculture Limit the size of landholding to a maximum of 25 hectares. Beneficiary contribution would be 30% of the total investment cost. At least 30% of the beneficiaries would be women.	CRS	11/2018
Support for grant recipients of climate resilient agriculture Contract in services for identification of grant recipients of climate resilient agriculture and provide them support in the application process.	CRS	01/2019
Targeting Criteria for agribusiness grants Ensure focus on smallholder producers and processors. At least 30% of the beneficiaries would be women.		

Gender equality & women's participation

Rating: 4

Justification of rating

The PDR has a strong focus on the inclusion of women in project activities through a quota of 30 per cent across project activities. A gender focal point has been appointed but the gender strategy is not yet in place. The gender balance in staff at the CPIU continues to be excellent. The design and eligibility criteria of the pilot for vulnerable women farmers needs to be reviewed to take into account of the design in the PDR and ground realities.

Main issues

The CPIU needs to develop a gender strategy and a Gender Action Matrix (GAM) with all Managers and specialists assisting in the process. The Gender Focal Point (KMCS), is expected to facilitate the process and convene quarterly meetings to track performance.

The CPIU has invested considerable effort in preparing for the poor women farmers pilot but there is need for a review of this pilot to align it with the objectives in the PDR and in the light of ground realities. The PDR envisages that women recipients will become members of production and processing groups. Grants for climate resilient agriculture can be accessed individually but grants for processing can only be accessed by a women's cooperative. The mission recommends that given the cultural realities of Moldova, women be allowed to access the grant individually for post-harvesting as well as production, just as women and men farmers are allowed the grant for climate resilient investments under the project. The possibility of women applying as a group for the USD 8000 grant can be retained.

The eligibility criteria for the pilot with poor women farmers in the PDR specifies that women with up to 3 ha in the most vulnerable and poorest districts of the country will qualify for grants with priority to young women and women-headed households. The CPIU has followed the specified criteria in selecting the districts but increased the landholding of eligible women up to 10 ha as even those holding this size of holding maybe relatively poor given low capacity to invest in land and make it productive. An examination of data from IRECR suggests that 5 ha would be the appropriate limit. However, it is advisable to check the validity of the landholding criterion by ground verification. It is also recommended that the CPIU consider additional criteria that would help the grant to be focussed on vulnerable women, including 'women-headed households'.^[1] It is proposed that criteria for evaluation of applications should be developed with appropriate weightage given to the vulnerability criteria. The service provider hired to implement this component should be given the task of identifying women-headed households. In order to avoid elite capture, the mission recommends wider dissemination of information about grants.

The mission also recommends that the grant for women should have two windows; (i) Individual women are eligible to apply for a grant of up to USD 5000 for both production and processing activities with their own contribution equivalent to 20% of the total investment; (ii) Groups of at least 5 women in case of Agriculture Cooperatives) are eligible to apply for a grant of up to USD 8000 with their own contribution equivalent to 15% of the total cost of the investment. The justification

for the higher ceilings rests on the fact that: (a) several climate resilient interventions require higher levels of investment (b) data from IRECR shows that women in the vulnerable category are still likely to afford the 20 per cent contribution required (c) the assumption that women farmers require very small sums to invest is gender-biased and needlessly limits the transformational potential of the intervention. The opening of the potential for women to apply individual, as juridical entities and as groups is on account of the evidence on the ground which shows that women entrepreneurs prefer a variety of working modalities and recognizes women's right to choose.

The mission recommends that the target for beneficiaries should be revised downwards to 200 women due to the following reasons: in a pilot, implementers need to focus on the qualitative aspects rather than chasing a high target; higher grant size requires revision of the target of 390 premised on women accessing grants lower than USD1500; sufficient budget needs to be made available for customized technical support as beneficiaries will be engaged in different agricultural activities. In addition, the CPIU will facilitate access to loans for those women who may wish to access them through SCAs or banks. However, accessing loans will NOT be a condition for eligibility for grants.

[1] 36.8% households in rural areas are women headed (www.statistica.md/pageview.php?l=en&id=4348&idc=442)

Agreed Action	Responsibility	Agreed Date
Development Effectiveness		
Comprehensive review of vulnerable women farmers' pilot. <ul style="list-style-type: none"> • This component is exclusively for poor women. • A grant size to individual women of up to USD 5000 • Grant size of USD 8000 for groups of at least 5 women for agriculture cooperatives. • Individual and groups of women are eligible for grants for both production and processing activities. • Decrease number of women beneficiaries to 200 • Revise eligibility criteria for landholding to 10 ha (subject to field verification and explore possibility of including other criteria to ensure poverty focus including 'women-headed households • Develop evaluation criteria for applications • Stipulate comprehensive social mobilization campaign for service provider. 	CRS	10/2018
Gender Strategy and Gender Action Matrix <ul style="list-style-type: none"> • Develop Gender Strategy and Gender Action Matrix • Quarterly meetings with Component Managers & Specialists to review GAM – to identify opportunities track targets 	KCMS, Specialists & Managers	01/2019

Agricultural Productivity

Rating: 4

Justification of rating

The project results in terms of increasing the productivity or production of crops, livestock, non-timber forest resources or diversification of agriculture is too early to assess as the project has not yet begun its activities in this regard.

Main issues

At this stage there are no activities that have yet been implemented that could have an impact on productivity and so it is too early to assess the RRP on this aspect.

Nutrition

Rating: N/A

Justification of rating

The project does not have any nutrition specific objectives identified in the log-frame. However, the project document does refer to its objective under ASAP grant funding for support to food/nutrition security and business diversification for women's groups in high climate- and poverty-vulnerable areas. Nutritional deficiency is not a problem in Moldova and given the difficulty and cost of directly measuring the nutrition impact of interventions, this aspect will not be monitored. However, the project still has certain indirect nutrition impact on beneficiaries in terms of reducing the expenses spent on buying food.

Justification of rating

The project's quality of implementation with regard to climate change adaptation interventions cannot be measured at this stage as no activities have yet been initiated. However, the climate change interventions are well articulated in the design documents with a clear priority assigned to climate vulnerable areas and smallholder farmers. The project has in place the staff and all specific criteria for ensuring that climate resilient infrastructure and interventions are properly identified. The challenge is to ensure that the climate risk assessment and mitigation is properly understood, implemented and measured to the extent possible.

Main issues

The design of the project had envisaged a clear link between the identified climate risks, vulnerabilities and the targeting of project investments based on the vulnerability index. However, given that the entire country is prone to climate risks the RRP activities will be spread across the country. However, the CPIU has added a climate risk weight to the selection criterion. PDR also states that rainwater harvesting ponds are to be "prioritized in geographic locations more prone to climate risk and informed by a country wide study of water balances for Moldova" micro-catchments, in order to pre-identify the areas with highest potential for rainwater harvesting. The CPIU intends to outsource the study and make an inventory of the existing ponds, their capacity and functionality and prepare a report on the subject.

b. Sustainability and Scaling up**Justification of rating**

The project seems poised to capitalize on opportunities for engaging in policy dialogue. The project has the opportunity to influence several key policy areas namely; (i) the type of policy environment required to support climate resilient agriculture investments and production practices and (ii) the identification of policy measures for supporting SCA sector and consideration of alternate windows of support to the SCA sector and (iii) the consideration of measures that could provide additional sources of funds to the agriculture sector through support to the commercial banking sector.

Main issues

In order to influence policy regarding the supportive set of measures that would assist in making agriculture more resilient to climate risks, there is need for the project to properly document its experience with conservation agriculture, organic agriculture, ecological aspects of agriculture development and how to make infrastructure and production practices more resilient to climate change in the Moldovan context. This would require a proper analysis of the costs and benefits based on the experience of both large and smallholder farmers in the country. The RRP can build on the experience of the previous IFAD projects as well as more concretely document the experience from RRP. These lessons can then be shared with key decision-makers to shape the Government policy regarding climate resilience.

The CPIU has been a strong advocate for the development of alternative lending windows to SCAs and has been very successfully pilot testing some of its proposed models with IFAD support. The CPIU together with IFAD support has submitted a concept paper to the MARDE and MoF for direct lending to SCAs, creating mechanisms to support greater lending through banks and a new wholesale apex structure (National Central Association of SCAs) to be established as part of the SCA sector reform. IFAD has also been supporting the idea of establishing a Deposit Guarantee Fund and a Stabilization Fund for the SCAs to further enhance the SCA sector. These discussions can pave the way for a more supportive policy environment for the SCA sector as a whole.

IFAD and CPIU have also been trying to get the MoF to reconsider the participation of two of the most active PFIs, Moldova Agroindbank (MAIB) and FinComBank (FCB), who have been recently suspended by the Steering Committee due to their non-compliance with the National Bank of Moldova (NBM) indicators related to the level of exposure of affiliated persons. The suspension seems unjustified given that NBM has allowed for a two-year transitional period for the banks to comply. The CPIU with IFAD support s recommended that the project work with the government and the Steering Committee to agree on resuming lending through the banks, while monitoring the banks' progress towards compliance during the transitional period.

Agreed Action	Responsibility	Agreed Date
Sustainability and Scaling Up		
Proper Analysis of Climate Resilient Investments and Production Practices The CPIU needs to undertake a proper analysis of the benefits and costs of climate resilient agriculture practices to show its sustainability and impact.	M&E Officer	
Continue to develop alternative lending windows to SCAs Direct lending, lending through banks and through wholesale apex (when established).	CPIU/IFAD	
Support the idea for the Deposit Guarantee Fund and a Stabilization Fund for the SCAs Together with the MoF and NCFM, the CPIU needs to continue to provide support to further strengthen the SCA sector.	CPIU/NCFM	

Partnership-building

Rating: 5

Justification of rating

The CPIU is in a good position to build on its existing partnerships with Local Public Authorities, Financial Institutions namely commercial banks, SCAs and the National Commission on Financial Markets for the implementation of RRP. The project has developed a clear strategy for leveraging its partnership with the NCFMs and SCAs in meeting overall goals and objectives of the project. Its key partners express satisfaction regarding their partnership with the project and some of them have worked together very effectively in a mutually beneficial manner. There is also expected to be good collaboration of the project with agriculture enterprises, agriculture cooperatives and small enterprises from the private sector.

Human and Social Capital and Empowerment

Rating: 4

Justification of rating

The project has not yet implemented any activities on the ground that could have had an impact on the technical or management capacities of people or institutions or built the social capital of poor women and men either individually or collectively. The project has developed a clear plan to improve human and social capital and empowering of vulnerable farmers.

Quality of Beneficiary Participation

Rating: 5

Justification of rating

The RRP has already laid out well-developed consultation mechanisms that enable its target beneficiaries to self-select themselves and choose the interventions in which they would like to participate. The basic approach of all project investments is essentially demand driven and tailored to specific needs. The CPIU also intends to pursue its well laid out mechanism for beneficiary feedback through participatory methods including the contribution of the beneficiaries in cash or in-kind to project financing. Besides the mandatory technical supervision of works conducted by CPIU a representative from beneficiary groups will also be involved in monitoring of works performance by contractors.

Main issues

The beneficiary contributions will be in cash and at a minimum level of 50% for roads, 15% for irrigation and 10% for rain water harvesting ponds of the cost of civil works (before VAT). Moreover, the beneficiaries will be responsible for the procurement of the design and author's supervision services from licenced design companies to be submitted to state expertise for approval.

Following assessment of technical and financial feasibilities in proposal selection, an agreement will be signed for each selected investment between CPIU and villages confirming responsibility of relevant village authority for providing the detailed engineering design of selected investment, contribution payment prior to contract signing with contractors for works implementation, ownership, and follow up operation and maintenance of rehabilitated facilities.

The irrigation system under consideration will be operated and maintained by farmers group who contributed in investment themselves or through the WUAs. The evidence from the field and discussion held with farmers under the previous IFAD funded projects in Moldova revealed that farmers are capable of proper scheme maintenance as they are already successfully operating modern irrigation systems. It is therefore the mission's assessment that because of the particular economic interests of benefitting SME and commercially oriented farmers, the sustainability of the infrastructure investments would most likely be ensured, provided that adequate quality of technical solutions and works in place.

Responsiveness of Service Providers

Rating: 4

Justification of rating

No service providers have yet been taken on board in the RRP and therefore this aspect of the project has not yet been rated. This will be assessed during next mission planned in mid 2019.

Main issues

Based on previous and on-going IFAD projects it appears that there is variable capacity of service providers in the country. Government agencies who expect to be involved in RRP such as Credit Line Department (CLD), the National Commission for Financial Markets (NCFM) and Moldsilva have well established policy frameworks and institutional arrangements for implementation of project activities. The CLD has become more conservative in its approach over the years and MoF wants them to play an active role in the identification of PFIs for the disbursement of the credit funds of RRP. NCFM on the other hand has developed a vision for strengthening the SCA sector and has outlined a vision for the development of the sector which is based on international best practices included aspects such as Deposit Insurance Fund, Stabilization Fund and risk based supervision. These aspects are all designed to strengthen the SCA sector and RRP will continue to look for opportunities to support this vision. The Local Public Authorities or the Primarias have been an important partner and will be engaged in partnerships regarding the infrastructure and conservation agriculture aspects. Moldsilva is expected to continue its role in helping to design some of CA investments such as shelter belts.

The project also intends to engage private sector in a host of activities such as infrastructure design and implementation as well as service providers for supporting agriculture enterprises and the women's pilot project with both technical and management aspects. The RRP will also work with a range of commercial banks and SCAs to provide access to financial services. Service providers that will be involved in infrastructure investment activities include consulting companies for feasibility studies of pre-qualified investment proposals, contractors and individual supervisors for daily supervision of works, all selected on competitive basis. The process of organizing of an official bid to select the company that will deal with pilot project implementation would be the priority in the second half of 2018. The CPIU has been disappointed in the past with the capacity of technical specialists in the field of CA and in most recent years there has been a lack of interest on the part of technical consulting firms to design and implement infrastructure projects due to competition from the large investments the GoM is making in infrastructure in the country. The CPIU is considering mechanisms to make the bids more attractive for the bidders.

Environment and Natural Resource Management

Rating: 4

Justification of rating

The rating measures the positive or negative changes that take place in the natural resources base as a result of project interventions. As there have been no activities implemented on the ground this aspect is not yet rated.

Main issues

Given the small scale and rehabilitation nature of the road interventions, no significant negative environmental impacts are expected from the investment in roads. The main foreseeable environmental issues that could be associated with road construction is the management and disposal of excavated materials and construction debris but these have been reasonably managed in the past with no negative environmental consequences. All the schemes to be constructed under the project need to meet the requirements of the environmental legislation of the Republic of Moldova. Environmental assessment of all the detailed designs by the State Environmental Expert Commission are considered as part of the engineering design and will be incorporated in the final design documents. The designs of the irrigation schemes are also expected to be flexible and adaptable to soil characteristics, geomorphological and hydro-graphic conditions of each zone. Moreover, under the RRP, the detailed engineering design process for irrigation schemes will also be technically backstopped by specialized consultants contracted by the CPIU to ensure that the technical designs include climate smart and resilient infrastructure features (e.g. grassing of slopes, reduction of evaporation losses through tree planting).

Exit Strategy

Rating: 5

Justification of rating

The project design has a well-developed exit strategy which the CPIU has the capacity to implement based on the past

experience in the country. It is expected that this strategy will be adopted in the current project as well. The beneficiaries are expected to operate and maintain all infrastructure schemes, investments in the agriculture equipment and machinery and other enterprises. The credit funds are managed by the Credit Line Department through the commercial banks and SCAs at the end of the project.

Potential for Scaling-up

Rating: 4

Justification of rating

The project is well positioned to translate its approach and innovations on a larger scale in case of adoption of conservation agriculture and climate resilient investments provided it documents its findings and disseminates the results widely and encourages the Government to adopt climate resilient design features in schemes that it directly finances. The project also has an opportunity for scaling up lending to the agriculture sector by the commercial banks provided it enhances their confidence for lending to this sectors and holds them accountable to monitor their performance in this regard through regular interaction and dialogue. It is expected that if the Credit Guarantee Mechanism is established it can serve to scale up lending to the agriculture sector.

Main issues

The CPIU needs to document its experience of CA including all the costs and benefits to explain to the farmers how it can help to reduce their costs and make agriculture more sustainable in view of the uncertain climate conditions in the country especially the precipitation levels. This experience needs to be shared widely to help the farmers understand the package of investments required to make the investments.

The CPIU also needs to identify the features of infrastructure investments that are climate resilient and share this with the local primaries so that they can also assess the costs and benefits of these features and scale them up in their own infrastructure schemes.

The extent to which the PFIs contribute financing to the project beneficiaries as their share and their track record in increasing financing to the agriculture sector and SCAs should be monitored to capture the trend and assess whether the trends represent a natural exit strategy for the project from agriculture and rural financing because of the uptake by the commercial sector.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Sustainability and Scaling Up		
Scaling up CA In order to scale up the adoption of conservation techniques proper documentation and dissemination of its costs and benefits.	Climate Resilient Specialist and M&E Officer	
Identification of Specific Design Features of Climate Resilient Infrastructure Identify these features and advocate for their adoption by the primaries.	Engineer	
Monitor trends of Agriculture and rural lending by banks This is to track the overall scaling up of agriculture lending in the country by the commercial sector.	Credit Specialist and M&E Specialist	

c. Project Management

Quality of Project Management

Rating: 5

Justification of rating

RRP is being implemented by the CPIU which has been managing IFAD financed projects for the last 18 years. The CPIU has in place systems for efficient project management including planning, financial management, procurement and monitoring and evaluation. The IPSC is on place and provides active support to the project. However, due to matters beyond its control such as the uncompetitive level of staff remuneration, the structuring of the project accounts and the long delays the pace of implementation is beyond the control of the CPIU. Most of the positions are filled but the CPIU has been asked to strengthen its staff strength for civil works and procurement.

Main issues

Overall the management of infrastructure investment activities is efficient. The CPIU staff involved in infrastructure investments is experienced in the different aspects of scheme selection, civil works execution, contract management and supervision. Given the generally positive impression from the performance under the previous IFAD projects, the overall capacity of technical consultants, consulting and design companies as well as contractors appears to be generally satisfactory for the kind of investments under consideration. However, the CPIU needs to recruit a second engineer, preferably irrigation engineer with experience in system design, to ensure that the increased workload is shared and the schemes are implemented efficiently and effectively. The management of the financial services component has demonstrated a strong commitment to the project and a high degree of preparedness for project implementation, including a well-developed draft PIM. Some of the recommendations of the mission (e.g. to streamline lending conditions) have been implemented already during the mission.

The mission is concerned that the staff remunerations are not competitive with the existing market rates as a result of which the CPIU has had turn over of staff in the past and there is always a concern that more experienced members of the CPIU might leave. As a result of this concern, the mission would like to suggest that the CPIU undertake a review of the salary levels in equivalent project management units working with other agencies such as USAID, World bank, and the European Union and compare salary levels and increase the salaries and benefits to equivalent levels to ensure that the CPIU retains its staff.

Agreed Action	Responsibility	Agreed Date
Project Management		
Recruitment of Additional Staff for CPIU The mission would like to reiterate the recommendation that the CPIU should hire a second engineer and a specialist to assist the Procurement Specialist to manage the load of IRECRP and RRP.	CPIU/IPSC	11/2018

Knowledge Management

Rating: 5

Justification of rating

The CPIU has capitalized on its long experience of project management and incorporated its practical implementation experience and lessons learnt in the design of the new IFAD financed projects in the country over the years. The CPIU has a Knowledge Management Specialist who has built a social media profile and assisted in the development and dissemination of knowledge products. The current project team has been very active in developing knowledge products and their dissemination through the media including TV channels and informing a wide range of stakeholders about the RRP. CPIU has participated in different forums, round tables, workshops, meetings with city halls and rayon councils to inform them about the IFAD financed projects.

Main issues

Specifically the CPIU organized a Nisporeni District Council organized a round table, where over 100 potential beneficiaries received information about possibilities they have under RRP. The information related to grants available under the RRP has been sent to by 800 primaries all over the country, during the event organized by the Government of Republic of Moldova "Dialogue with Local Public Authorities". The CPIU also established a stand at the Moldexpo exhibition, in March 2018 and informed over 2000 visitors about the potential opportunities under RRP. The Business Consulting Center organized a conference on "Local Economic Development: Models, Experiences and Opportunities" where 90 entrepreneurs exchanged experience and established connections. The conference provided an opportunity for participants to connect with other entrepreneurs and funding programs. CPIU specialists attended meetings, in participation with representatives of the Ministry of Agriculture in the different agro-climatic zones of Moldova. The CPIU has worked closely with mass media to inform potential beneficiaries about RRP at the National Moldova Radio Station in "Public Space" issue. AgroTV Moldova in a talk show dedicated to the impact of investment projects on the agricultural sector. The CPIU has also developed a host of audio-visual products.

Value for Money

Rating: 3

Justification of rating

The project became effective in August 2017 but has yet to achieve any of the specific outputs on ground. Sensitivity analysis shows that projects are generally very sensitive to delays in implementation and given that the project is already 15 months behind its envisaged schedule it is likely to have a lower Internal Rate of Return and Net Present value. However, since expenditure has also been delayed the negative impact on benefits will be somewhat moderated. Nevertheless, the mission recognizes that these delays are beyond the control of the CPIU.

Main issues

The mission would like to recommend that the targets that were planned for the first 15 months should be included in the targets for the next two years to make up for the delayed start. In addition, the mission would like to recommend that the M&E Officer should include some key VFM indicators in the RRR annual reports, annual outcome surveys and in the data base for the project.

Agreed Action	Responsibility	Agreed Date
Project Management		
Make up for the delayed start The targets that were established for the first 15 months should be included in the AWP&B for the next two years to ensure protection of project VFM.	M&E Officer	
Inclusion of VFM Analysis in the M&E Include the tracking of some key VFM indicators in the M&E reports, outcome surveys and the database.	M&E Officer	

Coherence between AWPB and Implementation

Rating: 3

Justification of rating

A review of the AWP&B for 2017 and 2018 shows little relationship between the planned activities and those actually implemented. There have been major problems in adhering to the AWP&B due to the long delays in securing approval for the PIM and the opening of project accounts. As a result none of the targets planned for the first 15 months have been met and only USD 9,200 has been spent from the total allocated for the first 15 months which is less than 0.3% of what was planned. However, this is due to factors beyond the control of the CPIU, which is now trying to put in place measures to ensure that the project begins its implementation as soon as possible. A call for proposals for infrastructure was launched and several proposals received for further action.

AWPB Inputs and Outputs Review and Implementation Progress

The RRP entered into force on 14 August 2017 with the signing of the Financing Agreement and was officially

launched in October, 2017. The 18 month AWP&B and Procurement Plan (disaggregated for 6 months 2017 and 12 months 2018) was developed and approved by IPSC and submitted to IFAD for approval. For the three months of 2017 for RRP, the CPIU planned to disburse USD 177,500 from IFAD loan and the ASAP grant. In 2018, the CPIU had made plans to disburse USD 2.142 million from IFAD loans, USD 135,300 from IFAD grant, and USD 927,000 from the ASAP Grant. Due to the lengthy process of launching the project, approval of Project implementation Manuals and opening operational accounts with the MoF, the actual disbursement of funds was not possible. Part of the problem has also stemmed from the fact that the Finance department had to reconcile the AWP&B with the government approved project budget lines. The CPIU expects that in 2019 AWPB will be submitted to IFAD in a timely manner.

Performance of M&E System

Rating: 5

Justification of rating

The CPIU has a very good system in place that it has developed over the years for the monitoring and outcome assessment of the on-going IFAD project and it is expected that the same system will be used for RRP. The CPIU has in place a very strong system of monitoring and evaluation that records the data on beneficiaries and undertakes regular impact assessments at the end of each year. The CPIU will use its GIS system to also spatially reference beneficiaries on a map.

M&E System Review

In terms of tracking the impact of the project on targeted beneficiaries, the M&E Unit expects to use its current approach of undertaking a beneficiary assessment before the start of any activity as a more cost effective strategy than doing a country-wide baseline survey. The mission endorses this approach as a sound approach. The mission would also like to recommend much closer monitoring of the impact of the women's pilot initiative to draw lessons from it for sharing and assessing its value added. The mission would also like to recommend that the CPIU consider modifying its M&E format to include some of the aspects which are included in the new IFAD supervision template such as Value for Money.

Justification of rating

In terms of tracking the impact of the project on targeted beneficiaries, the M&E Unit expects to use its current approach of undertaking a beneficiary assessment before the start of any activity as a more cost effective strategy than doing a country-wide baseline survey. The mission endorses this approach as a sound approach. The mission would also like to recommend much closer monitoring of the impact of the women's pilot initiative to draw lessons from it for sharing and assessing its value added. The mission would also like to recommend that the CPIU consider modifying its M&E format to include some of the aspects which are included in the new IFAD supervision template such as Value for Money.

Requirements of SECAP Rating: 4

Justification of rating

Project activities have not yet started in the field but the SECAP recommendations have been taken into account in the approach and activities that have been designed in the RRR and explicitly translated into the practical criteria in the Procedure Implementation Manual (PIM). However, it is too early to assess the extent to which the SECAP requirements are being applied during project implementation. However, the design has benefitted from SECAP in enhancing social, environmental and climate opportunities and reducing any potential adverse impacts on local communities. □ SECAP related documents have been produced and are of good quality.

SECAP Review

The approach adopted by the project and its components are in line with the SECAP recommendations. The Improved adaptive capacity for smallholders Component aims at enhancing resilience through investments in productive rural infrastructure and agro-systems. The PIM details the conditions to match grants with Investments in ecological restoration (shelterbelts, communal grasslands, vegetation cover in the catchment areas of water schemes).

Adaptation to climate change and combating land degradation are also at the heart of the criteria used for allocation of financial support to beneficiaries. The PIM translates into practice two major recommendations: (i) with regard to the target groups, the PIM explicitly prioritizes the small famers, in particular women; (ii) the PIM explicitly promotes conservation agriculture as well as the agronomic agriculture when listing the type of eligible investments (machines and equipment specifically applied on organic farming and/or equipment directly related to climate resilient in primary production and processing of agriculture products at farm-level).

d. Financial Management & Execution**Disbursement by financier**

Type	Name	Current Amount	Disbursed Amount	Actual Rate
Domestic Financing breakdown	Beneficiaries	\$9,519,000		
	Domestic Financing Institutions	\$2,570,000		
	National Government	\$2,946,000		

Acceptable Disbursement Rate**Rating: 4****Justification of rating**

Although project disbursed advances in April 2018, it did not start actively spending on project activities. As a result, although the disbursements rate is 8.6%, which is acceptable, actual realization levels are almost nil.

Main issues

Project implementation has not yet started. The main reason is that the PIM on Rural finance component is still being discussed between the parties. The CPIU and Government plan to accelerate implementation of the project starting from Q4 of 2018 and beginning of 2019. The level of the AA are adequate to meet the needs of the project.

Fiduciary Aspects**Quality of Financial Management****Rating: 5**

Justification of rating

The same finance team that is being used for IRECRP will be responsible for the Financial management and accounting of RRP. Hence, the financial management and the quality of the internal control in place are considered acceptable. The team and the systems are ready for the implementation. The project is supported by an acceptable financial software

Main issues

Staffing: The administrative and financial team have extensive knowledge and experience with IFAD guidelines and procedures. The mission noted that there is a sufficient level of segregation of duties with regard to the preparation and approval of financial transactions. Mission also noted that CPIU does not have a legal specialist and the Finance Manager under takes this role when necessary.

Budgeting: RRP budget follows the country budget law and calendar. Budget for 2018 was submitted to the MOF within agreed timeframe.

Funds Flow: All the arrangements are ready for the start of the project implementation and are similar to those for IRECRP.

Internal controls: Internal controls set for this project are appropriate. However, an action proposed for IRECR during the MTR mission for Treasury to assign a separate code in MDL for each financing source instead of the pool account is also valid for the RRP. However, there has not been any progress on this recommendation so far due to the difficulty of the system to accommodate this request.

Accounting: The FM-unit records all transactions in the 1-C software, which is satisfactory and meets IFAD requirements and generates accurate financial reports and information for withdrawal applications. However, there is no procurement module, and transactions for ASAP Grant are inputted in the 1C software by the Finance Manager, with no further details on downstream activities. The basis of accounting is IPSAS cash basis. The system is backed up weekly instead of daily and back- up server is located in the same building as the main one.

Financial reporting: Financial information is reconcilable with IFAD disbursement records.

Internal audit: An Internal audit unit does not exist within CPIU. However, inspections by MoF are performed every two years. Given that RRP implementation has not started yet no inspections have been performed on RRP to date.

Quality and Timeliness of Audit

Rating:

Counterparts Funds

Rating: 4

Justification of rating

The project has only disbursed an advance in April 2018 and has not yet spent on project expenditures, except salary of one CPIU employee responsible for ASAP grant. There has been only a small contribution expected from the Government for the RRR until now mainly on account of the taxes to be paid on salaries for the CPIU staff but it has been provided in a timely manner.

Main issues

Government Contribution. The Government has introduced new regulations that eliminated VAT on some agricultural equipment and machinery. As a result, actual government contribution will differ from the initial estimated amount of \$2.9 million which was indicated in the Financing Agreement. The CPIU will need to recalculate estimates of Government counterpart contribution. However, given that there maybe further changes to government contribution based on any changes in regulation during the course of the project, it would be best not to make any changes in the financing agreement at this stage but review the agreement at MTR for counterpart fund contribution or any other changes that might become necessary.

Beneficiary contribution. Only a small amount of beneficiary contributions (\$2,400) has been provided so far for equipment for conservation farming. This amount was provided as a beneficiary contribution within one grant that was allocated under ASAP grant activities. All PFIs are expected to add their own funds to each project-funded loan but since there have been no lending activities so far this has not yet been provided.

Compliance with Loan Covenants

Rating: 4

Justification of rating

Most of the legal agreement covenants are complied with. Detailed list of all legal covenants and their status are provided in Appendix 3

Main issues

The preparation of draft PIM for RRP has been delayed due to the disagreement within the Government on the arrangements regarding the identification of PFIs under the Rural Finance component. However, individual PIM sections for all other components were prepared and approved by IFAD.

The first project annual unaudited financial statements will be prepared for 2018 and will be submitted at the beginning of 2019. Given that project's first disbursement occurred in April 2018 and the implementation has not started yet no audit is considered necessary for 2018 and it is recommended to engage an auditor to audit 18 months ending 31 December 2019.

All other covenants are duly complied with.

AWPB for 2018 and 2019. The budget for FY 2018 was submitted on November 30, 2017 versus the deadline of October 30. The CPIU is taking all measures to submit 2019 budget by October 30, 2018.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
2019 AWPB submission The CPIU will submit relevant AWPB for 2019 to IFAD by October 30, 2018	CPIU	10/2018

Procurement

Procurement

Rating: 4

Justification of rating

Procurement is rated as Moderately Satisfactory. RRP is currently in its first year of implementation and no contracts were signed during this year. Consequently, the rating is based on the procurement arrangements that are in place in the CPIU, which is managing IFAD's on-going IRECRP. The CPIU procurement decisions and documentation are generally of satisfactory quality and the application of procurement procedures is in general transparent.

Procurement Review

The Procurement Plan for 2018 was cleared by IFAD at the beginning of the year. The Plan contains 34 packages for Consultancies and 19 packages for Works and Goods. As of the date of this mission, only two Consultancy packages were launched; the first one is for the selection of an Individual Consultant and the second for the selection of a Firm. However, no contracts are signed yet and therefore no review of contracts register could be undertaken. In light of the planned activities for RRP, and the on-going IRECRP, the Project is advised to hire additional staff to assist the Procurement Specialist in the management of procurement activities.

<i>Agreed Action</i>	<i>Responsibility</i>	<i>Agreed Date</i>
Financial Management & Execution		
Recruitment of additional Procurement staff Additional staff be recruited to assist the Procurement Specialist.	CPIU Director	11/2018

F. Relevance

Relevance

Rating: 5

Justification of rating

The current design is consistent with the needs of the target group as well as IFAD and Government policies regarding the building of the climate resilience of farmers and focusing on some of the more vulnerable areas and target groups. However, the mission is concerned about the high proportion of contribution expected from beneficiaries for infrastructure and some of the other activities. Proposed interventions and implementation modalities are largely appropriate. Demand is one key indicator of relevance of the proposed interventions for the target households. However, since the project has not yet initiated its activities it is not yet clear the extent to which there will be high demand for the proposed investments.

G. Project Modifications

Responsibility	Modification Type	Description
CPIU & M&E	Logical Framework	<p>Revise the targets in the LFA based on the agreements made in the ceilings and grant sizes of the various sub-components.</p> <p>The following indicators should include explicit assumptions under which they can be achieved (such as the establishment of the guarantee fund, leveraging contributions to the fund from other stakeholders and funders, the period of time over which this may be achievable, etc.):</p> <ul style="list-style-type: none"> • Collateral coverage requested by PFIs decreased from 360% to 180% • 160 value guarantees extended have been repaid • 920 guarantees valued at \$29.9 million extended <p>The following indicators should be monitored to see whether they are achievable as they currently assume 100% of all borrowers, and suggestions should be developed for their adjustment, as necessary:</p> <ul style="list-style-type: none"> • 585 youth entrepreneurs, SMEs and micro entrepreneurs trained in business related activities • 585 youth entrepreneurs, SMEs and micro entrepreneurs trained in business related activities (disaggregated by type and gender) are operating profitably <p>The following indicator should be removed from Component 2 to Component 1:</p> <p>80 recipients of grants totalling \$1.9 million for diversification activities are operating profitably.</p>

H. Lessons Learned

Operationalization of Criteria

It is important to agree on how some of the criteria will actually be defined and measured. In the context of the current project, two specific indicators which the CPIU struggled with was the measurement and ranking of climate risk and the definition of women-headed households.

Development of the PIM

The timely development of the PIM as part of the design process ensures the consistency of the PIM with PDR and the implementation readiness of the project. In case this is not done concurrently with design, it can compromise the intent of the design and cause unnecessary delay as we have seen in the case of RRP.

I. Agreed Actions

Agreed Action	Responsibility	Agreed Date
Overview and Project Progress		
Climate Risk Assessment The CPIU would identify an operation basis to rank identified schemes on their potential for climate risk mitigation.	Engineer	10/2018
Selection of investment proposals Bid for selection of consulting company to conduct the feasibility studies for the first batch of applications.	CPIU	10/2018
Selection of investment proposals Second call for applications for infrastructure proposals to ensure sufficient eligible proposals for the implementation stage.	CPIU	10/2018
Landholding limit Limit the landholding ceiling to 25 Hectares with 30% women beneficiaries and have at least one-year experience of farming to be eligible for support under the project.	CRS/Director	10/2018
Eligibility Criteria The eligibility of the applicants for support for these large grants needs to be detailed in the PIM in keeping with the smallholder focus of RRP.	CPIU	10/2018
Recruitment of service providers Recruit one or more service providers to assist CPIU in identifying and facilitating applicants	CPIU/CRS	11/2018
Develop a clear Strategy and package of support for CA/OA. The CPIU should adopt a holistic view of conservation agriculture and provides support in production practices and equipment and training for CA/OA.	CRS	11/2018
Streamline TA activities plan, including appointing a dedicated person to manage the grants activity under the value chain component Revisit TA plan in line with market and financial sector developments and use the Value Chain Specialist to manage the grant component.	CPIU and VCS	03/2019

Explore alternative options to utilize funding for the credit guarantee fund In close cooperation with MoF and NCFM, explore options such as SCA Deposit Insurance Fund and SCA Stabilization Fund.	CPIU	07/2019
Landholding Limits The upper limit for landholding size per beneficiary for irrigation infrastructure schemes was fixed at 100 ha as indicated in PDR.	Director/IPSC	
Ensure Inclusion of Smallholders This can be undertaken through awareness campaigns, strong mechanisms for facilitation of applicants and use of Farmer Federation, NGOs or SCAs.	CRS	
Proper assessment of the Benefits and Costs of CA The CPIU should consolidate and disseminate its findings regarding CA and share with key decision-makers.	CRS/ M&E Officer	
Targeting The targeting criteria and ceilings indicated in section on gender should be adopted which specifies that this component is exclusively for poor women in their capacity as individuals or groups of at least 5 in agriculture cooperatives.	Director/CRS	
Ensure proper mentoring support This should be available for facilitating applications and providing technical and business support by hiring a company with the wide range of technical and business skills.	Director, CRS and KMCS	
Monitor whether current log-frame indicators are achievable Include explicit assumptions in the log-frame under which the indicators could be achievable. Develop suggestions on adjusting the indicators as necessary.	CPIU	
Development Effectiveness		
Comprehensive review of vulnerable women farmers' pilot. <ul style="list-style-type: none"> • This component is exclusively for poor women. • A grant size to individual women of up to USD 5000 • Grant size of USD 8000 for groups of at least 5 women for agriculture cooperatives. • Individual and groups of women are eligible for grants for both production and processing activities. • Decrease number of women beneficiaries to 200 • Revise eligibility criteria for landholding to 10 ha (subject to field verification and explore possibility of including other criteria to ensure poverty focus including 'women-headed households • Develop evaluation criteria for applications • Stipulate comprehensive social mobilization campaign for service provider. 	CRS	10/2018
Targeting Criteria for support to conservation agriculture Limit the size of landholding to a maximum of 25 hectares. Beneficiary contribution would be 30% of the total investment cost. At least 30% of the beneficiaries would be women.	CRS	11/2018

Support for grant recipients of climate resilient agriculture Contract in services for identification of grant recipients of climate resilient agriculture and provide them support in the application process.	CRS	01/2019
Gender Strategy and Gender Action Matrix <ul style="list-style-type: none"> • Develop Gender Strategy and Gender Action Matrix • Quarterly meetings with Component Managers & Specialists to review GAM – to identify opportunities track targets 	KCMS, Specialists & Managers	01/2019
Targeting Criteria for agribusiness grants Ensure focus on smallholder producers and processors. At least 30% of the beneficiaries would be women.		
Sustainability and Scaling Up		
Proper Analysis of Climate Resilient Investments and Production Practices The CPIU needs to undertake a proper analysis of the benefits and costs of climate resilient agriculture practices to show its sustainability and impact.	M&E Officer	
Continue to develop alternative lending windows to SCAs Direct lending, lending through banks and through wholesale apex (when established).	CPIU/IFAD	
Support the idea for the Deposit Guarantee Fund and a Stabilization Fund for the SCAs Together with the MoF and NCFM, the CPIU needs to continue to provide support to further strengthen the SCA sector.	CPIU/NCFM	
Scaling up CA In order to scale up the adoption of conservation techniques proper documentation and dissemination of its costs and benefits.	Climate Resilient Specialist and M&E Officer	
Identification of Specific Design Features of Climate Resilient Infrastructure Identify these features and advocate for their adoption by the primarias.	Engineer	
Monitor trends of Agriculture and rural lending by banks This is to track the overall scaling up of agriculture lending in the country by the commercial sector.	Credit Specialist and M&E Specialist	
Project Management		
Recruitment of Additional Staff for CPIU The mission would like to reiterate the recommendation that the CPIU should hire a second engineer and a specialist to assist the Procurement Specialist to manage the load of IRECRP and RRP.	CPIU/IPSC	11/2018
Make up for the delayed start The targets that were established for the first 15 months should be included in the AWP&B for the next two years to ensure protection of project VFM.	M&E Officer	

Inclusion of VFM Analysis in the M&E Include the tracking of some key VFM indicators in the M&E reports, outcome surveys and the database.	M&E Officer	
Financial Management & Execution		
2019 AWPB submission The CPIU will submit relevant AWPB for 2019 to IFAD by October 30, 2018	CPIU	10/2018
Recruitment of additional Procurement staff Additional staff be recruited to assist the Procurement Specialist.	CPIU Director	11/2018

Rural Resilience Project

Logical Framework

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility	
Outreach	1.b Estimated corresponding total number of households members							M&E system	Annual	M&E officer	
	Household members		25 000	44 078							
	1.a Corresponding number of households reached							M&E system	Annual	M&E officer	
	Non-women-headed households	0	10 000	17 658							
	Women-headed households										
	1 Persons receiving services promoted or supported by the project							M&E system	Annual	M&E officer	
	Males	0	7 000	12 361							
	Young	0									
	Females	0	3 000	5 297							
Goal Improve the well-being of the Republic of Moldova’s rural population and reduce poverty	Increase in Households asset ownership index							Baseline Mid-term and Completion Survey	MTR and completion	CPIU M&E unit	Political stability Marco-economic conditions remain stable or improve
	Households	0	10	30							
Objective Strengthen the resilience and improve economic opportunities for the rural poor.	HH farm income improved							Baseline Mid-term and Completion Survey	MTR and completion	CPIU M&E unit	
	Households	0	10	20							
	Poor smallholder household members supported in coping with the effects of climate change							M&E System	Semi Annually	M&E Officer & Head of Component	
	Total household members	1 198	1 983	2 278							

Results Hierarchy	Indicators							Means of verification			Assumptions		
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility			
Outcome Enhanced resilience through investments in productive rural infrastructure and agri-systems.	Increase in net return for agriculture land (supported 1940 ha)							M&E system, Component reports	Annual	M&E officer and component officer	Climatic changes are in line with current predictions Beneficiaries willingness to participate and contribute		
	Rate		15	30									
	Value of new or existing rural infrastructure made climate resilient (ASAP)							M&E system, Component reports	Semi-annual	M&E officer and component officer			
	Money		1 200	2 500									
Output Productive rural infrastructure constructed/ rehabilitated.	1.1.2 Farmland under water-related infrastructure constructed/rehabilitated							M&E system, Component reports	Semi-annual	M&E officer and component officer			
	Hectares of land	4 780.5	5 620.5	5 412.5									
	2.1.5 Roads constructed, rehabilitated or upgraded							M&E system, Component reports	Semi-annual	M&E officer and component officer			
	Length of roads	38.8	50.8	62.8									
	households in vulnerable areas with increased water availability for agricultural production and processing							M&E system, Component reports	Semi-annual	M&E officer and component officer			
	Households	992	1 412	1 490									
	New or existing rural infrastructure protected from climate events (US\$' 000/Km)												
	Value		1 200	2 500									
	Households supported with increased water availability or efficiency							M&E system	Semi annually	M&E officer & Head of Component			
	Households	127	182	222									
	Land under climate-resilient practices							M&E system	Semi annually	M&E Officer & Head of component			
	Land area	616	725	808									
	Outcome Enhanced access to financial services and markets for rural transformation.	Increase collateral coverage requested by PFIs							Statistics of the NBM	Annual		M&E officer and component officer	Macro-economic conditions are supportive for doing business. Banks use MCGC to obtain partial collateral.
		Rate	360		180								
Value guarantees extended have been repaid							MSMEs audited reports	Annual	M&E officer and component officer				
Value guarantees			70	160									

Results Hierarchy	Indicators							Means of verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result	Cumulative Result	Cumulative Result %	Source	Frequency	Responsibility	
	2.2.2 Supported rural enterprises reporting an increase in profit							M&E system, Component reports	Annual	M&E officer and component officer	
	Number of enterprises	0	70	120							
Output Loans to youth entrepreneurs, SMEs and micro entrepreneurs provided	1.1.5 Persons in rural areas accessing financial services										
	Total persons accessing financial services - credit	0	359	585							
	Women in rural areas accessing financial services - credit	0	107	175							
	Men in rural areas accessing financial services - credit	0	180	293							
	Young people in rural areas accessing financial services - credit	0	72	117							
	Value of loans disbursed to young entrepreneurs							M&E system, Component reports	Semi-annual	M&E officer and component officer	
	Money	60 000	66 700	71 500							
Output Guarantee fund established sustainably	Guarantees extended										
	Guarantee	0	920	920							
	Value of guarantees extended										
	Money	0	29 900	29 900							
Output Agri-business supported	2.1.2 Persons trained in income-generating activities or business management										
	Young	0	72	117							
	Females	0	107	175							
	Males	0	180	293							

Republic of Moldova

Rural Resilience Project

Supervision Report

Appendix 1: Financial: actual financial performance; by financier by component and disbursements by category

Mission Dates: 9-29 September 2018

Document Date: 19/12/2018

Project No. 2000001156

Report No. 4917-MD

Near East, North Africa and Europe Division
Programme Management Department

Appendix 1: Financial: Actual financial performance by financier; by component and disbursements

Table 1A: Financial performance by financier, as at 10/09/2018

Financier	Approved (USD '000)	Disbursed (USD '000)	% Disbursed
IFAD loan	18,200	0.0	0%
IFAD grant	500	0.0	0%
ASAP Grant	5,000	9.2	0%
Government	2,946	4.4	0%
Beneficiaries	9,519	2.4	0%
PFI	2,570	0.0	0%
Total	38,735	16.0	0%

Table 1B: Financial performance by financier by component (USD '000), as at 10/09/2018

Programme components	IFAD Loan			IFAD Grant			ASAP Grant			Beneficiaries			GoM			PFI			TOTAL costs, '000 USD		
	Appr	Actual	%	Appr	Actual	%	Appr	Actual	%	Appr	Actual	%	Appr	Actual	%	Appr	Actual	%	Appr	Actual	%
Component 1: Improve smallholder and agribusiness adaptive capacity	4,468		0%	-		0%	4,702	2.4	0%	2,495	2.4	0%	1,931	1	0%				13,596	5	0%
Component 2: Agribusiness development support	12,746		0%	343		0%	50		0%	7,024		0%	327		0%	2,570			23,060	-	0%
Component 3: Project Management	986		0%	157.0		0%	248	6.8	3%	-		0%	688	3.9	1%				2,079	11	1%
TOTAL	18,200	0	0%	500	0	0%	5,000	9	0%	9,519	2	0%	2,946	4	0%	2,570	0	0%	38,735	16	0%

Table 1C: IFAD loan disbursements (USD, as at 10/09/2018)

Category	Allocated	Disbursement	%	Available balance
CONSULTANCIES	695,000		0%	695,000
CREDIT AND GUARANTEE FUNDS	10,445,000		0%	10,445,000
EQUIPMENT AND MATERIALS GOODS AND SERVICES	45,000		0%	45,000
GRANTS	225,000		0%	225,000
WORKSHOPS AND TRAININGS	340,000		0%	340,000
WORKS	3,875,000		0%	3,875,000
SALARIES AND ALLOWANCES	570,000			570,000
OPERATING COSTS	185,000			185,000
AUTHORISED ALLOCATION		1,500,000	0%	-1500000
UNALLOCATED	1,820,000		0%	1,820,000
Total	18,200,000	1,500,000	8%	16,700,000

Table 1D: IFAD grant disbursements (USD, as at 10/09/2018)

Category	Allocated	Disbursement	%	Available balance
CONSULTANCIES	250,000		0%	250,000
OPERATING COSTS	20,000		0%	20,000
WORKSHOPS AND TRAININGS	180,000		0%	180,000
AUTHORISED ALLOCATION		50,000	0%	-50,000
UNALLOCATED	50,000			50,000
Total	500,000	50,000	10%	450,000

Table 1E: ASAP grant disbursements (USD, as at 10/09/2018)

Category	Allocated	Disbursement	%	Available balance
WORKS	465,000		0%	465,000
CONSULTANCIES	1,035,000		0%	1,035,000
EQUIPMENT AND MATERIALS GOODS AND SERVICES	25,000		0%	25,000
GRANTS	2,810,000		0%	2,810,000
OPERATING COSTS	45,000		0%	45,000
SALARIES AND ALLOWANCES	60,000		0%	60,000
WORKSHOPS AND TRAININGS	60,000			60,000
AUTHORISED ALLOCATION	0	500,000	0%	-500000
UNALLOCATED	500,000		0%	500,000
Total	5,000,000	500,000	10%	4,500,000

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Supervision Report

Appendix 2: Physical progress measured against AWP&B

Mission Dates: 9-29 September 2018
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Programme Management Department

No activities on the ground yet have been implemented.

Appendix 2: Physical progress measured against AWP&B

		Period: [Insert date: dd-m-yy] to [Insert date: dd-m-yy]						
Component/Outcome	Indicator	Unit	AWP&B	Actual	%	Cumulative Actual	Appraisal Target	%
Sub-component or Output								
Component 1 /Outcome								
Sub-component / Output								
Sub-component / Output								
Sub-component / Output								
Component 2 / Outcome								
Component 3 / Outcome								
Component 4 / Outcome								

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Supervision Report

Appendix 3: Compliance with legal covenants: status of implementation

Mission Dates: 9-29 September 2018
Document Date: 19/12/2018
Project No. 2000001156
Report No. 4917-MD

Near East, North Africa and Europe Division
Programme Management Department

Appendix 3: Compliance with legal covenants: Status of implementation

	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section B.6(a)	Opening of Loan and Grant Special Accounts	Immediately after entry into force.	Complied with.	All three special accounts are opened and operational.
Section B. 6 (b)	Opening of Loan and Grant Project Accounts	Immediately after entry into force.	Partially complied with	Treasury assigned a code for pool project account instead of a separate code for each financing source. This is not convenient for CPIU for accounting record keeping. The recommendation made by the MTR mission for IRECR for MoF to open separate accounts for each funding sources is also relevant for RRP and is recommended by this mission.
Section B 7	The Borrower/Recipient shall provide counterpart funds in accordance with AWPB	Continuous	Complied with	The government has introduced new regulations that eliminated VAT on some agricultural equipment and machinery. As a result, actual government contribution will differ from the amount in the Financing Agreement.
Schedule 1.II.6.5	The CPIU-IFAD will prepare a draft AWPB for each Project year and submit to the fund before 60 days before the commencement of the financial year.	Continuous	Complied with	Slightly delayed, 2018 AWPB was sent on November 30, 2017
Schedule 1.II.8	The CPIU to prepare a draft PIM.		Partially complied with	The PIM for different components of the project are prepared and cleared by IFAD. However, consolidated version of the PIM has not yet been prepared and approved and the Rural Finance Component part is still being discussed. The CPIU will prepare the final consolidated PIM for Steering Committee approval by the end of October 2018.
Section 7.05	Procurement of goods, civil works and services will be done in accordance with IFAD Procurement Guidelines.	Continuous	Complied with	

	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
Section 8.03 (a)	Periodic Progress Reports shall be sent by the Lead Project Agency periodically	Continuous	Complied with	First progress report will be prepared for 2018
Section 8.03 (b)	A Mid Term Review shall be jointly carried out by the Lead Project Agency and the Fund		Not applicable yet	Midterm will be undertaken in the middle of project implementation, around 2020-2021
GC – Article VIII-Section 9.02.	Annual Financial Statements should be sent to the fund within four months from the end of the financial Year		Not applicable yet	First Annual Project Financial Statements will be prepared for 2018.
GC – Article VIII-Section 9.03(a)	The borrower shall get its accounts audited for each fiscal year		Not applicable yet	The first audit of the RRP will be undertaken for 18 months ending 31/12/2019.
GC – Article VIII-Section 9.03(a) and paragraph 23 of the LTB	The auditors for a fiscal year will be appointed within 120 days from the beginning of each financial year.		Not applicable yet	As above
GC – Article VIII-Section 9.03(b)	The Audit Report for a fiscal year shall be submitted within six months from the close of the financial year		Not applicable yet	As above
Section E 2 a)	the specific study to assess the feasibility for and potential of a Credit Guarantee Company (CGC) is completed and shows a clear and appropriate pathway for the credit guarantee scheme.	Condition precedent to withdrawal under the part of the Category II "Credit, Guarantee Funds" related to the Credit Guarantee Mechanisms	Not applicable yet	The MOA with the support of the EU delegation conducted joint assessment of the Credit Guarantee market environment in the country. The results will be used to create a special fund. The special fund has not yet been created and funds have not yet been withdrawn under Category II "Credit, Guarantee Funds".

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Rural Resilience Project

Supervision Report

Appendix 5: Mission preparation and planning, TORs, schedules, people met

Mission Dates: 9-29 September 2018
Document Date: 19/12/2018
Project No. 2000001156
Report No. 4917-MD

Near East, North Africa and Europe Division
Programme Management Department

Terms of Reference for Consultants and other persons hired by IFAD to participate in missions under a non-staff contract

COUNTRY OF ASSIGNMENT/LOCATION: Moldova

MISSION NAME: Inclusive Rural Economic and Climate Resilience Programme (IRECR) and Rural Resilience Project (RRP) Supervision Mission

MISSION START AND END DATES: 9-29 September 2018


REPORT TO: Tarek Kotb, CPM, NEN/PMD

MISSION COMPOSITION:

Maliha Hussein, Team Leader and Rural Development Specialist
Shazreh Hussain, Targeting and Gender Specialist
Samvel Ghazaryan, Rural Infrastructure Specialist
Youssef Ibrahim, Environmental Specialist
Olga Tomilova, Rural Finance Specialist
Natalia Khaloshina, Finance Officer, FMD
Nathalie Gebrayel, Procurement Specialist
Vrej Jijyan, Country Programme Manager, NEN

BACKGROUND:

1. IRECRP is IFAD's sixth investment in Moldova with a total investment of about USD 46.3 million. A concessional IFAD loan of USD 16.1 million will be matched by a government contribution of around USD 3.5 million; Participating Financial Institutions will provide around USD 1.9 million; an approximately USD 7.5 million will be provided by the beneficiaries; the Credit-line Directorate will cost share with the amount of USD 7.52 million, and; a GEF Grant in the amount of USD 4.26 million and a DANIDA grant of USD 5 million will add up to the above investments.
2. The overall goal of the IRECRP is to enable the poor rural people to raise their incomes and strengthen their resilience. Moreover, the programme will launch the most ambitious attempt to date to deliver on IFAD's Moldova Country Opportunities and Strategies Programme, which proposed innovation around climate change, with a dedicated component aimed at promoting climate smart agriculture that will enhance adaptive capacity of especially small-scale farmers in locations that are increasingly susceptible to climate shocks. The IRECR programme's development objective consequently aims at increasing investments in the rural economy and strengthening climate adaptive capacity for the poorer sections of the society, leveraging the experiences of past interventions and introducing innovations where appropriate.
3. RRP is IFAD's seven investment in Moldova and is expected to benefit 17,658 households in rural areas. The project is planned for six years duration with a total budget of USD 38.73 million, of which IFAD's loan and grant, including ASAP grant, constitute of USD 23.7 million.
4. RRP will seek to improve the well-being of the rural population and contribute to poverty reduction. The development objective will be to strengthen resilience and improve economic opportunities for rural poor people. This will be achieved directly by upgrading the skills of the target

group, integrating them more profitably into value-chains, climate-proofing their practices and providing them with access to climate-resilient infrastructure and microfinance services.

MISSION OBJECTIVES AND OUTPUTS:

5. In accordance with the financing agreement, the CPIU, jointly with IFAD, will carry out supervision missions for IRECR and RRP activities. The mission will review projects' implementation progress, assess continued project relevance, effectiveness in achieving the objectives, effectiveness of the projects' targeting and gender mainstreaming strategy, efficiency in project implementation, impact on food security and incomes of the rural poor as well as on equitable benefits accruing to women.

6. Field visits will be undertaken by the team to selected areas of the projects, as per schedule to be prepared by the CPIU and the CPM/Programme Officer.

INDIVIDUAL RESPONSIBILITIES, EXPECTED OUTPUTS AND REQUIRED COMPLETION DATES

7. **Vrej Jijyan, Country Programme Manager**, will oversee the work of the mission members to ensure coherence and the development of concrete recommendations. He will lead the wrap-up with the Government of Moldova, including the negotiations for an agreement on the findings and recommendations towards improved and timely projects' implementation.

Maliha Hussein, Team Leader and Rural Development Specialist, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of IRECR/RRP, in particular she will:

- Review projects' physical and financial progress against the AWPBs and performance in implementing last mission recommendations;
- Review the support provided by the IFAD Steering Committee and the Ministry of Regional Development, Environment and Agriculture (MRDEA);
- Review the operations and performance of the IFAD CPIU;
- Review the performance of contracted implementing institutions and service providers;
- Review the CPIU's monitoring and impact assessment systems and progress reporting mechanisms;
- Conduct an overall assessment of the implementation progress/arrangement, lessons learnt and sustainability of the IRECR/RRP projects;
- Support and monitor the work of the mission members to ensure coherence in the findings of the IRECR/RRP Supervision Mission and the development of concrete recommendations as to the achievement of projects effectiveness and sustainability in the remaining period of the project implementation;
- Consolidate the team members contributions to reporting on the achievement and impact of projects activities;
- Lead the preparation of the aides-memoire on mission findings, and draft/compile the IRECR/RRP Supervision Reports, delineating the main findings and the needed adjustment to the project;
- **Mission dates: 9 – 29 September with additional 5 days for report writing.**

Youssef Ibrahim, Environmental Specialist will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of GEF funded activities under IRECR and ASAP funded activities under RRP. He will specifically:

- Assess the technical and financial progress of the GEF funded activities under IRECR and ASAP funded activities under RRP since the approval of the Grant Agreement, including alignment with GEF/ASAP policies and strategies, attainment and measurement of global environmental benefits and co-financing;
- Assess the progress made against the projects objectives concerning the GEF and ASAP funding, logical framework, Annual Work Plans and Budgets, Procurement Plans

and synthesizing lessons learned influencing other projects and for informing policy development processes;

- Review the actions taken to follow up on the agreements and recommendations of recent supervision, implementation support and follow-up missions;
- Review the appropriateness and effectiveness of the projects' targeting strategies in addressing poverty reduction and environmental degradation in the projects areas;
- Assess the appropriateness of the methodologies used for community participation during planning and implementation; assess communities' receptivity to the projects and their level of satisfaction, and assessing whether the defined interventions are appropriate to the needs of target communities;
- Evaluate the effectiveness of the M&E system in recording performance indicators, collecting and analysing data on projects progress;
- Identify operational issues and constraints facing project implementation and make specific recommendations to overcome them, as well as, adjustments to projects activities, the logframe and to the PIM if necessary;
- Assess the technical and implementation capacity of the PMU with respect to the activities planned, identifying capacity building needs for the remainder of the implementation period and propose needed adjustments;
- Review the financing agreement and subsidiary agreements for compliance and make appropriate recommendations if amendments and reallocation of funds are needed;
- Produce the following outputs: a brief contribution to the mission aides-memoires and supervision reports of IRECR/RRP in accordance with IFAD, ASAP and GEF requirements.
- **Mission dates: 9-22 September with additional 3 days for report writing.**

Shazreh Hussain, Targeting and Gender Specialist, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the targeting and gender mainstreaming approach for IRECR/RRP, in particular, she will:

- Conduct an assessment on poverty, gender and targeting for IFAD's ongoing two projects in Moldova, namely IRECR/RRP;
- Analyse the validity of the described projects target groups and socio-economic characteristics in relation to the following indicators: family size, farm size, land ownership distribution, income level and sources of income, unemployment level, incidence and causes of rural poverty, and means of addressing these constraints;
- Carry out an analysis of the role of women in rural communities and households dependent on rural activities in the projects area, and associated gender issues;
- Contribute to the write up of the aides-memoires and the supervision reports of IRECR/RRP, delineating the main findings and an action plan for the adjustment of the component, to the extent needed;
- Prepare a consolidated report including a section on lessons learnt on poverty, gender and targeting for the above mentioned projects in Moldova.
- **Mission dates: 9-22 September with additional 3 days for report writing.**

Samvel Ghazaryan, Rural Infrastructure Specialist, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the infrastructure related activities for IRECR and RRP. In particular he will:

- Review projects' physical and financial progress against the AWPBs;
- Review the support provided by the IFAD Steering Committee and the MRDEA;
- Review the operations and performance of the IFAD CPIU;
- Review the performance of contracted implementing institutions and service providers;
- Review the CPIU's monitoring and impact assessment systems and progress reporting mechanisms;

- Conduct a detailed assessment of the implementation progress of IRECR/RRP related to infrastructure rehabilitation and undertake spot-checks for related expenditures;
- Report on the lessons learnt/impact/sustainability in implementing small infrastructure rehabilitation activities under IRECR/RRP;
- Contributing to the write up of the aides-memoires and the Supervision Reports for IRECR/RRP, delineating the main findings and an action plan for the adjustment of the component, to the extent needed;
- **Mission dates: 9-22 September with additional 3 days for report writing.**

Olga Tomilova, Rural Finance Specialist, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of rural finance related activities of IRECR/RRP. In particular, she will:

- Review projects' physical and financial progress against the AWPBs;
- Review the support provided by the IFAD Steering Committee and the MRDEA;
- Review the operations and performance of the IFAD CPIU;
- Review the performance of contracted implementing institutions and service providers;
- Review the CPIU's monitoring and impact assessment systems and progress reporting mechanisms;
- Conduct a detailed assessment of the implementation progress of the IRECR/RRP related to rural finance activities;
- Report on the lessons learnt/impact/sustainability in implementing rural finance related activities under IRECR/RRP;
- Contribute to the write up of the aides-memoires and the supervision reports of IRECR/RRP, delineating the main findings and an action plan for the adjustment of the component, to the extent needed;
- **Mission dates: 14 days within the period of 9-29 September with additional 3 days for report writing.**

Natalya Khaloshina, Finance Officer, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the fiduciary aspects of IRECR/RRP projects. In particular, she will:

- Review projects' financial management, accounting system, and audit processes;
- Review projects' expenditure, IFAD loan disbursement, Grants and Government contribution;
- Review the status and utilisation of the Special Account and Projects Accounts and carry out a thorough review of expenditures;
- Assess the adequacy of the accounting system in use at the CPIU to reliably record all receipts and expenditures from all financing sources and attribute these to each financing source. This includes cash contributions from co-financiers, beneficiaries, borrower/counterpart and PFIs;
- Assess controls to ensure that funds disbursed to PFIs are subsequently disbursed to eligible sub-borrowers/grantees, and these transactions are reliably recorded in the projects financial management systems. Assess mechanisms to confirm that these funds are used for intended purposes by end-beneficiaries;
- Validate compliance of transactions projects subsidiary agreements (rural finance component);
- Assess adequacy of disbursement arrangements and authorized allocations after considering the approved AWPB;
- Complete a verification of a sample of Statements of expenditures;
- Confirm compliance with PIM on fiduciary aspects;
- Meet sample of local audit firms to assess state of the accounting and auditing profession. Pay courtesy meeting with country Supreme Audit Institution;

- Contribute to the write up of the aides-memoires and the Supervision Reports of IRECR/RRP in particular, inputs to the main body of the aides-memoire: on (a) financial management; (b) disbursement; (c) counterpart funds; and (d) external audit. In addition, contribute to the Supervision Report, including the section on lessons learnt on financial management, delineating the main findings and an action plan for any relevant adjustments;

Natalie Gebrayel, Procurement Specialist will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the Procurement aspects of the IRECR/RRP projects. In particular she will:

- Review Government compliance with the financing agreements;
- Review procurement plans and relevance to AWPBs;
- Review procurement actions and procedures applied to determine compliance with IFAD procurement guidelines;
- Provide technical assistance and capacity building for the relevant CPIU team on procurement best practices;
- Contribute to the write up of the aides-memoires and the Supervision Reports, in particular, inputs to the main body: (a) procurement, and; (b) financing covenants.
- **Mission dates: 9-22 September with additional 3 days for report writing.**

DELIVERABLES

- Two aides-memoires (IRECR and RRP) of the mission discussed and finalized, based on the wrap up meeting with the Government;
- Two supervision reports (IRECR and RRP) based on the inputs and reports of the mission members with relevant annexes including knowledge management (learning & innovation), targeting, scaling up and sustainability; and
- Two management letters (IRECR and RRP) summarising the key issues that need to be acted upon and monitored by the supervising authorities.

DOCUMENTATION

The following documentation will be made available to consultants prior to the assignment through DROPBOX:

PDR, 2017 MTR report, AWPB and PP, progress report, status of funds

MISSION SCHEDULE: 9-29 September 2018

Clearance by COM if TORs include communication activities (see section 4.7(iii)):

Name:**Signature**.....

Date:.....

Clearance by FMD if TORs include financial management responsibilities:

Name:**Signature**.....

Date:.....

IMPORTANT NOTE:

IFAD will accept only reports that have been properly formatted by using the template, which will be provided separately. The team leader is responsible for preparing the main report and annexes in the required format, and ensuring that the working papers submitted by the individual team members are consolidated in one single document and in the correct format. He will compile the full report, including his own contributions and those of all the mission members into one consistent final and complete Report and submit it to IFAD on or before the agreed deadline.

First week**IFAD VI Mission Program (09/09/18-29/09/18)**

Date	Time	Team	IFAD Mission Expert	Activity	Destination	Beneficiary/mobile number	Status	Responsible person from CPIU
Monday	09:00		All mission team	Meeting in the CPIU-IFAD office	CPIU-IFAD Office			
10/09/2018	10:00			PP presentation on IRECR project progres and Discussing the visit program and logistical arrangements	CPIU-IFAD Office			
	12:00			Lunch				
	13:00			Discussing the visit program and logistical arrangements	CPIU-IFAD Office			
Tuesday	08:00	Team 1 (General)		Departure from hotel				
11/09/2018	09:30			Visit Bajan Vasile (YE- rabbit farm)	Orhei/Malaiesti	Bajan Vasile 076725654	Confirmed	Anton Alexandru
	10:30			Visit YE Clever Group SRL (hazelnuts orchard)	Telenesti/ Brinzenii Noi	Novac Corina 079059570, 079400572 Viorel Sotul	Confirmed	Anton Alexandru
	12:00			Lunch				
				Visit YE Ecohoney Crin SRL (beekeeping)	Floresti/Domulgeni	Crucean Ion 60794940	Not Confirmed	Anton Alexandru
	08:00	Team 2 (Infrastructure)		Departure from hotel				
	10:00-11:00			Visit to infrastructure Ungheni Saghineni (construction of a white variant road)	Ungheni/Saghineni	Rascoala Gheorghe 69190095, Bujor Vitalie 23671236	Confirmed	Gronic Alexandru
	12:00-13:00			Lunch	Calarasi			
	13:30-14:30			Visit to infrastructure Vorniceni	Straseni/ Vorniceni	Tofan Vasile 60696853, Miron Ion 69163308	Confirmed	Gronic Alexandru
	14:30-15:30			Visit to infrastructure Lozova	Straseni/Lozova	Botnaru Lilian 69840008, Pletniov Vitalie 79999096	Confirmed	Gronic Alexandru
	08:00	Team 3 (GEF,ASAP)		Departure from hotel				
	10:30			Visit Hiliuteanu SRL (FFS)	Riscani/Hiliuti	69160588	Not Confirmed	Ababii Vitalie
	12:30			Visit Intitiator SRL (Grass Cover)	Glodeni/Cobani	069308712, 024972777	Confirmed	Ababii Vitalie
	13:30			Lunch				
	15:00			Visit Rautel-Agro SRL (Shelterbelts)	Falesti/Glinjeni	69454603	Confirmed	Ababii Vitalie
				Visit Spicul Plin SRL (CA Grant)	Falesti/Catranic	067265255;025975311	Confirmed	Ababii Vitalie
Wednesday	08:00	Team 1 (General)		Departure from hotel				
12/09/2018	09:00			Visit SCA Cucuruzeni Credit	Orhei /Cucuruzeni	Iatin Olga 235 66 237, 068847236	Confirmed	Burlacu Elena
	10:30			Visit YE Anghel Victor (orchards)	Rezina Cuizauca	Anghel Victor 69995979	Confirmed	Anton Alexandru
	12:00			Lunch				
	14:00			Visit Negura Oleg (SME -field crops)	Rezina /Saharna Noua	Negura Oleg 079595515	Confirmed	Anton Alexandru
	08:00	Team 2 (Infrastructure)		Departure from hotel				
	10:00-11:00			Visit to infrastructure on-going project Bilicenii Vechi (construction of a white variant road segment with a length of 1,8 km)	Singerei/Bilicenii Vechi	Guzun Ala 068464454	Confirmed	Gronic Alexandru
	12:00-13:00			Visit to infrastructure on-going project Sarata Veche (construction of agricultural market)	Falesti /Sarata Veche	Galiț Maria 06905957, 069341542	Confirmed	Gronic Alexandru
	13:00-14:00			Lunch	Falesti			

Date	Time	Team	IFAD Mission Expert	Activity	Destination	Beneficiary/mobile number	Status	Responsible person from CPIU
	16:20-17:20			Visit to infrastructure on-going project Hirtopul Mare (Civil works for construction of road with a length of 2,04 km)	Criuleni/Hirtopul Mare	Delimarschi Anatolie 069176283/Lincons 079447594	Confirmed	Gronic Alexandru
	18:00			Chisinau, Hotel	Chisinau, Hotel			
	08:00	Team 3 (GEF, ASAP)		Departure from hotel				
	10:30			Visit Agroglob SRL (Grass Cover)	Soroca/Dubna	069270260; 069137417 (dn.Mihai)	Confirmed	Ababii Vitalie
	12:30			Visit Golban Ilie (CA Grant)	Telenesti/Chistelnita	068333490, 067669388	Confirmed	Ababii Vitalie
	13:30			Lunch				
	15:00			Visit LPA Verejeni (Shelterbelts)	Telenesti/Verejeni	025867336, 069746224	Confirmed	Ababii Vitalie
	16:30			Visit Ecoslavis SRL (CA Grant)	Orhei /Cucuruzeni	060458166, 068031053	Confirmed	Ababii Vitalie
Thursday	08:00	Team 1 (General)		Departure from hotel				
13/09/2018	10:30			Visit SCA Cobani	Glodeni/Cobani	Lupusor Silvia 068320176, 024972534	Confirmed	Burlacu Elena
	12:00			Lunch				
	14:30			Visit Optimatcons SRL (YE Pallets production)	Telenesti/Coropceni	Vataman Cozma 069031001/02587563,	Confirmed	Anton Alexandru
	16:00			Visit Strajescu Costel (YE -livestock)	Orhei Pocsesti	Strajescu Costel 68179223	Not Confirmed	Anton Alexandru
	08:00	Team 2 (Infrastructure)		Departure from hotel				
	09:30-10:30			Visit to infrastructure on-going project Cazanesti (Civil works for Construction of the water supply network with a length of 7 km)	Telenesti/Cazanesti	Vasile Sirbu 069364578	Confirmed	Gronic Alexandru
	11:30 - 12:30			Visit to infrastructure Magdacesti (Civil works of compacted concrete road segment with a length of 0.86 km)	Criuleni/Magdacesti	24834236	Confirmed	Gronic Alexandru
	12:40 - 13 :40			Lunch				
	14:20-15:20			Visit to infrastructure on-going project Sireti (Civil works for construction of the bridge over the river and access to the bridge)	Straseni/Sireti	Rebeja Pavel 23761033 060058666	Confirmed	Gronic Alexandru
	16:20			Chisinau, Hotel	Chisinau, Hotel			
	08:00	Team 3 (GEF,ASAP)		Departure from hotel				
	09:00			Visit Fratii Vaipan SRL (ASAP Grant)	Causeni/Cainari	78003500	Confirmed	Vatamaniuc Marcela
	11:00			Visit Comisia de Stat p/u Testarea Soiurilor Noi de Plante (FFS)	Causeni/Grigorievca	60664641	Confirmed	Ababii Vitalie
	13:00			Lunch				
	14:00			Visit LPA Copceac (Shelterbelts/grass cover)	Stefan Voda/Copceac	079108308, 067615711	Confirmed	Ababii Vitalie
	16:30			Visit Bulat Ion (CA Grant)	Causeni/Tocuz	69400355	Confirmed	Ababii Vitalie
Friday	09:00			Meeting with Rural Finance Corporation		Marcel Tonu	Confirmed	Burlacu Elena
14/09/2018								
	13:00							
Saturday 15/09/18				Day off				
Sunday 19/09/18				Day off				

People met


List of People Met

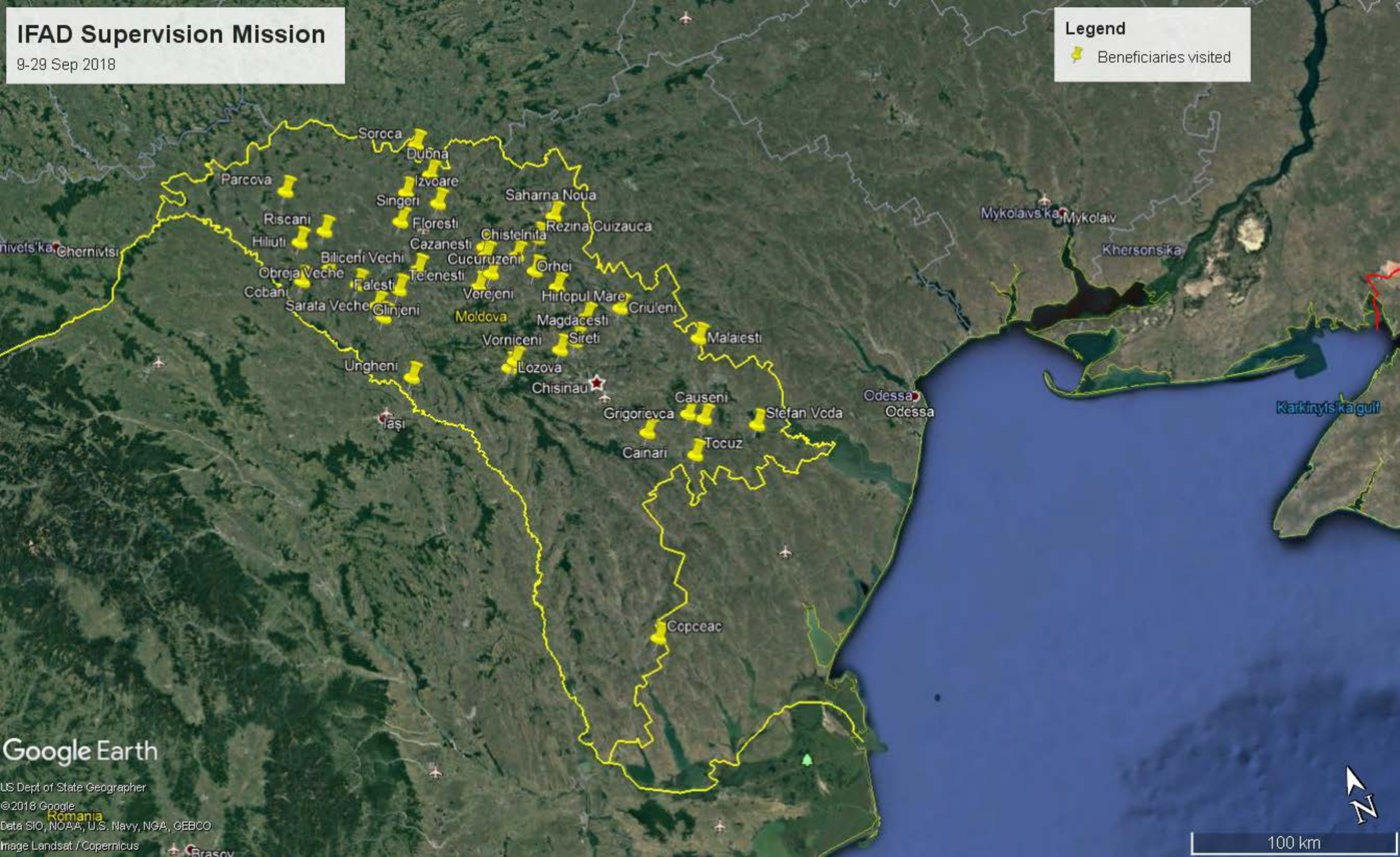
Name, Surname	Institution/Village	Position	Contact
All Staff	CPIU	Director and Component leads and administrative and management staff	
Mr. Alexandru Gronic	CPIU	Civil Engineer	068617930
Mr. Yevgeni Mogorian	Parcova, Edinet	Representative of beneficiary group from “Fagrofarm” legal entity.	068399886
Mr. Piter Bondarev	Parcova, Edinet	Representative of beneficiary group from “Fagrofarm” legal entity.	069133580
Mr. Andrey Rotaru	Parcova, Edinet	Representative of beneficiary group from “Fagrofarm” legal entity.	061187197
Mr. Victor Vieru	Parcova, Edinet	Representative of beneficiary group from “Parcovianka” legal entity.	069222936

IFAD Supervision Mission

9-29 Sep 2018

Legend

 Beneficiaries visited



Google Earth

US Dept of State Geographer
© 2018 Google
Romania
Data SIO, NOAA, U.S. Navy, NGA, GEBCO
Image Landsat / Copernicus

100 km

Republic of Moldova

Rural Resilience Project

Supervision Report

Appendix 6: Procurement

Mission Dates: 9-29 September 2018
Document Date: 19/12/2018
Project No. 2000001156
Report No. 4917-MD

Near East, North Africa and Europe Division
Programme Management Department

Appendix 6: Procurement

Consultant Name:	Nathalie Gebrayel – Procurement Specialist (Consultant)
Client:	IFAD
Division/Department:	Near East, North Africa and Europe Division
Location:	Republic of Moldova
Projects:	Inclusive Rural Economic and Climate Resilience Programme (IRECRP) Rural Resilience Project (RRP)
Type of Mission:	Supervision Mission
Dates:	09-29 September 2018

1. Introduction:

The following report summarizes the main findings, and recommendations of the Procurement Consultant following the completion of the Supervision Mission for The Inclusive Rural Economic and Climate Resilience Programme (IRECRP) and Rural Resilience Project (RRP), which took place during the period of 09-29 September 2018 in the Republic of Moldova.

2. Terms of Reference:

As part of the Supervision Team, the Consultant is responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the Procurement aspects of the IRECR/RRP projects. In particular she will:

- Review Government compliance with the financing agreements;
- Review procurement plans and relevance to AWPBs;
- Review procurement actions and procedures applied to determine compliance with IFAD procurement guidelines;
- Provide technical assistance and capacity building for the relevant Consolidated Programme Implementation Unit (CPIU) team on procurement best practices;
- Contribute to the write up of the aides-memoires and the Supervision Reports, in particular, inputs to the main body: (a) procurement, and; (b) financing covenants.

3. Year Overview

Following the mission of 2017, the MTR recommended “that the capacity of the newly appointed Procurement Officer be strengthened through provision of direct mentoring support by IFAD”. Consequently, a Procurement Training was delivered by the Consultant to CPIU and particularly to the CPIU Procurement specialist based on the request of IFAD. In addition, the CPIU was provided with a detailed Procurement Manual including the detailed steps of all the Procurement methods in addition to Standard Bidding Documents tailored for the use of the Project. In parallel, the Consultant assisted the Project in finalizing Procurement Packages via desk review.

4. Procurement Recommendations of the 2017 IRECRP MTR Mission

The Review of the 2017 MTR Recommendations is summarized below:

MTR Recommendations	Findings following September 2018 mission
Capacity Building: The MTR recommends that the capacity of the newly appointed Procurement Officer be strengthened through provision of direct mentoring support by IFAD.	The Consultant delivered a training session during the week Dec 11-15, 2017 on Procurement Process Management for Works, Goods and Services. In parallel, the Consultant assisted the Project in finalizing Procurement Packages via desk review.
Prior Review Thresholds for Direct Contracting should be increased.	Done through the LTB amendment
Selection based on Consultant Qualification (CQS) method needs to be adopted where appropriate and amendments made to the LTB:	The Procurement Plan for 2018 envisaged the implementation of CQS packages during 2018. It was noted that the use of CQS has increased however, the Project is encourages to use it more where appropriate.
Procurement Plan Template which has been provided during the mission needs to be adopted:	Done.
Review and approve a template for Grant Agreements: IFAD's Procurement Specialist will review the templates for provision of grant agreements	It was agreed following the review done by the Consultant after the conclusion of 2017 MTR mission that the grant agreement template does not need any amendments at this stage. Amendments will be considered as needs arise on a case by case basis
PIM Revision: The procurement section of the PIM to be revised by IFAD's procurement Specialist and needs to be approved and implemented:	A new Procurement Implementation Manual was developed including more guidance in Procurement Management steps. The PIM was delivered to the CPIU in parallel with training session in December 2017. IFAD approved the new PIM and it is currently being used by the Project.

5. Tasks Performed by the Consultant during September 2018 mission and Findings

As part of the Mission, The Consultant performed the following tasks:

- (a) Thorough review of the updated Procurement Plans and comparison with the Procurement Plans approved by IFAD in January 2018 as part of the AWPB.
- (b) Random review of Procurement files for Contracts signed under the IRECRP. Summary of the files review is attached in Annex II.
- (c) Review of one Procurement file (not completed yet) under RRP. Summary of the review is attached in Annex IV.
- (d) Review of the Procurement procedures implemented by the CPIU in light of the Procurement training delivered to the Project staff by the Consultant in December 2018.

- (e) Site visits to the following Projects:
- Construction of road with Length of 2.04 km in Hirtopul Mare - Proc ref (G3.1).
 - Construction of a white variant road segment with a length of 1.8 km in Belicenii Vechi - Proc ref (G3.2).
 - Construction of an agricultural market in Saraa Veche - Proc ref (G3.3).
- (f) Contribution to the write up of the Aides-Memoires of the two projects. Summary of the Procurement Review for the IRECRP and RRP are attached in Annex I and III respectively.

6. Recommendations

The Recommendations for the two projects are as follows:

Actions	Responsibility	Deadline	Status
Recruitment of an additional Procurement staff at the level of the CPIU Additional Staff shall be recruited as part of the CPIU to assist the Procurement Specialist in the tasks related to Procurement management.	CPIU Director	Nov/2018	[agreed]
IFAD Clearance for the Procurement Plan Any additions to the Procurement Plan needs the clearance of IFAD	CPIU	Sep/2018	[agreed]
Proper update of the Procurement packages timeline The Procurement Plan needs to be regularly updated in order to reflect the revised timeline of each activity. The Plan should not show outdated dates for tasks that are not implemented yet	Procurement Specialist	Sep/2018	[agreed]
Respect of the Prior \ Post review Requirements IFAD's No objection must be sought for every Prior Review Contract in accordance with IFAD's Procurement Guidelines.	Procurement Specialist	Sep/2018	[agreed]
Use of the CQS method for the selection of Consultants The Project is encouraged to use the Selection-Based on Consultant's Qualifications (CQS) in the selection of Individual Consultants	CPIU	Sep/2018	[Proposed]
Proper Packaging of the consulting activities The Consulting activities, especially the ones related to training, need to be packaged in such a way to attract the interest of relevant firms	CPIU	Sep/2018	[agreed]

Actions	Responsibility	Deadline	Status
Management of the Works Procurement Activities The compilation and issuance of the Procurement bidding document related to Works is to be done by the Procurement staff who should be responsible for the Contract administration of the resulting contracts. The Technical volume of the Works bidding document must include (i) the Bills of Quantities, (ii) Drawings and (iii) Technical Specifications.	CPIU	Sep/2018	[agreed]
Proper review of the Performance Security Any Performance security received with signed contracts need to be diligently reviewed by the Procurement specialist before its acceptance or before the execution of any payment under the Contract. Any Performance security already received and which is not in compliance with the Contract need to be replaced. Meanwhile no payments can be done under the Contract.	CPIU	Sep/2018	[agreed]
Proper setting of the Contract date The CPIU Procurement Specialist needs to make sure that the Contract date reflects the date of signature which shall fall after the date of award	CPIU	Sep/2018	[agreed]
Periodic technical assistance for Procurement IFAD shall ensure periodic technical assistance for the Procurement staff in CPIU	IFAD	Dec/2018	[agreed]

List of annexes

Annex I: IRECRP – Summary of Procurement Review

Annex II: IRECRP -Review of Files

Annex III: RRP – Summary of Procurement Review

Annex IV: RRP -Review of Files

Annex I – IRECRP – Summary of Procurement Review

Procurement Review

Procurement

Rating: 4

Justification of rating

The Project Procurement is rated ***Moderately Satisfactory*** for the following reasons:

- Moderate difficulties experienced in procurement and in the submission of the procurement plan.
- Procurement sometimes not in compliance with approved plan;
- Documentation and decisions of satisfactory quality and,
- Application of procurement procedures is in general transparent.

Procurement Review

Procurement Progress: The Procurement Progress was assessed based on the Procurement Plan for 2018 cleared by IFAD and the corresponding Contract Register prepared by the Project. In total, 97 procurement packages were planned for year 2018 with a total of US\$ 2,733,900. The contract register shows a total value estimated to be around US\$ 914,641.74 covering 59 signed contracts (considering the following exchange rates: USD 1 = MDL16.7 and USD 1 = Euro 0.86) representing 32.9% of the planned values. These figures exclude the fees allocated to the staff of the Consolidated Program Implementation Unit. The low rate of contracted packages will definitely result in implementation delays. Consequently, extra efforts should be ensured in order to meet the targets set in the Project Procurement Plan which shall necessitate the review of the current project Procurement staffing.

Procurement Management and Staffing: The current Procurement staff consists only of one Procurement Specialist who was recruited in 2017.

Procurement Plan: A revision of the current Procurement Plan revealed that the plan:

- (a) Some packages were added without the clearance of IFAD
- (b) The timeline of activities that are not contracted yet needs to be revised in order to show the expected date of Contract signature for each package. The “Revised” row is not being updated by the Project.

Procurement Processes, documentation and record keeping: Following the review of the Procurement files and the post review done the following was revealed:

- (c) Procurement often in compliance with IFAD Procurement Guidelines. An exception was noted in one of the reviewed file Post finance training of YEs (Proc ref : C.2.4.1) which was procured without getting IFAD’s No Objection as requested.
- (d) The selection of Individual Consultants is mainly done using the Least Cost Selection method (LCS).

- (e) Difficulties are observed in the selection of Consulting Firms which are mainly due to the limited number of firms, small contract's scope and high offer's prices
- (f) Difficulties are recently being observed in the Procurement of Works. Qualified bidders are not available for the time being due to their involvement of infrastructure works managed by the Government. This has affected 20% of the Works Procurement packages so far.
- (g) The Procurement Specialist is not being involved in the compilation and finalization of the Works bidding documents. Drawings are missing from the issued bidding documents.
- (h) Procurement Files are well organized and contain all the procurement related documents except for documents showing the exact amounts paid to date for each contract.

Contract register and contract management: and contractual issues: the review revealed the following

- (a) The Contract register prepared at the level of the PMU is in line with the Procurement Plan.
- (b) Performance Securities are not being diligently checked by the Procurement Specialist.
- (c) Some errors are being noted at the level of Contracts dates.

Annex II- IRECRP -Review of Files

The review of the files is summarized below:

Services Contract			
Title	Supervision of Works No. 1 in Sarata Veche, Falesti	Supervision of Works No. 3 in Hirtopul Mare	Post finance training of YEs
General			
Proc Ref	C3.1	C3.3	C.2.4.1
Consultant	Ion Guzun (IC)	Andrei Rusnac (IC)	AO ACSA (Firm)
Value of Contract	14,499.98 MDL	68,663.06MDL	6828 US\$
Prior \ Post	Post	Post	Post although it should have been Prior in accordance with the cleared proc plan
Procurement method	LCS	LCS	QCBS
Shortlist			
IFAD NO on REOI	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
IFAD NO on TORs	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
Newspapers	5	5	4
Date of Publication	April 26, 2018	April 26, 2018	February 8, 2018
Original deadline	May 23, 2018	May 17, 2018	February 22, 2018
First extension	June 6, 2018	May 29, 2018	March 2, 2018
Second extension	June 13, 2018	June 12, 2018	N/A e-mails were sent to a list of firms in the country from the internet
Reason of extension	No interested IC	No interested IC	Not enough EOIs
Number of EOIs received	1	1	4
Shortlist report date	June 16, 2018	June 15, 2018	March 5, 2018
Number of Shortlisted firms	1	1	3
IFAD NO on Short list	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
RFP			
IFAD NO	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.

Services Contract			
Title	Supervision of Works No. 1 in Sarata Veche, Falesti	Supervision of Works No. 3 in Hirtopul Mare	Post finance training of YEs
Date of Issuance	June 18, 2018	June 18, 2018	March 7, 2018
Deadline for submission of offers	July 16, 2017	July 16, 2018	April 4, 2018
Number of offers received	1	1	3
Evaluation Report			
Date of opening of Technical Envelops	July 16, 2018	July 16, 2017	April 4, 2018
Date of technical Eval Report	July 16, 2018	July 16, 2017	April 18, 2018
Date sent to IFAD	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
IFAD NO on Technical Report	N/A	N/S	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
Opening of Financial Envelops	July 18, 2018	July 17, 2017	April 24, 2018
Combined Technical and Financial report	July 18, 2018	July 17, 2017	April 25, 2018
Date sent to IFAD	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
IFAD NO on combined Report	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
Date of Award	July 21, 2018	July 18, 2018	May 4, 2018
Date of Negotiation	N/A	N/A	May 7, 2018. During negotiation, the requirement of having the training material in Russian was waived although it is a requirement in the TORs
Contract sent to IFAD	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.
IFAD NO	N/A	N/A	Not sought although the cleared Proc Plan shows this package as a Prior Review one and therefore IFAD's NO should have been sought.

Services Contract			
Title	Supervision of Works No. 1 in Sarata Veche, Falesti	Supervision of Works No. 3 in Hirtopul Mare	Post finance training of YEs
Contract signature date	August 9, 2018	July 18, 2018	May 8, 2018
Contract original completion date	December 30, 2019	December 12, 2018	June 22, 2018 (completed time
Amount disbursed	0	0	6828 US\$
Remark		Contract needs to be extended until the end of maintenance period	This was conducted as a Post review Contract although the Proc Plan indicates Prior review

Goods Contract					
Title	Translation Services	Ads publishing services	contract for office suppliers	Transport services for CPIU staff	Video spot Success stories DANIDA
Proc Ref	G4.12.7	G 4.12.3	G 4.8	G1.3.2	G2.9
Supplier	Lingvistica SRL	Revista Economica Logos Press	SRL Birolux MT	SRL DVD Trans	SRL Jevise
Value of Contract	70,000 MDL	50,000 MDL	30,000 MDL	13,500	68,000 MDL
IFAD NO	Is not needed (Post review) however the Project requested IFAD NO to do this procurement on February 20, 2017	IFAD NO was given on January 17, 2018 for the use of the DC	IFAD NO was given on January 15, 2018 for the use of the DC. It is not recommended to use a DC for such supplies.	IFAD NO was given on April 19, 2018 for the use of the DC.	N/A
Procurement method	National Shopping	DC	DC	DC	National shopping
Review	Post	Prior	Prior	Post	Post
Newspapers	N/A	N/A	N/A	N/A	N/A
Date of Publication	Issued on February 20, 2018	January 19, 2018	February 19, 2018	April 17, 2018	May 04, 2018
Original deadline	March 6, 2018 at 15:00	N/A	N/A	April 18, 2018	May 18, 2018
First extension	N/A	N/A	N/A	N/A	N/A
Second extension	N/A	N/A	N/A	N/A	N/A
Reason of extension	N/A	N/A	N/A	N/A	N/A
Bids retrieved	15	1	1	1	13
Number of Bidders	6 + 1 after the deadline	1	1	1	3
Bid opening	March 6, 2018 at 15:00	Jan 23, 2018	February 19, 2018	April 18, 2018	April 18, 2018
Remarks on Award	The evaluation formula is not detailed and does not fit the scope.	The ceiling of the Contract was not mentioned in any document other than contract	The ceiling of the Contract was not mentioned in any document other than contract	The ceiling of the Contract was not mentioned in any document other than contract	Awarded to the lowest
Date of Eval report	March 6, 2018	N/A	N/A	N/A	May 21, 2018
Evaluation report sent to IFAD	N/A	N/A	N/A	N/A	May 25, 2018 (although not needed) IFAD gave the NO on May 30, 2018
IFAD NO on Contract	N/A	The Contract was not sent to IFAD for No Objection	The Contract was not sent to IFAD for No Objection	N/A	N/A
Letter of Award	March 13, 2018	February 6, 2018	February 26, 2018	April 19, 2018	May 30, 2018

Goods Contract					
Title	Translation Services	Ads publishing services	contract for office suppliers	Transport services for CPIU staff	Video spot Success stories DANIDA
Contract signature date	March 13, 2018	January 23, 2018 (wrong date. The contract was sent to the Supplier on February 6, 2018). Needs to be corrected	February 1, 2018 (wrong date. The contract was sent to the Supplier on February 26, 2018). Needs to be corrected. The Contract does not include the price schedule.	April 20, 2018	May 30, 2018
Expected date of completion of Contract	December 31, 2018	December 31, 2018	February 1, 2019	May 15, 2018	June 28, 2018
Performance security value	N/A	N/A	N/A	N/A	N/A
Performance security expiry date	N/A	N/A	N/A	N/A	N/A
Paid as of today	11,467.26 MDL	23,796.6 MDL	21,716.47	13,500 MDL	68,000 MDL

Works Contract			
Title	Construction of concrete road with a length of 2.04 km	White variant road segment with a length of 1.8 km	Construction of Agricultural Market
Proc Ref	G3.1	G3.2	G3.3
Contractor	Lincons SRL, MD	Dortehtrans SRL. MD	Danlevita SRL
Value of Contract	6,866, 305.74 MD approximately US\$ 409,598.58	1,868,944.07 approximately 111,912.9 US\$	724,999 MD approximately 43,413.11
IFAD NO	April 19, 2018	April 23, 2018	April 23, 2018
Procurement method	NCB	NCB	NCB
Newspapers	3 newspapers and 2 portals	3 newspapers and 2 portals	3 newspapers and 2 portals
Date of Publication	April 23, 2018	April 24, 2018	April 23, 2018
Original deadline	May 17, 2018	May 21, 2018 at 10:00 AM	May 23, 2018
First extension	May 29, 2018	N/A	June 6, 2018
Second extension	June 18, 2018 at 10:00	N/A	June 20, 2018 at 10:00
Reason of extension	no companies applied in the original period and extension	N/A	no companies applied in the original period and extension
Bids retrieved	4	6	5
Number of Bidders	2	5	1
Bid opening	June 18, 2018, 10:15	May 21, 2018 at 10:15 AM	June 20m 2018 at 10:15
Title	Construction of concrete road with a length of 2.04 km	White variant road segment with a length of 1.8 km	Construction of Agricultural Market
Remarks on Award	Award done to the lowest.	Other Bidders: SC Staci Group SRL : 1,682086.64 - Incomplete BOQ -Did not meet the requirement of volume of work in the last 3 years Danlevita SRL: 1,758,774.0 -Did not meet the requirement of being a prime work for similar works in value and complexity in last 3 years	To the only bidder
Date of eval report	June 22, 2018	June 6, 2018	July 16, 2018
Evaluation report sent to IFAD	June 25, 2018	June 11, 2018	July 19, 2018
IFAD NO on Contract	July 2, 2018	June 19, 2018	July 20, 2019
Letter of Award	July 3, 2018	June 23, 2018	July 26, 2018
Contract signature date	July 6, 2018	July 2, 2018	August 9, 2018
Expected date of completion of Works	October 15, 2019	November 9, 2018	30, 10, 2018
Performance security value	343,500	93447.2	36,250 MDL
Performance security expiry date	28 days from the certificate of	Nov 30, 2018 - Not acceptable. Should be 28	Nov 30, 2018 - Not acceptable.

Works Contract			
Title	Construction of concrete road with a length of 2.04 km	White variant road segment with a length of 1.8 km	Construction of Agricultural Market
	completion of work but not later than 20.11.2018	days from completion date as indicated in the form provided with the bidding document. No payment should be done before the substitution of the Performance Security with the corrected one.	Should be 28 days from completion date as indicated in the form provided with the bidding document. No payment should be done before the substitution of the Performance Security with the corrected one.
Paid as of September 4, 2018	2,073,181.42 MDL = 30.19%	0	0

Annex III – RRP – Summary of Procurement Review

Procurement	Rating:	4
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Justification of rating

Procurement is rated as ***Moderately Satisfactory***. Currently, the Resilience Rural Project (RRP) is still in its first year of implementation and no contracts were signed during this year. Consequently, the rating is based on the rating of IRECRP that is being implemented by the same unit (CPIU) where the decisions and documentation are generally of satisfactory quality and the application of procurement procedures is in general transparent with some difficulties at the level of the Procurement Plan.

Procurement Review

The Procurement Plan for 2018 was cleared by IFAD at the beginning of the year. The Plan has got 34 packages for Consultancies and 19 packages for Works and Goods. As of the date of this mission, only two Consultancy packages were launched; the first one is for the selection of an Individual Consultant and the second for the selection of a Firm but no contracts are signed yet and therefore no review of contracts register could be done. In light of the planned activities for RRP and the activities planned at the level of the on-going IRECRP, the Project is advised to hire additional staff to assist the Procurement Specialist in the Procurement Management activities

Annex IV- RRP -Review of Files

Title	Technical Assistance – Legal Service Provider
General	
Proc Ref	C3.2
Consultant	Not selected yet – IC
Value of Contract	The Contract is not signed yet
Prior \ Post	Post
Procurement method	CQS – It was changed from QCBS following IFAD NO Objection
Shortlist	
IFAD NO on REOI	N/A
IFAD NO on TORs	N/A
Newspapers	3 + e-mail to Lawyers Union
Date of Publication	May 22, 2018
Original deadline	June 5, 2018
First extension	June 15, 2018
Second extension	June 25, 2018
Reason of extension	No interested IC
Number of EOIs received	6
Shortlist report date	July 6, 2018
Number of Shortlisted IC	1
IFAD NO on Short list	N/A
RFP	
IFAD NO	N/A
Date of Issuance	July 13, 2018
Deadline for submission of offers	August 9, 2018
Number of offers received	1
Evaluation Report	
Date of opening of Technical Envelops	August 1, 2018
Date of combined technical and Financial Eval Report	August 1, 2018
Date sent to IFAD	N/A
Contract	Contract not signed yet
Remark	The project used the RFP designed for QCBS instead of using the simplified one designed for CQS-IC in the PIM