

## **Republic of Moldova**

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### **Rural Resilience Project**

### **Supervision Report**

### **Main report and appendices**

Mission Dates: November/ 2019

Document Date 28/01/2020

Project No. 2000001156

Report No. 5278-MD

Near East, North Africa and Europe Division  
Programme Management Department

## Abbreviations and Acronyms

<b>ABDS</b>	Agribusiness Development Support
<b>AIPA</b>	Agency of Interventions and Payments for Agriculture
<b>AOS</b>	Annual Outcome Survey
<b>APESM</b>	Association of Producers and Exporters of Grapes from Moldova
<b>ASAP</b>	
<b>AWPB</b>	Annual Work Plan & Budget
<b>BDS</b>	Business Development Services
<b>BDSP</b>	Business Development Service Provider
<b>BP</b>	Business Plan
<b>CA</b>	Conservation Agriculture
<b>CC</b>	Climate Change
<b>CCRIVC</b>	Climate Change Resilience and Inclusive Value Chains
<b>CCRS</b>	Climate Change Resilience Specialist
<b>CFD</b>	Contract Farming Development
<b>CGF</b>	Credit Guarantee Fund
<b>CLD</b>	Credit Line Directorate
<b>CPIU</b>	Consolidated Programme Implementation Unit
<b>CPM</b>	Country Programme Manager
<b>cu.m</b>	Cubic Meter
<b>CW</b>	Civil Works
<b>DANIDA</b>	Danish International Development Agency
<b>DFA</b>	Dairy Farmers Association
<b>FAO</b>	Food and Agriculture Organization
<b>FBS</b>	Fixed Budget Selection
<b>FFS</b>	Farmer Field School
<b>FI</b>	Financial Institution
<b>FSRDM</b>	Financial Services and Rural Development Manager
<b>GAP</b>	Gender Action Plan
<b>GEF</b>	Global Environment Facility
<b>GoM</b>	Government of Moldova
<b>Ha</b>	Hectare
<b>HH</b>	Household
<b>ICARDA</b>	<i>International Center for Agricultural Research in the Dry Areas</i>
<b>IFAD</b>	International Fund for Agricultural Development
<b>IPSC</b>	IFAD Programme Steering Committee
<b>IRFCD</b>	Inclusive Rural Finance and Capacity Development
<b>IRECR</b>	Inclusive Rural Economic and Climate Resilience
<b>IRRG</b>	Infrastructure for Rural Resilience and Growth
<b>ISM</b>	Implementation Support Mission
<b>LFA</b>	Lavender Farmer Association

<b>LPA</b>	Local Public Authorities
<b>MARDE</b>	Ministry of Agriculture, Regional Development and Environment
<b>MCGF</b>	Micro Credit Guarantee Fund
<b>ME</b>	Micro Entrepreneur
<b>M&amp;E</b>	Monitoring and Evaluation
<b>MFI</b>	Micro Finance Institution
<b>MoF</b>	Ministry of Finance
<b>MSMEs</b>	Micro Small and Medium Enterprises
<b>MTR</b>	Mid Term Review
<b>NBM</b>	National Bank of Moldova
<b>NCFM</b>	National Commission for Financial Markets
<b>NFF</b>	National Farmer Federation
<b>NFSGB</b>	National Federation of Sheep & Goat Breeders
<b>NTFP</b>	Non Timber Forest Products
<b>PIM</b>	Project Implementation Manual
<b>PDR</b>	Project Design Report
<b>PFI</b>	Participating Financial Institution
<b>PG</b>	Producer Group
<b>PY</b>	Programme Year
<b>RFC</b>	Rural Finance Corporation
<b>RFSADP</b>	Rural Financial Services and Agribusiness Development Programme
<b>RIMS</b>	Results and Impact Management System
<b>RRP</b>	Rural Resilience Project
<b>SC</b>	Sub-Component
<b>SCA</b>	Saving and Credit Association
<b>Sr CCRS</b>	Senior Climate Change Resilience Specialist
<b>SM</b>	Supervision Mission
<b>SME</b>	Small and Medium Enterprise
<b>SP</b>	Service Provider
<b>TA</b>	Technical Assistance
<b>ToR</b>	Terms of Reference
<b>ToT</b>	Training of Trainers
<b>UNDP</b>	United Nation Development Programme
<b>UNEP</b>	United Nations Environment Programme
<b>USD</b>	United States Dollar
<b>VC</b>	Value Chain
<b>VCDS</b>	Value Chain Development Specialist
<b>WB</b>	World Bank
<b>YE</b>	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:	29/11/2019
Entry into Force Date:	14/08/2017	Number of SIS Missions:	2
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

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

### Current Mission

Mission Dates:	November/ 2019
Days in the field:	7
Mission composition:	Mr Vrej Jijyan, (CPM), Ms Isabelle Lagailarde (Mission Leader and Rural Development Specialist); Ms Olga Tomilova (Rural Finance Specialist); Mr Samvel Ghazaryan (Rural Infrastructure Specialist), Ms Shazreh Hussain (Targeting and Gender Specialist); Ms Mia Madsen M&E Specialist; Mr Jacopo Monzini (Environment Specialist); Ms Yana Samkharadze (Procurement Specialist), Ms Sengul James (Financial Management Specialist), Ms Paola di Stefano (Programme Assistant)
Field sites visited:	North, Central and South regions, 12 districts of Leova, Drochia, Cimislia, Cantemir, Hincesti, Sorooca, Rezina, Telenesti, Riscani, Criuleni, Straseni, Floresti

## 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

<b>Effectiveness and Developmental Focus</b>	<b>3</b>	<b>Project Management</b>	<b>4</b>
Effectiveness	3	Quality of Project Management	4
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	3	Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)	4

<b>Sustainability and Scaling-up</b>	<b>4</b>	<b>Financial Management and Execution</b>	<b>4</b>
Institutions and Policy Engagement	4	Acceptable Disbursement Rate	3
Partnership-building	4	Quality of Financial Management	5
Human and Social Capital and Empowerment	4	Quality and Timeliness of Audit	
Quality of Beneficiary Participation	5	Counterparts Funds	5
Responsiveness of Service Providers	4	Compliance with Loan Covenants	4
Environment and Natural Resource Management	4	Procurement	4
Exit Strategy	4		
Potential for Scaling-up	5		

<b>Relevance</b>	<b>5</b>
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## C. Mission Objectives and Key Conclusions

### Background and Main Objective of the Mission

RRP Supervision Mission (SM) was jointly conducted by a team from the International Fund for Agricultural Development (IFAD) and the Consolidated Project Implementation Unit (CPIU) for IFAD Projects between 11 and 29 November 2019.

The RRP is IFAD's seventh investment in Moldova and is expected to benefit 17,658 households in rural areas. The project is planned for six-year duration with a total budget of USD 38.72 million, of which IFAD's loan and grant constitute USD 18.70 million, ASAP<sup>[1]</sup> grant USD 5.00 million, beneficiaries USD 9.50 million, Government of Moldova (GoM) USD 2.95 million and Participating Financial Institutions (PFIs) USD 2.57 million.

The overall objective of the mission was to review project's implementation progress, assess continued project relevance, effectiveness in achieving the objectives, effectiveness of the project's 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.

The mission held detailed meetings with the CPIU staff, the Minister of Finance, the Ministers of Agriculture (both from previous and current Government), representatives of the Credit Line Directorate (CLD) and National Commission for Financial Markets (NCFM), as well as various service providers, participating financial institutions (PFIs) and value chain stakeholders. Field visits were organized in the North, Central and South regions to discuss with beneficiaries and local public authorities (LPAs) the progress achieved so far and get their feedback on identified challenges and investment needs along the different interventions proposed by the project. A pre-wrap-up workshop was organized on 21 November 2019 to discuss in details the mission's observations and proposed actions, which were then further finetuned in the following week.

This report reflects the mission's findings and recommendations, and documents the agreements reached during the wrap-up workshop held with CPIU on 28 November 2019. It will be followed by an IFAD management letter highlighting key mission findings and recommendations.

The mission wishes to extend its most sincere gratitude and appreciation for the courtesy, cooperation and hospitality extended by the CPIU staff, local authorities and beneficiaries visited.

<sup>[1]</sup> ASAP: Adaptation for Smallholder Agriculture Programme

### Key Mission Agreements and Conclusions

RRP is in its third year of implementation and records a cumulative budget execution of USD 5.49 million, or 14% of total allocation of USD 38.73 million, disaggregated as follows: USD 2.37 million on IFAD loan (13%), USD 0.01 million on IFAD grant (1%), USD 0.25 million on ASAP grant (5%), USD 1.90 million on beneficiaries (20%), USD 0.35 million on GoM (12%) and USD 0.62 million on PFIs (24%).

Slow implementation is observed in all sub-components (SCs) except 'Term finance for Micro Small and Medium Enterprises (MSMEs)' that has exceeded its targets so far, but only for Small and Medium Enterprises (SMEs) and Youth Entrepreneurs (YE) since the project has not yet been able to lend to Micro Entrepreneurs (MEs) due to ongoing changes in the Savings and Credit Associations (SCAs) sector.

Sound foundations have been laid though to deploy the project and build on lessons learned from the previous IRECR project, and the mission believes that the project has the capacity to make up for lost time. Particular attention should now be put on the implementation of ASAP-funded activities, that call for thorough revision of implementation modalities and advance planning of service provision.

The second critical area is the fact that the mission discovered that out of 13 financial institutions (FIs) selected as participating financial institutions (PFIs) to deliver term-finance to MSMEs, five were ineligible according to the criteria developed by the Ministry of Finance and incorporated into the Project Implementation Manual (PIM). The CPIU has signed so far 10 subsidiary loan agreements (SLAs), of which four were signed with ineligible FIs (Moldincombank, Victoria Bank, Rural Finance Corporation and MFI Moldcredit). The mission also found one disbursement of USD 13,900 has already been made to one ineligible FI – Moldincombank.

The mission would like to bring to the attention of Government Authorities that any disbursement to ineligible FIs will be considered as ineligible expenditure by IFAD. To address this issue, it was therefore agreed that:

1. The CPIU will suspend with immediate effect any disbursement to ineligible Financial Institutions, and
2. The CPIU will from December 2019 receive justification on the selection of PFIs showing clear compliance with PFI eligibility criteria. In case the criteria are not met, the CPIU will have the right to refuse signing SLAs with ineligible FIs.

The third point requiring particular attention is the need for the CPIU to remain adequately staffed to ensure timely

execution of the project's annual work plans and budgets (AWPBs). This is particularly important for ASAP-funded and infrastructure interventions, and for the overall procurement processes that need to be fast-tracked. It was thus further agreed that:

1. The CPIU internal working arrangements will be modified to ensure that the Senior Climate Change Resilience Specialist (Senior CCRS) reaches out to all other colleagues and enhances climate change mainstreaming across components,
2. The current Engineer position will be fixed-term, while the project will recruit an assistant Engineer (Consultant) to support ongoing IFAD projects,
3. Based on the satisfactory performance of the Procurement Consultant hired by the CPIU a few months ago to relieve the CPIU Procurement Specialist from the increased workload, the CPIU will retain this Procurement Consultant on a long term basis using the single source method.

## D. Overview and Project Progress

RRP project is now in its third year of implementation and has accumulated serious delays in almost all sub-components. The detailed progress per component is highlighted below, to be read in parallel with other observations noted in section E of this report.

### Component 1: Improve smallholder and agribusiness adaptive capacity

#### ***Sub-component 1.1: Climate-resilient water management and infrastructure development***

There has been little progress in the implementation of this sub-component, as no investment has been undertaken so far. However, given the fact that all the recommendations from the previous mission were taken into account and relevant measures undertaken to accelerate the implementation process, the mission's overall rating for the sub-component since the last mission is *moderately satisfactory*. Following the extension of deadline for application submission to be implemented in 2019, a total of 13 proposals were submitted to the CPIU. The feasibility study for the first batch of 7 proposals has been completed. Two proposals have been rejected: One for the reason of lack of water resources as confirmed by the hydrological survey; and the second for the reason of inadequate quality of water proposed to use for irrigation. The remaining five proposals recommended for implementation are currently at different stage of preparation for bids announcement for works implementation, including provision of design documents and payments of contributions. These include three irrigation schemes with total command area of 474 ha, one water harvesting pond (with a capacity of 100,000 cu.m) for irrigation of 287 ha, and a rural road with 1.0 km length. Anticipated bids announcement for two schemes is mid-December 2019, while for the next three schemes is end of January 2020.

Out of the remaining six schemes, five passed the pre-qualification phase and the bid for consultancy services for feasibility studies is at completion stage. One proposal for irrigation was rejected because the location of the intake structure was on a private land. Bid opening for the feasibility studies is on 22 November 2019 and the anticipated contract signing for services is mid-December 2019. The implementation of these schemes is estimated to start in August 2020.

Given the limited number of proposals it was agreed to proceed with another call for applications in January 2020.

#### ***Sub-component 1.2: Farmers adaptation through climate resilient investments***

Project's disbursement reached (31/10/2019) USD 218,281 or 24% of the total allocated budget (USD 909,000). Over 90% was disbursed on equipment. The main activity in SC 1.2. is currently blocked due to procurement issues that the CPIU is addressing. Overall rating of this sub-component is *moderately unsatisfactory*.

The CPIU disposes of the needed technical staff to ensure full execution of this ASAP-funded component and can count on the specialist currently implementing Global Environment Fund (GEF)-funded activities under IRECR project. Nonetheless, lessons learned from the GEF experience have not yet been transferred to the ASAP component and issues highlighted in the various supervision reports of IRECR are also valid for ASAP (e.g. studies, ecological restoration activities, equipment and others) with the same impacts on disbursement and overall achievements against agreed targets.

**Climate-resilient production systems/technologies for smallholder farmers.** The project is not learning from similar past experiences and concentrates on spending on equipment regardless of lessons learned from IRECR (e.g. ex ante assessment of equipment before the pre-qualification stage, land restoration grants). Granting schemes, although supported by an improved Project Implementation Manual, are still replicating the main bottlenecks identified during the execution of IRECR activities, which proved the little awareness / interest / accessibility of land restoration grants. Regardless, the project did not modify its approach and concentrated mostly on matching grants for equipment spending by and large on conservation agriculture machinery without enough technical assistance to farmers. In fact, the CPIU concentrates mostly on ensuring that applicants match eligibility criteria with little or no analysis or physical check to verify

the economic and agronomic feasibility of the investment. Physical check must be done on systematic basis during screening phase, i.e. before pre-qualification stage, to ensure that applicants fulfil technical criteria. For equipment for soil conservation, it implies visits by an agronomist to be hired by the project, on top of visits by other CPIU specialists (i.e. CCRS, VCS).

It is also noted that – regardless of the recommendation from the previous supervision mission (September 2018) – farming enterprises with up to 500 ha are still eligible for certain conservation agriculture equipment grants. The PIM must be amended to reflect maximum landholding limit of 25ha in all cases. Additionally, while the project has put in place a terrific communication machine for ASAP grants, yet there is solid disproportion between requests for CA equipment and the other options.

The CPIU pointed out some potential conflicts of interest in equipment supplies, and the project must ensure that suppliers of equipment/machinery do not connive with beneficiaries during the course of grant application to raise extra profit. Grant applicants must also be encouraged to look for equipment presenting the best Value for Money (VfM) and thus collect more than one quotation.

The mission also wishes to highlight that non-commodity crops (e.g. horticulture) are typically value chains that can involve smallholder farmers. It is thus recommended to increase the focus on horticulture farmers as potential grant beneficiaries. And last but not least, climate change resilience should be addressed in a holistic way, ensuring that RRP investments are not only climate proofed, but that they do not contribute to climate change. Whenever necessary, mitigation plans should be set in place, with external technical assistance.

**Ecological restoration interventions.** The project is still facing the same issues and problems highlighted in previous missions. Low disbursement is particularly evident within the ecological restoration interventions where disbursements and/or commitments are at about 0%. The climate and environmental unit of the CPIU is still working with a business as usual approach executing ASAP funded activities in a *quasi*-stand-alone manner. This reduces the overall scope of the ASAP cofinancing as well as the potential mainstreaming of climate change adaptation and mitigation approaches and practices across the project.

The mission also observes that the low interest from Municipalities on shelterbelts and grass cover (esp. for pasture) may be related to the requested 10% contribution, and is thus recommending to lift this condition. Concerning climate proofing of infrastructures, the project set the appropriate tools and procedures to ensure that climate change vulnerability and climate change adaptation measures are properly incorporated in the selection process as well as in the feasibility studies/design of investments (i.e. roads, ponds, irrigation schemes). Nonetheless, the criteria selected by the CPIU seem underestimating the relevance of climate change vulnerability ranking attributing to it, in the prioritization formula, a weight (10%) that appears too low.

**Pilot on-farm adaptation for women.** So far the project has reached 27 municipalities with awareness raising meetings involving 607 participants. However only 93 women have then been attending business development training sessions, out of which 12 have initiated their application process. The mission feels that the project's outreach can be improved/strengthened, especially for the most vulnerable rural women who are typically the target of this pilot. Other channels like farmers associations and development agencies should be mobilized with adequate budget to finance special website pages, direct letters to database members, etc. There is also potential to use other municipality/village channels (churches, markets, schools..).

Besides, the mission sees room for serious improvement in the contract with the service provider AO Mega, to ensure more frequent reporting and increased focus on the most vulnerable women, as well as sustained post-financing support. The mission notes that an adequate budget has actually been planned in RRP design, with two budget lines totaling USD 232,000. It is thus recommended to revise and amend the AO Mega contract and/or complement it with additional support from another SP in order to reach the women pilot targets both quantitatively and qualitatively.

## **Component 2: Agribusiness development support (ABDS)**

The overall performance of the component is **satisfactory**. CPIU implemented most of the previous mission recommendations, except those where the implementation was constrained due to objective factors (see details below). The component disbursed USD 1.33 million of the USD 1.55 million planned for 2019 (85%). There is good disbursement rate for SME and YE lending. At the same time, there was no progress on microlending and the implementation of the guarantee fund activities. Technical support activities were postponed, thus only 1.8% of the allocated funding was utilized.

### **Sub-component 2.1. Term finance for MSMEs**

The subcomponent disbursed 15 SME loans and 9 YE loans in 2019 (including 7 loans to women – 29%), for the total value of USD 2.3 million. The disbursements for the subcomponent exceeded the targets (177% versus planned).

**ME lending window.** No microloans were disbursed since the government still has not established eligibility criteria for direct lending to Savings and Credit Associations (SCA) – which is expected to happen by the end of 2019 via the introduction of amendments into the respective Government Decision. The project has started looking into providing ME



loans via banks, but the bank ME product has not yet been developed or approved. The mission recommends that CPIU should step up the development of the ME product for the banks and continue advocating for direct lending to SCAs.

**PFI selection.** The mission discovered that out of 13 financial institutions (FIs) selected as participating financial institutions (PFIs) for the component, 5 were ineligible according to the criteria developed by MoF and incorporated into the project PIM. CPIU signed 10 subsidiary loan agreements (SLAs), of which 4 were signed with the ineligible FIs (Moldinconbank, Victoria Bank, Rural Finance Corporation and MFI Moldcredit).

The mission found one disbursement of USD 13,900 made to one ineligible FI – Moldinconbank (see details in Appendix 4). All of the SLAs signed with ineligible FIs should be suspended, and ineligible FIs should be removed from the list of selected PFIs.

**PFI selection criteria.** According to the MoF decision, the selection criteria for PFIs are developed by MoF. While most of the criteria are acceptable to IFAD, the mission recommends revising the selection criteria to align them closer with those recommended by IFAD and used in the previous projects (see Appendix 4).

**CPIU role in PFI selection.** As the agency in charge of the project implementation, CPIU should be able to receive justification for the selection of PFIs showing clear compliance with the PFI eligibility criteria. In case these criteria are not met, CPIU should have the right to refuse signing SLAs with ineligible FIs.

**Adjustment of SCA sector capacity building plans.** The SCA sector is currently undergoing a major legislative and regulatory reform with the adoption of amendments to the SCA law in November 2018 (see Appendix 4). The SCA sector reform requires adjusting the SCA capacity development plan and moving some of the activities to 2020 when most of the reforms will have been completed. .

### ***Sub-component 2.2. Credit Guarantees for MSMEs***

The project has been exploring options to utilize funding for the MSME Credit Guarantee Fund (MCGF). As new legislation and regulations for credit guarantee facilities are currently being developed, it is recommended to expedite the process of the MCGF establishment.

### ***Sub-component 2.3. Technical support to MSMEs***

**Support to agribusiness.** The mission notes with satisfaction that a Value Chain Development Specialist (VCDS) has been finally hired by the CPIU in February 2019, with appropriate knowledge and experience to support RRP's support to agribusiness. Partnership contracts have been signed with 4 value chain associations: (i) Association of Producers and Exporters of Grapes from Moldova (APESM); (ii) Dairy Farmers Association (DFA); (iii) National Federation of Sheep & Goat Breeders (NFSGB); and (iv) Lavender Farmer Association (LFA). Within these associations, a total of 13 farmers groups (FGs) representing 768 members have been identified for further cooperation with RRP. The selection of these 4 value chains seems wise, filling the gaps observed in the country, and it is for instance particularly aligned with MARDE's National Program for the Development of the Sheep and Goat Sector in the period 2020-2026. It is however worth noting that only one out of these 13 FGs is formerly registered, while all others are still at an informal stage with membership ranging from 6 to 27 farmers.

The mission commends the project's approach to develop yearly action plans in a participatory way, with sources of financing coming from both IRECR and RRP, as well as contribution from the associations themselves and possibly other donors too. The action plans involve mostly training and study tours, both nationally and internationally. Feedback from representatives of these associations indicate that in view of their limited financial resources, their requested level of participation may be too high (33% on average). Of concern is also the capacity of these associations to have a sound administration system, that implies additional expenditures at least for accounting functions. The mission thus recommends to allow more flexibility in the way RRP is supporting these associations, including direct support to their initial administration costs when necessary to build their capacity to professionally represent farmers and thus gain more credibility and attract more members.

None of the 10 matching grants foreseen to support agribusiness have yet been disbursed; the project intends to target the FG members of the 4 associations supported, with a focus on processing activities. This approach makes sense as it is expected to efficiently complement the above-mentioned support to agribusiness.

As regards to the grants' implementation arrangements, the mission explored with CPIU the best ways to involve at the same time within the FG a "lead aggregator" as the main beneficiary of the grant and other member suppliers who would engage with the aggregator on a formal supply contract basis. The mission recommends to further discuss this arrangement with MARDE and supported VC associations, before finalizing the agribusiness grant manual.

In view of the substantial delays observed in most project interventions, this mission undertook to define with the CPIU an extensive list of agreed actions meant to fast-track project implementation and ensure adherence to key development objectives. These actions are summarized below:

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Internal working arrangements of ASAP-funded activities</b>  Modify the internal working arrangements to ensure that the Senior CCRS reaches out to all other colleagues and enhance climate change mainstreaming across components.	CPIU Director, CCRS and Senior CCRS,	12/2019
<b>Maximum landholding limit of 25ha</b>  Cancel exception made in PIM (para 1.8.6, allowing farmers up to 500ha for soil conservation equipment), and stick to maximum limit of 25ha (owned + leased) – amend PIM accordingly	CPIU Director, CCRS, IPSC	12/2019
<b>Eligibility of machinery suppliers</b>  Grant applicants to provide within their application package a self-declaration letter from machinery supplier certifying that the company has not been involved in any training or application support (paid services pre- or post-grant) in relation with the granted equipment	CPIU Director, CCRS	12/2019
<b>Requested quotations for ASAP grants</b>  Starting from 1 Jan 2020, all grant applicants must present 3 quotations to ensure they undertake proper market scoping – amend PIM accordingly	CPIU Director, CCRS	12/2019
<b>LPA cofinancing</b>  Remove LPAs cofinancing for both shelterbelts (10%) and grass cover grants (50%).	CPIU Director, CCRS	12/2019
<b>Land restoration options for infrastructure</b>  Include shelterbelts and other ASAP offered land restoration options in the feasibility studies and (if feasible) in the design process. Amend PIM accordingly and reflect changes in the AWPB 2020	CPIU Director, SCCRS, Communication Specialist, Engineer	12/2019
<b>Weight of Climate Change in infrastructure</b>  Increase the Climate Change percentage weight to 20%	CPIU Director, Senior CCRS, Engineer	12/2019
<b>Profiling women selected for the pilot</b>  Data on the criteria for vulnerability developed by the mission based on 4 indicators representing dimensions of social and economic exclusion is collected by the SP for social mobilization meetings, training, applications and grants awarded.	Profiling women selected for the pilot CCRS, M&E Specialist, Women mobilization SP December/ 2019 Agreed	12/2019

<b>Suspend SLAs with ineligible FIs</b>  IFAD to communicate to MoF and MARDE that all subsidiary loan agreements with ineligible FIs should be suspended. Ineligible FIs should be removed from the list of PFIs selected for the project.	IFAD	12/2019
<b>CPIU role in PFI selection</b>  CPIU to receive justification on the selection of PFIs showing clear compliance with PFI eligibility criteria. In case the criteria are not met, CPIU should have the right to refuse signing SLAs with ineligible FIs	CPIU Director, FSRDM, IPSC	12/2019
<b>Support to 4 VC Associations</b>  2020 Action Plans of VC Associations should be developed on a case-by-case basis taking into account their capacity to contribute. Activities should be realistically implementable. Strong focus should be put on strengthening administration capacity of each association.	VCDS	12/2019
<b>Thirty percent quota for women in Agribusiness grants</b>  Revise PIM to specify that 30% of agribusiness grants are for women	FSRDM, VCDS	12/2019
<b>Bids for Works Implementation</b>  All the bids for works implementation for 5 schemes passed the implementation stage announced.	CPIU Engineer, Procurement Specialist	01/2020
<b>Third batch Investment Proposals</b>  Call for the 3rd batch of proposals.	CPIU Engineer, Procurement Specialist	01/2020
<b>Amended contract of Women mobilization SP</b>  Women mobilization SP contract should be amended to: (i) include requirement of using other municipality channels to deepen outreach backed by evidence; (ii) report progress on a monthly basis; (iii) extend the campaign to additional villages in the selected Rayons in the two highest quantiles of poverty. Overall social mobilization data needs to be gender disaggregated, and channels used should be detailed.	CPIU Director CCRS, Procurement Specialist	01/2020

<b>TA for livestock environmental mitigation plans</b>  Using Consultant Qualification Selection Method (CQS), hire one livestock environmental mitigation specialist on a retainer contract to prepare mitigation plans for specific grant investments (example of dairy investments with manure management plan).	CPIU Director, CCRS, Procurement Specialist	02/2020
<b>Disproportion between CA equipment grants and the other options (14).</b>  Establish new communication protocols to ensure that potential beneficiaries of non-CA equipment are reached and mobilized. Reflect changes in the AWPB 2020	CPIU Director, SCCRS, Communication Specialist	02/2020
<b>Outreach through associations/development agencies</b>  Engage with associations/NGOs operating in the pilot area for them to actively inform their database about RRP grant facilities (post on website, letters to members, etc.). Ensure adequate financial support for this collaboration in AWPB 2020	CCRS, Sr CCRS	02/2020
<b>Climate Risk Assessment</b>  The CPIU would identify an operation basis to rank identified schemes on their potential for climate risk mitigation.	Engineer	03/2020
<b>Develop a clear Strategy and package of support for CA/OA.</b>  The CPIU should adopt a holistic view of conservation agriculture and provides support in production practices and equipment and training for CA/OA.	CRS	03/2020
<b>Landholding limit</b>  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	03/2020
<b>Eligibility Criteria</b>  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	03/2020
<b>Selection of investment proposals</b>  Feasibility Studies for the second batch of 5 schemes conducted and final list of eligible proposals approved.	CPIU/IPSC/IFAD	03/2020

<b>Works Implementation</b>  Works implementation for 5 schemes initiated by mid-March 2020 and completed.	Selection of investment proposals . CPIU/IPSC/IFAD March/ 2020 Agreed	03/2020
<b>Direct ME lending via banks and SCAs</b>  Continue to explore options for direct provision of microloans via commercial banks and SCAs. Develop ME product for banks	CPIU, Financial Services and Rural Development Manager (FSRDM)	03/2020
<b>Suspend disbursement to ineligible FIs</b>  All disbursements to ineligible FIs should be suspended. Any disbursement to ineligible FIs will be considered as ineligible expenditure by IFAD.	CPIU Director, FSRDM, IPSC	03/2020
<b>Revisit PFI eligibility criteria</b>  PFI eligibility criteria should be revisited to align closer with IFAD-recommended PFI selection criteria and those used in previous IFAD projects	Revisit PFI eligibility criteria PFI eligibility criteria should be revisited to align closer with IFAD-recommended PFI selection criteria and those used in previous IFAD projects CLD, CPIU Director, FSRDM, IPSC March/ 2020 Agreed	03/2020
<b>MSME Credit Guarantee Fund</b>  Expedite the process of establishment of the MCGF	CPIU, FSRDM	03/2020
<b>Working Group for Agribusiness Grants</b>  Create working group with CPIU, MARDE and VC Association to explore best arrangements for agribusiness grants, taking into consideration mission's recommendations. Finalize agribusiness grant manual and submit to IFAD for no objection	CPIU Director, FSRDM, VCDS, MARDE	03/2020
<b>Works Implementation</b>  Works Implementation for the 2nd batch of proposals are initiated.	CPIU Engineer	08/2020
<b>Climate change resilience</b>  Ensure that investments supported by RRP are not only climate proofed (infrastructures/value chains) but that they do not contribute to climate change	CPIU Director, All component leads	
<b>Adjust capacity building plans for SCAs and NCFM</b>  Continue adjusting SCA and NCFM capacity building plans based on the needs of the sector and in line with the legislative changes in the SCA sector	CPIU, FSRDM	

<b>Explore opportunities to support other VC associations</b>  CPIU to explore opportunities to support additional VC associations depending on available budget	VCDS	
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## E. Project implementation

### a. Development Effectiveness

Effectiveness and Developmental Focus		
Effectiveness	Rating: 3	Previous rating: 3

#### Justification of rating

Overall project start-up has been slow and disbursement is still low with only 14% of total project financing disbursed. During the first two years of project implementation, the CPIU has been mainly engaged in preparatory work to initiate implementation of the RRP including opening of bank accounts, staff recruitment, and preparation of the PIM. In the past 12 months, the project team implemented a number of awareness campaigns for activities related to infrastructure investment and CA grants (equipment, shelterbelts, grass cover, women pilot) and issued calls for grant applications. Implementation progress and disbursement is expected to pick up during 2020. At this stage it is too early to assess to what extent the project will achieve its project objective.

#### Log-Frame Analysis & Main Issues of Effectiveness

Only some of the outputs specified in the Log-Frame have been achieved. Overall, 85 households and 234 households members have benefitted from the RRP project up to date.

Main achievements under Component 1 up to date include the approval of 53 grant applications for equipment (8 for women) and four application for grass cover, out of which one has already been disbursed (woman). The project has received 4 grant applications for shelter belts, but none have been approved so far. The CPIU has not yet received any grant applications under the women pilot.

More has been achieved under Component 2, whereby 24 loans have been provided to 15 SMEs (5 women-led) and 9 YEs (2 women) for a value of USD 2.3 million (30% of appraisal target). No loans have been provided to micro-entrepreneurs due to ongoing changes in the SCA sector. A total of 10 youth entrepreneurs have been trained on income-generating activities or business management. Four value chain associations have been supported through dedicated action plans involving 13 Farmers Groups. No agribusiness grants have been disbursed so far.

At this stage of the project, it is too early to measure the impact that project activities have on the overall development objective of the RRP. The M&E team plans to conduct an annual outcome survey (AOS) as has been done under the IRECR project. It is expected that the first annual outcome survey of the RRP will be undertaken by the end of 2020, and the final report finalized and shared with IFAD in March 2021.

The mission noted two specific points that would require corrective action:

1. A potential of 2,523 ha of land has been brought under climate-resilient practices under Component 1, however it is not clear to the mission how the targets have been assessed, i.e. if the reported hectares have actually been brought under climate resilient practices or not. It is recommended that the CPIU designs a precise assessment protocol to assess the number of ha brought under climate resilient practices and shares it with IFAD. The project team needs to distinguish quantitative indicators (e.g. # of ha targeted) from qualitative (e.g. increased climate resilience) and report on these. Data collection could be collected through the annual outcome survey for RRP, but the data should be made available before the next supervision mission.
2. The mission also noted that the Log Frame has a problematic indicator named *Smallholder rural household members supported to cope with effects of climate change* and the CPIU staff is not clear on what beneficiaries to include there. The mission agreed to include smallholder (<25ha) grant beneficiaries under ASAP grant at the time being and determine what other beneficiary output data to include later, as well as set new targets at the MTR.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Land under climate resilient practices</b>  Design precise assessment protocol to assess the # of ha brought under climate resilient practices and share it with IFAD. Distinguish quantitative indicators (e.g. # of ha targeted) from qualitative (e.g. increased climate resilience) and report on these. Data collection could be collected through the annual outcome survey for RRP, but the data should be made available before the next supervision mission.	M&E Unit, Sr CCRS	03/2020
<b>Log Frame indicator</b>  Include smallholder (<25ha) grant beneficiaries under ASAP grant at the time being and determine what other beneficiary output data to include later, as well as sett new targets at the MTR.	M&E Specialist, Sr CCRS	03/2020

## Development Focus

### Targeting and Outreach

**Rating: 3**

**Previous rating: 3**

#### Justification of rating

In RRP, outreach remains highly limited. There is some progress in terms of measures taken for targeting intended beneficiaries but further strengthening is required. For infrastructure, climate vulnerability and poverty data has been incorporated for prioritizing infrastructure schemes. The pilot for women has been launched in climate and poverty vulnerable districts using criteria specified in the Project Design Report (PDR). In Component 2, the PIM targeting criteria are aligned to the PDR. Interventions implemented show a geographic spread. However, eligibility criteria for selection of smallholder farmers (up to 25 ha) need to be observed and higher level of effort invested in mobilizing them. The women's pilot still needs to be streamlined for effective implementation.

#### Main issues

In Component 1.1, climate-vulnerability and poverty data is being used to prioritize schemes. The mission is pleased to note that more than 80% of beneficiaries in the infrastructure schemes under process are smallholder farmers (landholdings below 25 ha), even though the eligibility criteria allows for farmers with up to 100 ha. The mission recommends, however, increasing the weight of climate vulnerability in the ranking scale from 10 % to 20 %. In Component 1.2, it had been agreed in the last mission (2018) that only smallholder farmers with landholding up to 25 ha are eligible for grants. However, 32 % of the 53 grants disbursed so far have been awarded to farmers with landholding greater than 25 ha. In the PIM, farmers with up to 500 ha are eligible to access grants. As earlier mentioned in Section D of this report, the mission requests the project to revise the PIM so only women and men farmers with up to 25 ha are eligible and to strictly adhere to this criteria.

In addition, Beneficiaries that have accessed IRECR grants are also sending applications for RRP grants. The PIM of RRP does not explicitly exclude such beneficiaries, therefore, the PIM will have to be revised to make it clear that a peasant farmer or an entity cannot apply for a RRP grant if he or she already received an grant under IRECR. The mission also recommends that the project focusses on targeting horticulture farmers with its interventions.

The CPIU has actively disseminated information about grants through multiple channels to potential beneficiaries. Thirteen service providers have been contracted for supporting smallholder farmers in applying for grants. The low utilization of these service providers raises questions about the degree to which smallholder farmers have been mobilized. The mission recommends that the CPIU activates existing networks and associations of small farmers for outreach and monitors the utilization of the service providers more closely by requiring monthly reports, including data on calls received. The mission also recommends amending SPs contracts to include monthly reports of farmers contacting them with details of their landholding, crops and proposed investments

The rayons selected for the women's pilot were lower in the priority list of rayons in the PDR but the CPIU selection has prioritized rayons which, in fact, have higher poverty ratings than those suggested by the PDR. As there is a strong focus in the PDR on supporting poor and vulnerable women, the mission recommends the service provider collects data on the following indicators so that the project can monitor the degree to which it is reaching its target group:

Woman-headed household<sup>[1]</sup>

Youth (up to and inclusive of 40)
No formal employment or employment at minimum wage
Not registered as peasant farmer

This data should be gathered from participants attending social mobilization meetings as well as those offered application, business registration support and business development support.

The mission commends CPIU for introducing forms to gather data on age and landholding to track targeting of youth and small-holder farmers on an on-going basis.

[1] A woman headed household is one in which the woman's income is the primary source of economic support (she can be a widow, divorced, never married or married with a husband can be dead or too ill to work, have a disability or have abandoned the home)

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Support for grant recipients of climate resilient agriculture</b> Contract in services for identification of grant recipients of climate resilient agriculture and provide them support in the application process.	CRS	01/2019
<b>Non eligibility to grants from 2 projects at the same time</b> A private farmer or company cannot apply for a RRP grant if he already received an IRECR grant – make it clear in updated PIM	CPIU Director	12/2019
<b>Recording overall outreach of project interventions</b> Amend SPs contracts to include monthly reports of farmers contacting them with details of their landholding, crops and proposed investments. Disaggregate payment modalities to remunerate active support of all applicants (e.g. 30%) and not only successful applications (70%)	CCRS, Sr CCRS, Procurement Specialist	01/2020
<b>Targeting Criteria for support to conservation agriculture</b> 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	03/2020
<b>Targeting Criteria for agribusiness grants</b> Ensure focus on smallholder producers and processors. At least 30% of the beneficiaries would be women.		

**Gender equality & women's participation**

**Rating: 4**

**Previous rating: 4**

#### Justification of rating

The PDR has a strong focus on the inclusion of women in project activities with a cross-cutting quota of 30 per cent across project activities. The CPIU has a track record of exceeding its gender targets, however, since RRP has higher targets for women's participation than previous projects, a Gender Action Plan (GAP) should be developed to support gender mainstreaming. The women's pilot has been launched but needs to be streamlined to reach its target and provide women with more effective support. The gender balance in staff at the CPIU continues to be excellent.

#### Main issues

In Component 1, the target for women's participation (30 %) is reflected in the PIM. Currently, women's share in the grants disbursed is only 15%. Measures will have to be adopted to increase this percentage. In Component 2, the



targeting requirements in the PIM are aligned to those in the PDR for rural finance but the 30% quota for women in grants is not explicitly mentioned. In the loans disbursed so far, women share is nearly 30%. The mission recommends that the draft ABDS grant PIM is revised to state this quota.

The mission acknowledges that the CPIU has invested considerable effort in launching the women's pilot. However, the design of the pilot for vulnerable women farmers needs to be reviewed to increase the level of support being provided. Meetings held in 27 villages have resulted in 607 people being contacted, 93 women having been trained and only 12 potential identified so far. The mission recognizes that, given the low numbers of applications in process after completion of the mobilization exercise in 27 villages, there is a need to expand the campaign to other villages. It is also recommended that, within the *primaria* / village, other potential channels (churches, markets, schools, etc.) should be explored by the service provider for deepening the outreach. The social mobilization service provider should be required to provide a monthly report on activities undertaken so any course correction required can take place. Field visits show that women need to be supported in identifying feasible business ideas before they apply to increase their chances of accessing grants. Without this support, women who are poorer and have less exposure are likely to be unsuccessful in qualifying for a grant. The budget for investing in higher level of support for women (total USD 232,000 in PDR for women pilot mobilization and capacity building) is available. ( See also Section D).

Given the 30% target for women's participation across the project, it is recommended that a Gender Action Plan should be developed with each component lead specifying steps that will be taken to facilitate women's access to opportunities under their component. In addition to the multiple channels CPIU uses to disseminate information, the mission recommends capitalizing on the social mobilization campaign for the women's pilot to spread information about all the other opportunities for women under RRP.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Comprehensive review of vulnerable women farmers' pilot.</b> <ul style="list-style-type: none"> <li>• This component is exclusively for poor women.</li> <li>• A grant size to individual women of up to USD 5000</li> <li>• Grant size of USD 8000 for groups of at least 5 women for agriculture cooperatives.</li> <li>• Individual and groups of women are eligible for grants for both production and processing activities.</li> <li>• Decrease number of women beneficiaries to 200</li> <li>• 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</li> <li>• Develop evaluation criteria for applications</li> <li>• Stipulate comprehensive social mobilization campaign for service provider.</li> </ul>	CRS	10/2018
<b>Gender Strategy and Gender Action Matrix</b> <ul style="list-style-type: none"> <li>• Develop Gender Strategy and Gender Action Matrix</li> <li>• Quarterly meetings with Component Managers &amp; Specialists to review GAM – to identify opportunities track targets</li> </ul>	KCMS, Specialists & Managers	01/2019
<b>Develop a Gender Action Plan</b> <p>Each specialist should detail the strategies to be used to increase outreach to women, as a contribution to the overall RRP Gender Action Plan.</p>	CPIU Director, CCRS, Infrastructure Specialist, FSRDM, VCDS	03/2020

**Agricultural Productivity**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

Activities in the field have only started less than one year ago for RRP. Most grants for conservation agriculture and land restoration were approved during the current farming season and it much too early to report realistically on the progress in agricultural productivity. However, the survey on CA training made for IRECR end of 2018 indicates that 40% of respondents report average yield increase of up to 10% and 19% an increase of 10-25%. Field visits during this mission also received reports of notable increases in wheat yields from users of CA technologies/equipment (esp. mini-till seeders).

#### **Main issues**

The project Annual Outcome Survey to be undertaken in 2020 is expected to provide more detailed information on the effects of RRP investments on agricultural productivity. However, one must acknowledge that due to their perennial nature, some interventions like shelterbelts will not have an immediate impact and it may be difficult to measure their induced productivity gains over the lifespan of the project.

<b>Nutrition</b>	<b>Rating: N/A</b>	<b>Previous rating: 4</b>
<b>Adaptation to Climate Change</b>	<b>Rating: 3</b>	<b>Previous rating: 4</b>

#### **Justification of rating**

RRP replicates most of GEF/IRECR interventions. Yet, the main issues and bottlenecks faced by IRECR are also undermining the overall efficiency and effectiveness of RRP. Therefore, climate change mainstreaming is still incomplete and limited to the sole ASAP funded-component. The climate and environment unit works rather isolated from the rest of the project concentrating mostly on administrative tasks, and hasn't yet found time to provide technical assistance on climate change adaptation/mitigation to CPIU, partners and beneficiaries. Notable efforts were made to ensure climate change proofing of infrastructures that is well recorded in both the feasibility studies and designs of approved infrastructures. Nonetheless, minor fine tuning of eligibility criteria and approaches is requested.

#### **Main issues**

The project is not learning from similar past experiences and concentrate on spending on equipment regardless of lessons learned from IRECR (e.g. ex ante assessment of equipment before the pre-qualification stage, land restoration grants). Granting schemes, although supported by an improved PIM, are still replicating the main bottlenecks identified during the execution of IRECR activities, which proved the little awareness / interest / accessibility of land restoration grants. Regardless, the project did not modify its approach and concentrated mostly on matching grants for equipment spending by large on conservation agriculture machinery without enough technical assistance to farmers. In fact, the CPIU concentrates mostly on ensuring that applicants match eligibility criteria with little or no analysis or physical check to verify the economic and agronomic feasibility of the investment. In this regard, it also to be reported that – regardless of the recommendation from the previous supervision mission (September 2018) – farming enterprises with up to 500 ha are still eligible for conservation agriculture equipment grants. Additionally, while the project has put in place a terrific communication machine for ASAP grants, yet there is solid disproportion between requests for CA equipment and the other options. Consequently, the project is not addressing the various issues reported in the previous support (June 2019) and supervision (September 2018) missions with immediate adverse impacts on disbursement and potential impacts.

Concerning climate proofing of infrastructures, the project set the appropriate tools and procedures to ensure that climate change vulnerability and climate change adaptation measures are properly incorporated in the selection process as well as in the feasibility studies / design of investments (i.e. roads, ponds, irrigation schemes). Nonetheless, the criteria selected by the CPIU seem underestimating the relevance of climate change vulnerability ranking attributing to it, in the prioritization formula, a weight (10%) that appears too low.

All actions related to adaptation to climate change are displayed under Section D of this report – overview and project progress.

### **b. Sustainability and Scaling up**

<b>Institutions and Policy Engagement</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

Building on the sustained engagement launched under the previous IRECR project, RRP will continue its efficient support to the National Commission for Financial Markets in drafting regulations on licensing SCAs and on establishing internal procedures for identification, recording and managing risks in the SCA sector. Less success has been observed so far in establishing credit guarantee mechanisms for enabling increased access to loans, especially for micro and small enterprises. Policy engagement in conservation farming is expected to build on the lessons learned from IRECR, that will be shared with the GoM in the form of a comprehensive SWOT analysis of GEF-funded interventions. Average rating for this section remains moderately satisfactory.

#### **Main issues**

The project has been in close contact and collaboration with NCFM as the regulator and supervisor of the SCA sector and has been supporting respective policy reforms aimed at the sector strengthening and consolidation. Component 2 has been actively supporting the activities of NCFM aimed at improved regulation and supervision of the SCA sector. This is a continuation of activities under the previous IFAD project where IFAD funded an online software, *Vízor*, that allows for collecting, aggregating, analyzing and monitoring the performance of all SCAs in the country. The software is available to all SCAs which can timely and accurately submit their financial and statistical information and reports to NCFM. During

RRP, the component will further support NCFM in drafting regulations on licensing SCAs and on establishing internal procedures for identification, recording and managing risks in the SCA sector. On the other hand, despite several efforts, the project has so far had a moderate influence on the policy and institutional framework regarding credit guarantee arrangements.

The manual and guidelines for conservation farming is not yet drafted, but the action plan drafted during the course of this mission for IRECR project includes enhanced mainstreaming of climate change adaptation and mitigation approaches/techniques and tools, and the development of a solid SWOT analysis of GEF interventions to be shared with the GoM.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Proper Analysis of Climate Resilient Investments and Production Practices</b>  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	03/2020
<b>Continue to develop alternative lending windows to SCAs</b>  Direct lending, lending through banks and through wholesale apex (when established).	CPIU/IFAD	03/2020

**Partnership-building**

**Rating: 4**

**Previous rating: 5**

#### **Justification of rating**

Overall the project is meeting most expectations in terms of potential partners and areas of collaboration. Good results are observed in terms of sustained collaboration with village authorities for infrastructure investments, and through the excellent, long-term partnership developed with the National Commission for Financial Markets to support the development of the SCA sector. Other partners like the Credit Line Directorate are currently deviating from initial eligibility criteria, or have not yet managed to leverage expected results, like the municipalities involved in pilot-women mobilization. Good prospects exist to crowd-in private investments under Component 2, but they are still in their infancy. Average rating of RRP partnerships is thus moderately satisfactory.

#### **Main issues**

##### **Sub-component 1.1: Climate-resilient water management and infrastructure development – rating satisfactory.**

Good collaboration between the CPIU and project area village authorities, small and medium scale producers and processors in prioritizing of possible investment proposals for infrastructure investments has been established. Following assessment of technical and financial feasibilities in proposals selection, an agreement is signed for each selected investment between CPIU and village authorities confirming the 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

##### **Sub-component 1.2: Farmers adaptation through climate resilient investments – rating moderately satisfactory.**

The involvement of municipality heads in the *primarias* targeted for the women-pilot is key to facilitate the project's outreach at the initial stage of mobilization. This involvement has reached mixed results, and in certain cases the municipalities have failed to mobilize potential beneficiaries on the agreed dates, or only gathered a few persons whom they know personally. As highlighted in Section D of this report, other channels like farmers associations and development agencies should be mobilized to reach vulnerable women with adequate budget to finance special website pages, direct letters to database members, etc.

**Sub-component 2.1: Term finance for MSMEs – rating moderately satisfactory.** The project has had a long-term partnership with CLD – the government agency in charge of managing the revolving credit lines of international projects. For RRP, for the first time in IFAD's projects, CLD is in charge of PFI selection. This new experience so far has been challenging (see section D) with CLD having approved several ineligible FIs. Therefore, better interaction and information exchange is necessary between CPIU and CLD to ensure consistency in compliance with the project requirements. As the agency in charge of the project implementation, CPIU should be able to receive justification for the selection of PFIs and should have the right to refuse signing SLAs with ineligible FIs.

The project has also developed long-term and productive partnership with NCFM through the provision of technical assistance both to NCFM directly and to the SCA sector which is regulated and supervised by NCFM. The partnership has helped to greatly improve the transparency of the SCA sector by automating the collection, aggregation and analysis of financial and statistical information of SCAs. NCFM is also a member of the project IPSC.

**Sub-component 2.3: Technical support to MSMEs – rating moderately satisfactory.** The project has made commendable efforts to engage with four value chain associations along clear action plans. However these associations have found it very difficult to raise their requested level of contribution (average 33%), and therefore a number of activities could not be implemented in 2019. It is expected that the next 2020 action plan will be better adapted to the financial and administrative capacity of each association so as to strengthen these nascent partnerships. The approach contemplated by the project to disburse agribusiness grants is also expected to build private sector linkages and crowd-in private investments which benefit the project target group. This sub-component is thus likely to raise to satisfactory levels in 2020.

<b>Human and Social Capital and Empowerment</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

The project design has a strong focus on empowering vulnerable smallholder women and men farmers. It is poised to implement activities that will have a positive impact on increasing the technical, managerial skills of its target group and build individual and collective social capital. It has already developed a participatory annual plan for technical support with agribusiness associations in the more marginalized sectors (goat, sheep and lavender). The process of providing support for accessing opportunities for registering businesses diversifying and securing livelihoods has been initiated for women in the poorest, most climate vulnerable districts.

<b>Quality of Beneficiary Participation</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### **Justification of rating**

Any (potential) beneficiary is able to contact the project either personally or through the newly upgraded project website [www.ucipifad.md](http://www.ucipifad.md) where he/she can familiarize with all activities offered by the project. RRP investments are essentially demand-driven and tailored to specific needs. This has translated in average beneficiary participation surpassing widely the contribution foreseen in 2019: USD 1,890,600 vs. USD 851,890 planned in 2019 (i.e. 222% overall; 65% in Component 1; 331% in Component 2). These figures will have to be confirmed next year once infrastructure and women-pilot activities are operational.

#### **Main issues**

It is too early to assess the quality of beneficiary participation under the infrastructure sub-component as no investment passed the actual implementation stage yet. However, it is worth noting that 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 as per the procedure developed under the previous IFAD investments.

Particular emphasis has been put in 2019 to develop a wide range of communication channels for conservation agriculture. Extensive mobilization has been undertaken for the women-pilot that is meant to address the needs of women in the most vulnerable regions of Moldova. However it is still too early to assess their feedback as no grant applications have been processed yet.

For component 2, beneficiaries can access an online credit calculator to assess their creditworthiness and credit plans. They also can download a business plan development template. The project monitors and aggregates beneficiaries' requests for capacity building and training (which they can submit either online or by phone/through personal visit), and subcontracts respective service providers to provide these services based on expressed demand.

<b>Responsiveness of Service Providers</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
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#### **Justification of rating**

Quality of services is varied, with more than half considered to be of acceptable quality. Services provided do not wholly respond to the demands of the rural clientele, but it is in part due to the way their services have been contemplated by the CPIU, and the content of their terms of reference. It is expected that some of the contracts will be revised in line with mission's recommendations, and additional service providers be brought on board to address specific issues outlined in Section D, such as physical check at pre-screening stage, mitigation plans, and post-finance support for women-pilot.

#### **Main issues**

Service providers involved in infrastructure investment activities will include consulting companies and individual consultants for feasibility studies and cost-benefit analysis of pre-qualified investment proposals, contractors and technical supervision of works, all to be selected on competitive basis. It is too early to assess the responsiveness of these service providers as only one contract for feasibility studies has been implemented and successfully completed so far.

In sub-component 1.2 – Farmers adaptation through climate resilient investments, the first attempt to use SCAs as service

providers to assist in the preparation of grant application packages has proved fruitless, which is somehow normal as this is not the core mandate nor experience of an SCA. The CPIU thus launched another call for proposals among consultancy companies and recruited another 6 agencies (namely APA Teragronord, International Development Alternatives, SRL Proconsulting, Association of businesswomen for the rural sector, National Federation of Moldovan Farmers and AO Equal Female Partner Moldova). This resulted in 53 grant approvals so far.

The service provider dedicated to the women-pilot, AO Mega, has responded to its assignment and started mobilizing women in the targeted areas. However, as highlighted in Section D of this report, the mission sees room for serious improvement in this contract with AO Mega, since: (i) reporting is currently requested only on half yearly and yearly basis; (ii) there is no tool in place for tracking the profile of women selected in the pilot; and (iii) the pre-requisite of having an official registration before receiving support to develop the business idea does not provide favourable conditions to increase chances of vulnerable women qualifying and benefiting from the grant; (iv) the payment method set at 100% per approved application is not encouraging the SP to take care of the most vulnerable who stand less chances to develop a successful business idea; and (v) the overall AO Mega budget fixed at less than USD 80,000 is not commensurate with the deliverables over a period of 3 years, that include extensive mobilization and pre- and post-financing support for a target of 200 women grants.

In component 2, out of 7 SLAs signed with eligible PFIs, 5 started lending activities, with Moldova Agroindbank and FinComBank being most active PFIs (65.8% and 20.2% of the total amount disbursed, respectively). Overall, the PFIs' activities exceeded the disbursement targets for SME and YE lending. Five service providers were recruited for the provision of business plan (BP) development services for YE (3 BPs developed). A consulting company was recruited and has provided training to a group of 7 YEs on marketing.

#### Environment and Natural Resource Management

Rating: 4

Previous rating: 4

#### Justification of rating

The project maintains the same rating of 2018 as no relevant change was noted since the previous mission. By supporting conservation agriculture and organic agriculture, the project will support the country in managing agricultural land sustainably. The project executes activities according to national laws and rules for environment and nature protection.

#### Main issues

No significant negative environmental impacts have been reported or observed by the mission in the sites visited. Environmental assessment of all the detailed designs by the State Environmental Expert Commission are considered as part of the engineering design and incorporated in the final design documents of funded infrastructures.

#### Exit Strategy

Rating: 4

Previous rating: 5

#### Justification of rating

A project-wide exit strategy has not yet been developed as implementation in the field has only be effective since the beginning of 2019. Good elements are in place for interventions related to water management, infrastructure and term-finance for MSMEs, building on past achievements and activities planned for the next IFAD-funded project in Moldova ("IFAD 8") that has just been designed. On the other hand, RRP is not yet in a position to define a clear exit strategy as regards to ASAP-funded activities.

#### Main issues

**Sub-component 1.1: Climate-resilient water management and infrastructure development.** No scheme has been implemented yet. However, the monitoring of the completed schemes under the previous IFAD projects shows that they are being used and the community and the economic entities using the schemes have an interest in maintaining them. Roads, bridges and irrigation schemes completed in previous years are fully operational and in a good technical condition. It is the mission's assessment that the adequate maintenance of the infrastructure investments would most likely be ensured.

**Sub-component 2.1: Term finance for MSMEs.** The exit strategy is built-in from the design, through loan agreements signed with PFIs and revolving credit lines managed by a government-run agency, Credit Line Directorate. It is also reflected in the new proposed project of IFAD. The new project will not provide credit lines for SME and YE but instead will encourage PFIs to lend to these target categories through matching PFIs' long-term loans with equipment grants. Technical assistance for the SCA sector is aimed at strengthening the sector sustainability through improved transparency, capacity building and improved regulation and supervision.

#### Potential for Scaling-up

Rating: 5

Previous rating: 4

#### Justification of rating



The project is well positioned to translate its approach and innovations on a larger scale, especially as regards to climate-resilient infrastructure, rural finance and agribusiness support. Investments in climate resilient technologies and systems may be slower to pick up, but they also present a good potential for scaling up. Average rating of RRP for scaling up is thus satisfactory.

## Main issues

**Sub-component 1.1: Climate-resilient water management and infrastructure development – rating satisfactory** As evidenced with the infrastructure investment activities from the previous four IFA-funded projects in Moldova the types of infrastructure investments, in particularly rural roads and small-scale irrigation, as well as procedures applied could be considered as adequate approach in providing farmers with minimum level of public productive infrastructure and has potential for scaling-up and replication.

**Sub-component 1.2: Farmers adaptation through climate resilient investments – rating moderately satisfactory.** The potential for scaling-up of ASAP-funded activities will largely depend on the ability of the CPIU to mainstream climate change resilience in project's interventions, building on lessons learned from the previous IRECR project. Promising foundations have been laid with the first batch of 53 grants approved under Climate-resilient production systems/technologies.

**Component 2: Agribusiness development support – rating satisfactory.** There is good potential for scaling up as both long-term lending and microlending are in demand by entrepreneurs in the country. With potential opening of the ME lending window through commercial banks, MEs will have a broader range of options for getting financial services. Technical assistance provided to the Central Association of SCAs and NCFM will be benefitting the whole SCA sector in the country (270 SCAs serving thousands of MEs). The financial literacy activities (4 videos) will also be broadly circulated among the project beneficiaries.

In addition, the joint development of well-focused action plans meant to support both soft (training, participation to exhibitions, exchange visits) and hard (agribusiness grants involving lead aggregators and contracted suppliers) interventions with four value chain associations has a great potential to mobilize value chain actors, formalize farmers' groups and expand their weight on national and international markets.

## c. Project Management

Quality of Project Management	Rating: 4	Previous rating: 5
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### Justification of rating

The CPIU has acquired a considerable experience in project management over nearly 20 years, but the mission also observed an uneven, and sometimes low level of execution of previous mission's recommendations in certain RRP sub-components, that can be directly correlated with delays in implementation and disbursements. As of October 2019, only 13 out of 41 actions were fully executed (32%), 17 were partially implemented (42%), while the rest, i.e. one action out of four, was not implemented at all. Delays have been particularly observed in ASAP-funded activities, which shows a cumulative financial performance of just over 5%. This calls for a closer follow up of all agreed actions that are meant to improve implementation pace.

### Main issues

Details on the implementation status of past agreed actions are provided in Appendix 4 of this report.

The project has suffered from uncompetitive levels of staff remuneration that often prevented it from both hiring and retaining competent staff. This, combined with the introduction of new climate resilience approaches with which the CPIU is less experienced, has created frequent gaps in project implementation. It is of utmost importance that the CPIU remains adequately staffed, and it was agreed that the current Engineer position will be fixed-term, while the project will recruit an assistant Engineer (Consultant) to support ongoing IFAD projects. Similarly, based on the satisfactory performance of the Procurement Consultant hired by the CPIU a few months ago to relieve the CPIU Procurement Specialist from the increased workload, it was agreed to retain him on a long term basis using the single source method.

The mission also wishes to stress that the targets and workload of ASAP-funded activities do not allow for direct, systematic implementation by the Climate Change Resilience Specialist. As indicated in earlier sections of this report, the project should not hesitate to increase its use of external service providers to undertake day-to-day field implementation with adequate financial resources, as planned in project design. This calls for an improved programmatic approach whereby the needs for TA would be clearly identified by the Climate Change Resilience Specialist, starting with the target date of operation and planning backward on the necessary date to launch procurement process in close collaboration with the Procurement Specialist.

The IFAD Project Steering Committee (IPSC) provides active support to the project with a particular focus on smallholder farmers, despite challenges beyond its control such as ongoing evolution of the SCA sector and the recent changes of

Government. In order to strengthen the involvement of small farmers organizations (SFOs) in project's decisions it was agreed to have them represented in the project steering committee.

Finally, as detailed under SC 1.2, Section D, the adequate use of ASAP grants is not yet ensured, both in terms of eligibility (investments, beneficiaries) and monitoring processes. It was thus agreed to optimize the overall implementation arrangements of ASAP grants without further delays, as a pre-requisite to continue their disbursement.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Timely execution of agreed actions</b>  Ensure timely execution of actions agreed upon during IFAD 2019 mission, with close follow up of each responsible persons in their respective components/sections	CPIU Director and all team members	12/2019
<b>Procurement process of ASAP service providers</b>  CCRS to proactively identify needs for TA, and prioritize them according to requested date of operation so as to launch procurement process well in advance in close collaboration with Procurement Specialist	CCRS	12/2019
<b>SFO representation in Steering Committee</b>  Include representatives of Small Farmer Organizations in Steering Committee (Lead from National Federation of Moldovan Farmers NFMF – substitute from at least 2 other SFOs)	CPIU Director, IPSC	12/2019
<b>Engineer staff</b>  Current Engineer position will be fixed-term, and the project will recruit an assistant Engineer (Consultant) to support ongoing IFAD projects	CPIU Director, Procurement Specialist	01/2020
<b>Procurement staff</b>  Hire Procurement Consultant on the long-term basis using single source selection method. The ToR shall be modified so as to allow the consultant to conduct independently procurements with access to NOTUS. (Salary to be financed from RRP budget).	CPIU Director, Procurement Specialist	01/2020

**Knowledge Management**

**Rating: 5**

**Previous rating: 5**

#### **Justification of rating**

The CPIU has capitalized on its long experience of project management and incorporated in RRP its practical implementation experience and lessons learnt in the country over the years. The KM Specialist has built a social media profile (FB, YouTube); he assists in the development and dissemination of knowledge products and develops a yearly KM Action Plan with clear budget linked to the AWPB and performance indicators. The project team has been very active in developing knowledge products and their dissemination through the media including TV channels, newspapers and informing a wide range of stakeholders about the RRP. The CPIU participated in different forums, expositions, round tables, workshops, meetings with city halls and rayon councils to inform them about IFAD-funded projects.

#### **Main issues**

The CPIU web page was updated and re-launched during 2019. As per updated statistics, the new webpage had 5,900 users between April and November 2019. It provides detailed information about IFAD projects results, project activities, including transparent information related to ongoing procurement tenders.

The production of three videos to raise awareness on climate change aspects in agricultural sector with regard to: a) investment grants for on-farm resilient activities, b) grants for rehabilitation and establishment of shelterbelts, and c) grants for restoring grass cover. Videos have been shared on project FB and YouTube page and will be distributed in national TV channels in 2020.

The development of an information brochure for the Women Smallholders' Vulnerability and Business Diversification Pilot Project implemented by CPIU IFAD. The booklet provides information about the pilot project, grant conditions, eligible

investments, and eligibility criteria. The booklet has been printed in 1,500 copies.

The development and printing of two roll up banners on Women Smallholders' Vulnerability and Business Diversification Pilot Project. Banners were used during awareness campaigns related to the women pilot.

The KM Specialist and CPIU has also participated in a regional grant administered by the *International Center for Agricultural Research in the Dry Areas* (ICARDA) to strengthen national institutions and CPIU capacity for KM activities. A write-shop was organised by ICARDA in Chisinau in October 2019, the CPIU has also been invited to two regional workshops in Morocco in 2018 and 2019, sponsored by the IFAD grant to ICARDA.

The KM Specialist is currently on maternity leave and special arrangements have been put in place to ensure continuity of planned activities. The Project Assistant will cover KM tasks, with support from the KM Specialist while on maternity leave. The IFAD mission recommends to share with IFAD the KM Action Plan for 2020 before 31 December 2019 and the Project Director to ensure that special agreements for KM are in place and implemented during 2020.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>KM Action Plan</b> Share draft KM Action Plan for 2020 with IFAD before 31/12/19	KM Specialist	12/2019
<b>KM staffing</b> Ensure that special agreements for KM are in place and implemented during 2020	Project Director	12/2019

**Value for Money**

**Rating: 3**

**Previous rating: 3**

#### Justification of rating

The project is still undergoing serious delays in all activities except term finance for SMEs, and this has a negative impact on the input to output ratio. According to project's records, the project has spent to date out of IFAD/ASAP funds USD 243,000 in component 1 for a total number of 54 direct beneficiaries, and USD 2,314,000 in Component 2 for a total number of 31 direct beneficiaries. Of course this should be mitigated by the work in progress for infrastructure (10 schemes representing 7 km roads and 867 ha under irrigation) that is not yet reflecting beneficiaries, and the number of members of value chain associations (768) who already benefitted from RRP support in 2019 but are not yet captured in the M&E system.

#### Main issues

#### Value for Money Review

Despite last mission's recommendations, no key VfM indicators have been included in the M&E system and reflected in project's reports. The mission is thus reiterating the recommendation.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Inclusion of the VfM analysis in the M&amp;E</b> Include the tracking of some key VfM indicators in the M&E reports, outcome surveys and database	M&E Unit, Component Leaders	

**Coherence between AWPB and Implementation**

**Rating: 3**

**Previous rating: 3**

#### Justification of rating

A review of the 2019 AWPB shows weak coherence between the planned activities and those actually implemented. Looking at overall expenditure for 2019 spread over all components and contributors, 110% of the planned activities seem to have materialised (USD 5,389,490 disbursed vs. USD 4,905,400 planned). However, this is mainly due to beneficiary and PFI contribution, and actual budget execution of IFAD+ASAP funds only stays at only 40.4%. Detailed analysis shows that disbursement under Component 1 remains very low with only 19.3% disbursed vs. planned for 2019, while on the other hand the CPIU disbursed 207.1% of the funds under Component 2. On project management related costs, the CPIU has disbursed only 21.2% of the funds allocated for the period.

#### AWPB Inputs and Outputs Review and Implementation Progress



The 2019 AWPB was submitted to IFAD in a timely manner in October 2018. During the first half 2019 CPIU started the planned activities under RRP, after the clearance of all PIMs, approved with all required adjustment at the end 2018, thus trying to ensure the good functioning of project.

Unfortunately, during the reported period the project team also encountered challenges that slowed down the implementation of planned activities and disbursement of funds. The deadline for receiving application for infrastructure projects to be financed during 2019 was extended until December 2018, due to lack of applications. Furthermore, a meeting for selection of infrastructure projects had to be postponed due to occurred changes among the members of the selection committee in the context of new Government appointment. Finally, in the reporting period, CPIU received a large number of grant applications for purchase of shredders from the same provider whose behaviour was questionable (suspicion of inflated invoices and collusion to help farmers fill in their application forms against a backhand fee). In May 2019, the CPIU decided to suspended the process of receiving new grant applications until a final decision of the selection committee had been made. All of the challenges listed above have negatively affected the execution of the AWPB 2019.

The long series of actions agreed upon during the course of this mission, especially those described in Section D of this report, are meant to improve the ability of CPIU to prepare and implement a realistic 2020 AWPB.

<b>Performance of M&amp;E System</b>	<b>Rating: 5</b>	<b>Previous rating: 5</b>
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#### **Justification of rating**

Responsibility for M&E is under the leadership of the Senior M&E Specialist with support from a M&E Specialist. Staffing and the capacity if the team is adequate, which can be seen in the proactive monitoring of data and regular updates on Log-frame and output level data. Progress Reports are submitted to IFAD on a semi- and annual basis in a timely manner. The MIS system is being plotted on a very good GIS system and provides spatial distribution and tracking of each activity and beneficiary.

#### **M&E System Review**

Below are a few areas of potential improvement that were discussed during this mission:

The project team captures data on youth reached across the components, even though there was no specific target set at design and included in the LF. It is recommended to explore the possibility to include 20% youth target across components and suggest revision at MTR if realistically achievable.

The mission notes that the project could benefit from a more coordinated reporting on output level data across components. Component Managers keep track of results and data in separate files, while the M&E unit keeps another set of excel sheets. In order to improve flow of data and more updated tracking of results it is recommended to explore incorporating in particular the climate unit data in the existing Management Information System, as this would facilitate data analysis and sharing of accurate data related to climate financed activities. Moreover the mission recommends the CPIU to set grant monitoring file inclusive of rejected applications at each stage, and to use it to improve targeting and outreach. The mission also encourages the Project Management to make better use of M&E results as a tool to inform management on issues related to targeting for example.

Furthermore, the mission recommends the CPIU to develop a comprehensive beneficiary database for RRP which includes information on name of beneficiary, gender, municipality, village, type of support received from project (grant, training, loans etc.) to avoid double counting at outreach level.

It is also recommended that the CPIU in the future keeps track on the number of smallholder farmers renting their land to RRP grant recipients as it provides an indication of additional income revenue among smallholder farmers that could indirectly be accrued to the project interventions.

In terms of tracking the impact of the project on targeted beneficiaries, the M&E Unit plans 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. This approach includes the collection of selected indicators from project households starting from year 1 of implementation, and expanding the sample base each year as more beneficiaries are included. In 2019, the M&E unit has initiated the collection of indicator data for RRP, which will later be imported into SPSS for statistical analysis.

Furthermore, the M&E team plans to conduct annual outcome surveys as has been done under the IRECR. It is expected that the first annual outcome survey of the RRP will be undertaken by the end of 2020, and the final report finalised and shared with IFAD in March 2021. The mission noted that under IRECR the CPIU has initiated a new tender each year for the selection of a service provider. For RRP it is recommended to draft TORs for a 2-3 year contract, to be renewed on an annual basis upon satisfactory performance.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Tracking ASAP data</b> Explore incorporating in particular the climate unit data in the existing Management Information System, as this would facilitate data analysis and sharing of accurate data related to climate financed activities.	CPIU Director, M&E Specialist, Procurement Specialist	12/2019
<b>Track grant applications</b> Set grant monitoring file inclusive of rejected applications at each stage, and to use it to improve targeting and outreach. The mission also encourages the Project Management to make better use of M&E results as a tool to inform management on issues related to targeting for example	CPIU Director, M&E Specialist, CCRS	12/2019
<b>Beneficiary data base</b> Develop a comprehensive beneficiary database for RRP which includes information on name of beneficiary, gender, municipality, village, type of support received from project (grant, training, loans etc.) to avoid double counting at outreach level.	M&E Specialist and Component Managers	12/2019
<b>Keep track of smallholder renting land</b> Keep track on the number of smallholder farmers renting their land to RRP grant recipients as it provides an indication of additional income revenue among smallholder farmers that could indirectly be accrued to the project interventions.	CPIU Director, M&E Specialist, CCRS	03/2020
<b>Annual outcome survey (AOS)</b> Draft TORs for a 2-3 year AOS contract, to be renewed on an annual basis upon satisfactory performance.	CPIU Director, M&E Specialist, Procurement Specialist	03/2020
<b>Use M&amp;E for PM</b> Project Management to make better use of M&E results as a tool to inform management on issues related to targeting for example	CPIU Director, M&E Specialist, Component Managers	

#### **Requirements of Social, Environmental and Climate Assessment Procedures (SECAP)**

**Rating: 4**

**Previous rating: 4**

#### **Justification of rating**

The PDR did not include a SECAP as the project was designed prior to the time when its preparation was mandatory. The project is still struggling to ensure full mainstreaming of climate change and natural resources management across IFAD 7.

#### **SECAP Review**

The climate and environment staff of the CPIU has invested the first years in the project in establishing procedures and in ensuring administrative priorities. Nonetheless, the project team has agreed in the course of this mission to develop a series of guidelines and checklists to ensure further that loans and grants provided within RRP will not contribute to climate change and that on the contrary will contribute to the adaptation of beneficiaries. To this effect, the project agreed to include also mitigation plans when needed among its technical assistance to partners and beneficiaries. See also detailed recommendations provided in Section D of this report.

#### **d. Financial Management & Execution**

#### **Acceptable Disbursement Rate**

**Rating: 3**

**Previous rating: 4**

### Justification of rating

Disbursement rate of RRP project assessed as moderately unsatisfactory. The project is in its third year of implementation and the disbursement rate of IFAD resources, including IFAD Loan, IFAD Grant and ASAP Grants, as of 31 October 2019 is approximately 21% of overall allocation. There have not been any extension.

### Main issues

The RRP entered into force in August 2017, however the first disbursement was in April 2018 and the project implementation has not started until 2019.

Slow implementation of the project activities is the main reason behind the low disbursement rates. The mission however wishes to highlight that the disbursement rate (inclusive of initial advances) for the IFAD funds increased from 9.6% in 2018 to 21% in 2019.

There are two pending Withdrawal Applications (WA), one for IFAD Loan (WA4), in total amount of USD 0.615 million and another for ASAP Grant (WA7), USD 0.030 million which will slightly increase the disbursement levels. Possible delays are expected in submission of pending withdrawal applications due to parliamentary elections and changes in the government. It is important that the project submits WAs on a quarterly basis so as to cope with increased pace of project implementation

The level of the AA are adequate to meet the needs of the project.

<b><i>Agreed Action</i></b>	<b><i>Responsibility</i></b>	<b><i>Agreed Date</i></b>
<b>Withdrawal applications- Submission of quarterly WAs</b>	Finance Manager	12/2020

### Fiduciary aspects

**Quality of Financial Management**

**Rating: 5**

**Previous rating: 5**

### Justification of rating

The quality of financial management system and internal control environment is satisfactory. Financial operations are carried out by an experienced finance team. Well performing accounting software is in place and it allows adequate bookkeeping and reporting. Internal controls are at appropriate level. Effective Segregation of duties are in place.

### Main issues

**Staffing:** The IRECR finance team is also responsible for the financial management of the RRP project. The current FM organizational structure and level of expertise are adequate for the needs of the project. The finance unit of the CPIU consists of a finance manager and an accountant. They both have extensive knowledge and experience working with IFAD funded projects and IFAD guidelines and procedures. Furthermore, in 2019, both finance staff as well as participating in an IFAD FM workshop also successfully completed the IFAD e-learning FM training.

**Budgeting:** RRP budget follows the country budget law and calendar and the approved budget is incorporated in the State Treasury Strategic Planning and Budget. The accounting software 1C, include a module that allow for budgeting that facilitates tracking of actual against budgeted expenditures by financing category, component and the subcomponent. AWPB for 2019 was prepared and submitted to IFAD within the agreed timeframe. Periodic reports are provided to the management for monitoring.

**Flow of Funds:** All arrangements are similar to those for IRECR. Project Funds from all financing sources are disbursed in a timely manner when needed. All transactions related to the designated accounts and project accounts are fully documented and reconciled.

**Internal controls:** Internal controls are at appropriate level. Effective segregation of duties are in place with regards to preparation and approval of financial transactions.

The last IFAD mission recommended Treasury to assign a separate code in MDL for each financing source instead of the pool account. This recommendation has not yet been implemented and is still considered relevant. Currently, CPIU manually splits movements by source of finance in the 1C accounting software based on the source documents presented to Treasury for payment.

### Accounting:

The CPIU Financial Management unit uses 1-C accounting software to maintain accounting records of the project, which is satisfactory for the IFAD requirements. The software is a well performing accounting software and it allows adequate

bookkeeping and reporting. It also allows maintaining asset register and monitoring budget vs actual in the software. Software back up performed daily inside and outside of the CPIU premises.

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

The Interim Financial Reports are submitted to IFAD as part of semi-annually progress report and they are accurate, reliable and matching with IFAD system.

**Internal audit:** There is no internal audit unit established in the CPIU however, controls carried out by MoF every two years. MoF checks if the local legislations and financial agreement conditions, including financial management requirements are carried out in all activities of the project. MoF audits are performed every two years and next one will be done according to MoF schedule.

**External Audit:** First disbursement to RRP was in April 2018. However, the implementation of the activities has not started fully until 2019. The only expenditure in 2018 was the salary of one employee from ASAP grant and a few grant payments. Therefore the audit for FY2018 is waived. The next audit will cover the 18 months ending 31 December 2019.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Financial statements - Submit un-audited financial statements to IFAD by the end of Jan 2020. This will allow project and IFAD to review the reports and take necessary actions if needed, before the submission of certified audited reports.</b>	Finance Manager	01/2020
<b>Separate programme accounts - Open separate programme accounts for each financial instruments (IFAD Loan, IFAD Grant and ASAP Grant)</b>	MoF, CPIU Director	01/2020
<b>Flexibility on categories - MoF to increase the flexibility on adjusting the project's budgeted categories during the year to allow the execution of payments for eligible expenses.</b>	MoF, CPIU Director	05/2020
<b>Project Implementation Manual - The CPIU to finalise RRP PIM.</b>	CPIU Director, Finance Manager	06/2020
<b>ASAP accounting module - Develop and introduce separate accounting module for ASAP Grant</b>	CPIU Director, Finance Manager	06/2020
<b>In-kind contributions - In kind contributions to be included in the audited financial statements as a note</b>	Finance Manager	06/2020

#### Quality and Timeliness of Audit

Rating:

#### Counterparts Funds

Rating: 5

Previous rating: 4

#### Justification of rating

As of 31st October 2019, the Government of Moldova provided USD 0.339 million against the total appraisal amount of USD 2.946 million, which represents only 12% of the total initial appraisal. The government contributions are in form of in-kind and cash contributions. Actual accumulated government contribution of USD 0.339 million is consists of USD 0.008 million cash and USD 0.331 million in-kind contributions. The Government has provided its share of project expenditures in a timely manner in 2019 and project has no issues receiving the counterpart funds in full.

#### Main issues

**Government Contribution.** Low government contribution rate is due to slow implementation of the project activities. In 2019 AWPB, government contribution was estimated at USD 0.239 million against which the government has contributed about USD 0.339 million, representing 142% of initial plan.

During the previous supervision mission, it was noted that due to introduction of new regulations, VAT is eliminated on some agricultural equipment and machinery. As a result, actual government contribution will differ from the initial estimated amount of \$2.9 million therefore the agreement will be reviewed at MTR for counterpart fund contribution and if needed it will be recalculated.

**Beneficiary contribution.** Beneficiary contributions are in form of in-kind and cash contributions. Level of beneficiary contributions are satisfactory. Actual cumulative beneficiary cash contributions have been \$1.9 million against the overall initial plan of \$9.52 million, which represents 20% of initial plan.

In 2019, the beneficiary contributions estimated at USD 0.852 million against which the beneficiaries contributed around USD 1.891 million which is yielding 245% of initial plan. This is due to beneficiaries contributing more than the minimum amount stated in the agreements.

Compliance with Loan Covenants	Rating: 4	Previous rating: 4
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#### 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

See Appendix 3 for details.

Procurement
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Procurement	Rating: 4	Previous rating: 4
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#### Justification of rating

A procurement review of CPIU was carried out since the Procurement Support Mission (PSM) of September 2018. Overall, the review has determined that the procurement procedures followed for the sample contracts are generally in compliance with the IFAD procurement guidelines and general guiding principles. Processes, procedures and systems applied exhibit some gaps and inconsistencies that have limited impact on project implementation and performance. Further efforts are needed from the project to improve bid evaluation reporting according to the standards evaluation reports required by IFAD. Implementation support is required, however, prompt resolution of issues and constraints is likely.

#### Procurement Review

The review covered 3 out of 34 contracts and purchasing orders awarded after 01/09/2018 and for a total amount of MLD 365,678. The mission had access to all procurement transactions and documentations. Sufficient number of companies were invited for the tender. Tenders have sufficient level of competition. However, qualification criteria for evaluation of FBS tenders were not properly defined taking into account the scope of the mobilization services. One of the FBS for mobilization of grant beneficiaries have problems with performance during several months from the commencement of the contract, however they did not submit any reports or clarifications on this issue.

*Summary of Review:* Most inconsistencies found in reviewed packages are caused by the outdated bidding documents which are currently in use. CPIU was required to incorporate recommendations for improvement of existing BDs for NCB works that significantly will increase the quality of procurement processes and procedures before IFAD provides new standard Bidding Documents to CPIU. Difficulties were observed in procurement planning, packaging of activities and selection of efficient procurement methods. CPIU was encouraged to increase existing procurement capacity and strengthen contract administration/management activities, especially in monitoring of vendors' performances with particular attention to the project implementation rate.

*Structure of the Procurement Unit:* It comprises one procurement specialist and one recently contracted short-term procurement consultant with fluent English speaking and writing skills and wide procurement experience in public procurement according to WB guidelines. In general, procurement staff is capable and qualified to conduct procurement following IFAD procurement procedures. However, to ensure successful implementation of project the short-term procurement consultant, whose contract expires in mid of January 2020 shall be recruited on the long-term basis with salary rate increase (see also section on Quality of programme management).

*Procurement Plan:* The PP is developed according to the newly provided format. It includes some very small direct contracts that in fact are part of operational costs and shall be withdrawn from PP or placed separately from works, goods and consultancy categories. Activities, especially the ones related to training and mobilization of beneficiaries, need to be packaged to attract the interest of qualified and experienced companies taking into account their capacity to meet tender requirements and ensure required level of competition. There are still some cases of small value Prior review contracts, when No objections were received not at all the necessary stages of the procurement process.

*Procurement Processes/methods:* Review has revealed some inconsistencies of procurement methods with estimated budgets. . For very small estimated budget consultancies CPIU used 2- envelope biddings that required significant time and resources and caused delays in implementation, including negative impact to the overall progress of the project

implementation. Such methods are usually used for big budget assignments.

*Records Keeping:* Each procurement activity has its own separate folder where records and all procurement documents are kept properly.

*Progress in implementation:* Procurement Plan realization rate for almost 11 months of 2019 is 70%.

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Procurement training</b>  Plan be submitted on participation of Procurement Consultant in ILO (Goods & Works and Selection of Consultancy Services) procurement trainings for 2020.	CPIU Director	01/2020
<b>Qualification requirements</b>  The qualification requirements for each tender to be approved by the tender committee members before advertising.	CPIU Director	01/2020
<b>Minutes of bids/proposals public opening meetings</b>  Ensure the involvement of procurement specialist in the bids/proposals public opening meetings as a secretary of the meeting responsible for preparation of the minutes of meetings.	CPIU Director, Procurement Specialist	
<b>Duration of works in BDs</b>  Always specify duration of works in BDs to avoid different time proposals from bidders that complicates fair completion.	Procurement Specialist	
<b>Procurement methods</b>  To ensure procurement methods be consistent with estimated budgets, procurement category and nature of tasks: - CQS be used instead of LCS for individuals. - For small estimated budget consultancies CQS be used instead of two envelope biddings such as QCBS, LCS or FBS.	CPIU Director, Procurement Specialist	
<b>Procurement Plan</b>  Procurement Plan Procurement Plan be improved by the following actions: - Combine activities in more big packages to attract more experienced and qualified in the field companies taking into account their capacity and ensure required level of competition. - Operation costs such as participation of staff in the conferences, car insurances and other operational costs be removed from PP or transferred from G/W/C categories of PP to the separate sheet. - Use only one currency in PP. - Specify full contract amount in PP, instead of annual budget. - Remove activities already procured in previous year. - Ensure that all SSS and DR contracts follow full prior review procedure as per agreement. -use the latest Procurement Plan template provided by IFAD	Procurement Specialist	

<b>Contract documents</b>  Contracts documents to be improved as follows: <ul style="list-style-type: none"> <li>- In contracts with supervision engineers to have only contact amount without explanations that it comes from particular % of construction costs, which is not a common practice for IFAD projects.</li> <li>- All contracts shall include the missing clause for Contract Administration.</li> <li>- Contract number shall match with tender ID number and include project and selection methods acronyms.</li> <li>- Specify contract type (Lump-sum or Time-based).</li> <li>- To have Acceptance Letter, Letter of Bid, copy of Performance Security and Specifications in CW contacts.</li> </ul>	Procurement Specialist	
<b>Process of QCBS</b>  Process of QCBS to be improved as follows: <ul style="list-style-type: none"> <li>- To ensure 4 weeks for submission of proposal as per guidelines for QCBS.-</li> <li>- Evaluation of the quality of consultants' reports with previous customers is not a common practice for scoring. After the notifying evaluation results to consultants, they may protest using of subjective/unqualified opinion of CPIU during the evaluation of their deliverables. CPIU is recommended to ask consultants to submit recommendation letters/references to check their performance with previous clients. Those consultants who have proven non-performance with previous clients may be rejected.</li> </ul>	Procurement Specialist	
<b>IFAD Guidelines</b>  Use existing IFAD Procurement Handbook and standard documents templates provided previously by IFAD before new Handbook and documents will be provided.	Procurement Specialist	
<b>BDs for works</b>  In the existing BDs for works to incorporate the following: - Respective link list of debarred firms published by the World Bank: <a href="http://www.worldbank.org/en/projects-operations/procurement/debarred-firms">http://www.worldbank.org/en/projects-operations/procurement/debarred-firms</a> . <ul style="list-style-type: none"> <li>- 12-months Defect Liabilities Period for all construction/rehabilitation works, instead of 6 or 9 months currently used by CPIU</li> <li>- IFAD clause on fraud and corruption in the Bidding Documents.</li> <li>- 10% for Performance Security.</li> </ul>	Procurement Specialist	
<b>Process of NCB for goods</b>  Process of NCB for goods to be improved by following: <ul style="list-style-type: none"> <li>- To use BDs for NCB instead of Request for quotations (RFQ) defined for shopping.</li> <li>- To avoid advance payments made without Bank Securities in all tenders for goods (the same for works; for consultancy services advance payments are allowed for not more than 10% of the total contract amount, preferably against inception reports)</li> <li>- To ensure one contract per lot in case of multiple lots bidding.</li> </ul>	Procurement Specialist	

#### e. Key SIS Indicators

<b>Likelihood of Achieving the Development Objective</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>
<b>Assessment of the Overall Implementation Performance</b>	<b>Rating: 4</b>	<b>Previous rating: 4</b>



## F. Agreed Actions

<b>Agreed Action</b>	<b>Responsibility</b>	<b>Agreed Date</b>
<b>Overview and Project Progress</b>		
<b>Internal working arrangements of ASAP-funded activities</b>  Modify the internal working arrangements to ensure that the Senior CCRS reaches out to all other colleagues and enhance climate change mainstreaming across components.	CPIU Director, CCRS and Senior CCRS,	12/2019
<b>Maximum landholding limit of 25ha</b>  Cancel exception made in PIM (para 1.8.6, allowing farmers up to 500ha for soil conservation equipment), and stick to maximum limit of 25ha (owned + leased) – amend PIM accordingly	CPIU Director, CCRS, IPSC	12/2019
<b>Eligibility of machinery suppliers</b>  Grant applicants to provide within their application package a self-declaration letter from machinery supplier certifying that the company has not been involved in any training or application support (paid services pre- or post-grant) in relation with the granted equipment	CPIU Director, CCRS	12/2019
<b>Requested quotations for ASAP grants</b>  Starting from 1 Jan 2020, all grant applicants must present 3 quotations to ensure they undertake proper market scoping – amend PIM accordingly	CPIU Director, CCRS	12/2019
<b>LPA cofinancing</b>  Remove LPAs cofinancing for both shelterbelts (10%) and grass cover grants (50%).	CPIU Director, CCRS	12/2019
<b>Land restoration options for infrastructure</b>  Include shelterbelts and other ASAP offered land restoration options in the feasibility studies and (if feasible) in the design process. Amend PIM accordingly and reflect changes in the AWPB 2020	CPIU Director, SCCRS, Communication Specialist, Engineer	12/2019
<b>Weight of Climate Change in infrastructure</b>  Increase the Climate Change percentage weight to 20%	CPIU Director, Senior CCRS, Engineer	12/2019
<b>Profiling women selected for the pilot</b>  Data on the criteria for vulnerability developed by the mission based on 4 indicators representing dimensions of social and economic exclusion is collected by the SP for social mobilization meetings, training, applications and grants awarded.	Profiling women selected for the pilot CCRS, M&E Specialist, Women mobilization SP December/ 2019 Agreed	12/2019



<b>Suspend SLAs with ineligible FIs</b>  IFAD to communicate to MoF and MARDE that all subsidiary loan agreements with ineligible FIs should be suspended. Ineligible FIs should be removed from the list of PFIs selected for the project.	IFAD	12/2019
<b>CPIU role in PFI selection</b>  CPIU to receive justification on the selection of PFIs showing clear compliance with PFI eligibility criteria. In case the criteria are not met, CPIU should have the right to refuse signing SLAs with ineligible FIs	CPIU Director, FSRDM, IPSC	12/2019
<b>Support to 4 VC Associations</b>  2020 Action Plans of VC Associations should be developed on a case-by-case basis taking into account their capacity to contribute. Activities should be realistically implementable. Strong focus should be put on strengthening administration capacity of each association.	VCDS	12/2019
<b>Thirty percent quota for women in Agribusiness grants</b>  Revise PIM to specify that 30% of agribusiness grants are for women	FSRDM, VCDS	12/2019
<b>Bids for Works Implementation</b>  All the bids for works implementation for 5 schemes passed the implementation stage announced.	CPIU Engineer, Procurement Specialist	01/2020
<b>Third batch Investment Proposals</b>  Call for the 3rd batch of proposals.	CPIU Engineer, Procurement Specialist	01/2020
<b>Amended contract of Women mobilization SP</b>  Women mobilization SP contract should be amended to: (i) include requirement of using other municipality channels to deepen outreach backed by evidence; (ii) report progress on a monthly basis; (iii) extend the campaign to additional villages in the selected Rayons in the two highest quantiles of poverty. Overall social mobilization data needs to be gender disaggregated, and channels used should be detailed.	CPIU Director CCRS, Procurement Specialist	01/2020
<b>TA for livestock environmental mitigation plans</b>  Using Consultant Qualification Selection Method (CQS), hire one livestock environmental mitigation specialist on a retainer contract to prepare mitigation plans for specific grant investments (example of dairy investments with manure management plan).	CPIU Director, CCRS, Procurement Specialist	02/2020

<b>Disproportion between CA equipment grants and the other options (14).</b>  Establish new communication protocols to ensure that potential beneficiaries of non-CA equipment are reached and mobilized. Reflect changes in the AWPB 2020	CPIU Director, SCCRS, Communication Specialist	02/2020
<b>Outreach through associations/development agencies</b>  Engage with associations/NGOs operating in the pilot area for them to actively inform their database about RRP grant facilities (post on website, letters to members, etc.). Ensure adequate financial support for this collaboration in AWPB 2020	CCRS, Sr CCRS	02/2020
<b>Climate Risk Assessment</b>  The CPIU would identify an operation basis to rank identified schemes on their potential for climate risk mitigation.	Engineer	03/2020
<b>Develop a clear Strategy and package of support for CA/OA.</b>  The CPIU should adopt a holistic view of conservation agriculture and provides support in production practices and equipment and training for CA/OA.	CRS	03/2020
<b>Landholding limit</b>  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	03/2020
<b>Eligibility Criteria</b>  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	03/2020
<b>Selection of investment proposals</b>  Feasibility Studies for the second batch of 5 schemes conducted and final list of eligible proposals approved.	CPIU/IPSC/IFAD	03/2020
<b>Works Implementation</b>  Works implementation for 5 schemes initiated by mid-March 2020 and completed.	Selection of investment proposals . CPIU/IPSC/IFAD March/2020 Agreed	03/2020
<b>Direct ME lending via banks and SCAs</b>  Continue to explore options for direct provision of microloans via commercial banks and SCAs. Develop ME product for banks	CPIU, Financial Services and Rural Development Manager (FSRDM)	03/2020
<b>Suspend disbursement to ineligible FIs</b>  All disbursements to ineligible FIs should be suspended. Any disbursement to ineligible FIs will be considered as ineligible expenditure by IFAD.	CPIU Director, FSRDM, IPSC	03/2020

<b>Revisit PFI eligibility criteria</b>  PFI eligibility criteria should be revisited to align closer with IFAD-recommended PFI selection criteria and those used in previous IFAD projects	Revisit PFI eligibility criteria PFI eligibility criteria should be revisited to align closer with IFAD-recommended PFI selection criteria and those used in previous IFAD projects CLD, CPIU Director, FSRDM, IPSC March/ 2020 Agreed	03/2020
<b>MSME Credit Guarantee Fund</b>  Expedite the process of establishment of the MCGF	CPIU, FSRDM	03/2020
<b>Working Group for Agribusiness Grants</b>  Create working group with CPIU, MARDE and VC Association to explore best arrangements for agribusiness grants, taking into consideration mission's recommendations. Finalize agribusiness grant manual and submit to IFAD for no objection	CPIU Director, FSRDM, VCDS, MARDE	03/2020
<b>Works Implementation</b>  Works Implementation for the 2nd batch of proposals are initiated.	CPIU Engineer	08/2020
<b>Climate change resilience</b>  Ensure that investments supported by RRP are not only climate proofed (infrastructures/value chains) but that they do not contribute to climate change	CPIU Director, All component leads	
<b>Adjust capacity building plans for SCAs and NCFM</b>  Continue adjusting SCA and NCFM capacity building plans based on the needs of the sector and in line with the legislative changes in the SCA sector	CPIU, FSRDM	
<b>Explore opportunities to support other VC associations</b>  CPIU to explore opportunities to support additional VC associations depending on available budget	VCDS	
<b>Development Effectiveness</b>		

<b>Comprehensive review of vulnerable women farmers' pilot.</b> <ul style="list-style-type: none"> <li>• This component is exclusively for poor women.</li> <li>• A grant size to individual women of up to USD 5000</li> <li>• Grant size of USD 8000 for groups of at least 5 women for agriculture cooperatives.</li> <li>• Individual and groups of women are eligible for grants for both production and processing activities.</li> <li>• Decrease number of women beneficiaries to 200</li> <li>• 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</li> <li>• Develop evaluation criteria for applications</li> <li>• Stipulate comprehensive social mobilization campaign for service provider.</li> </ul>	CRS	10/2018
<b>Support for grant recipients of climate resilient agriculture</b> <p>Contract in services for identification of grant recipients of climate resilient agriculture and provide them support in the application process.</p>	CRS	01/2019
<b>Gender Strategy and Gender Action Matrix</b> <ul style="list-style-type: none"> <li>• Develop Gender Strategy and Gender Action Matrix</li> <li>• Quarterly meetings with Component Managers &amp; Specialists to review GAM – to identify opportunities track targets</li> </ul>	KCMS, Specialists & Managers	01/2019
<b>Non eligibility to grants from 2 projects at the same time</b> <p>A private farmer or company cannot apply for a RRP grant if he already received an IRECR grant – make it clear in updated PIM</p>	CPIU Director	12/2019
<b>Recording overall outreach of project interventions</b> <p>Amend SPs contracts to include monthly reports of farmers contacting them with details of their landholding, crops and proposed investments. Disaggregate payment modalities to remunerate active support of all applicants (e.g. 30%) and not only successful applications (70%)</p>	CCRS, Sr CCRS, Procurement Specialist	01/2020
<b>Targeting Criteria for support to conservation agriculture</b> <p>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.</p>	CRS	03/2020
<b>Land under climate resilient practices</b> <p>Design precise assessment protocol to assess the # of ha brought under climate resilient practices and share it with IFAD. Distinguish quantitative indicators (e.g. # of ha targeted) from qualitative (e.g. increased climate resilience) and report on these. Data collection could be collected through the annual outcome survey for RRP, but the data should be made available before the next supervision mission.</p>	M&E Unit, Sr CCRS	03/2020

<b>Log Frame indicator</b>  Include smallholder (<25ha) grant beneficiaries under ASAP grant at the time being and determine what other beneficiary output data to include later, as well as sett new targets at the MTR.	M&E Specialist, Sr CCRS	03/2020
<b>Develop a Gender Action Plan</b>  Each specialist should detail the strategies to be used to increase outreach to women, as a contribution to the overall RRP Gender Action Plan.	CPIU Director, CCRS, Infrastructure Specialist, FSRDM, VCDS	03/2020
<b>Targeting Criteria for agribusiness grants</b>  Ensure focus on smallholder producers and processors. At least 30% of the beneficiaries would be women.		
<b>Sustainability and Scaling up</b>		
<b>Proper Analysis of Climate Resilient Investments and Production Practices</b>  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	03/2020
<b>Continue to develop alternative lending windows to SCAs</b>  Direct lending, lending through banks and through wholesale apex (when established).	CPIU/IFAD	03/2020
<b>Project Management</b>		
<b>Timely execution of agreed actions</b>  Ensure timely execution of actions agreed upon during IFAD 2019 mission, with close follow up of each responsible persons in their respective components/sections	CPIU Director and all team members	12/2019
<b>Procurement process of ASAP service providers</b>  CCRS to proactively identify needs for TA, and prioritize them according to requested date of operation so as to launch procurement process well in advance in close collaboration with Procurement Specialist	CCRS	12/2019
<b>SFO representation in Steering Committee</b>  Include representatives of Small Farmer Organizations in Steering Committee (Lead from National Federation of Moldovan Farmers NFMF – substitute from at least 2 other SFOs)	CPIU Director, IPSC	12/2019
<b>KM Action Plan</b>  Share draft KM Action Plan for 2020 with IFAD before 31/12/19	KM Specialist	12/2019

<b>KM staffing</b>  Ensure that special agreements for KM are in place and implemented during 2020	Project Director	12/2019
<b>Tracking ASAP data</b>  Explore incorporating in particular the climate unit data in the existing Management Information System, as this would facilitate data analysis and sharing of accurate data related to climate financed activities.	CPIU Director, M&E Specialist, Procurement Specialist	12/2019
<b>Track grant applications</b>  Set grant monitoring file inclusive of rejected applications at each stage, and to use it to improve targeting and outreach. The mission also encourages the Project Management to make better use of M&E results as a tool to inform management on issues related to targeting for example	CPIU Director, M&E Specialist, CCRS	12/2019
<b>Beneficiary data base</b>  Develop a comprehensive beneficiary database for RRP which includes information on name of beneficiary, gender, municipality, village, type of support received from project (grant, training, loans etc.) to avoid double counting at outreach level.	M&E Specialist and Component Managers	12/2019
<b>Engineer staff</b>  Current Engineer position will be fixed-term, and the project will recruit an assistant Engineer (Consultant) to support ongoing IFAD projects	CPIU Director, Procurement Specialist	01/2020
<b>Procurement staff</b>  Hire Procurement Consultant on the long-term basis using single source selection method. The ToR shall be modified so as to allow the consultant to conduct independently procurements with access to NOTUS. (Salary to be financed from RRP budget).	CPIU Director, Procurement Specialist	01/2020
<b>Keep track of smallholder renting land</b>  Keep track on the number of smallholder farmers renting their land to RRP grant recipients as it provides an indication of additional income revenue among smallholder farmers that could indirectly be accrued to the project interventions.	CPIU Director, M&E Specialist, CCRS	03/2020
<b>Annual outcome survey (AOS)</b>  Draft TORs for a 2-3 year AOS contract, to be renewed on an annual basis upon satisfactory performance.	CPIU Director, M&E Specialist, Procurement Specialist	03/2020
<b>Inclusion of the VfM analysis in the M&amp;E</b>  Include the tracking of some key VfM indicators in the M&E reports, outcome surveys and database	M&E Unit, Component Leaders	

<b>Use M&amp;E for PM</b>  Project Management to make better use of M&E results as a tool to inform management on issues related to targeting for example	CPIU Director, M&E Specialist, Component Managers	
<b>Financial Management &amp; Execution</b>		
<b>Procurement training</b>  Plan be submitted on participation of Procurement Consultant in ILO (Goods & Works and Selection of Consultancy Services) procurement trainings for 2020.	CPIU Director	01/2020
<b>Qualification requirements</b>  The qualification requirements for each tender to be approved by the tender committee members before advertising.	CPIU Director	01/2020
<b>Financial statements - Submit un-audited financial statements to IFAD by the end of Jan 2020. This will allow project and IFAD to review the reports and take necessary actions if needed, before the submission of certified audited reports.</b>	Finance Manager	01/2020
<b>Seperate programme accounts - Open separate programme accounts for each financial instruments (IFAD Loan, IFAD Grant and ASAP Grant)</b>	MoF, CPIU Director	01/2020
<b>Flexibility on categories - MoF to increase the flexibility on adjusting the project's budgeted categories during the year to allow the execution of payments for eligible expenses.</b>	MoF, CPIU Director	05/2020
<b>Project Implementation Manual - The CPIU to finalise RRP PIM.</b>	CPIU Director, Finance Manager	06/2020
<b>ASAP accounting module - Develop and introduce separate accounting module for ASAP Grant</b>	CPIU Director, Finance Manager	06/2020
<b>In-kind contributions - In kind contributions to be included in the audited financial statements as a note</b>	Finance Manager	06/2020
<b>Withdrawal applications- Submission of quarterly WAs</b>	Finance Manager	12/2020
<b>Minutes of bids/proposals public opening meetings</b>  Ensure the involvement of procurement specialist in the bids/proposals public opening meetings as a secretary of the meeting responsible for preparation of the minutes of meetings.	CPIU Director, Procurement Specialist	
<b>Duration of works in BDs</b>  Always specify duration of works in BDs to avoid different time proposals from bidders that complicates fair completion.	Procurement Specialist	

<p><b>Procurement methods</b></p> <p>To ensure procurement methods be consistent with estimated budgets, procurement category and nature of tasks:</p> <ul style="list-style-type: none"> <li>- CQS be used instead of LCS for individuals.</li> <li>- For small estimated budget consultancies CQS be used instead of two envelope biddings such as QCBS, LCS or FBS.</li> </ul>	<p>CPIU Director, Procurement Specialist</p>	
<p><b>Procurement Plan</b></p> <p>Procurement Plan</p> <p>Procurement Plan be improved by the following actions:</p> <ul style="list-style-type: none"> <li>- Combine activities in more big packages to attract more experienced and qualified in the field companies taking into account their capacity and ensure required level of competition.</li> <li>- Operation costs such as participation of staff in the conferences, car insurances and other operational costs be removed from PP or transferred from G/W/C categories of PP to the separate sheet.</li> <li>- Use only one currency in PP.</li> <li>- Specify full contract amount in PP, instead of annual budget.</li> <li>- Remove activities already procured in previous year.</li> <li>- Ensure that all SSS and DR contracts follow full prior review procedure as per agreement.</li> <li>-use the latest Procurement Plan template provided by IFAD</li> </ul>	<p>Procurement Specialist</p>	
<p><b>Contract documents</b></p> <p>Contracts documents to be improved as follows:</p> <ul style="list-style-type: none"> <li>- In contacts with supervision engineers to have only contact amount without explanations that it comes from particular % of construction costs, which is not a common practice for IFAD projects.</li> <li>- All contracts shall include the missing clause for Contract Administration.</li> <li>- Contract number shall match with tender ID number and include project and selection methods acronyms.</li> <li>- Specify contract type (Lump-sum or Time-based).</li> <li>- To have Acceptance Letter, Letter of Bid, copy of Performance Security and Specifications in CW contacts.</li> </ul>	<p>Procurement Specialist</p>	
<p><b>Process of QCBS</b></p> <p>Process of QCBS to be improved as follows:</p> <ul style="list-style-type: none"> <li>- To ensure 4 weeks for submission of proposal as per guidelines for QCBS.-</li> <li>- Evaluation of the quality of consultants' reports with previous customers is not a common practice for scoring. After the notifying evaluation results to consultants, they may protest using of subjective/unqualified opinion of CPIU during the evaluation of their deliverables. CPIU is recommended to ask consultants to submit recommendation letters/references to check their performance with previous clients. Those consultants who have proven non-performance with previous clients may be rejected.</li> </ul>	<p>Procurement Specialist</p>	



<p><b>IFAD Guidelines</b></p> <p>Use existing IFAD Procurement Handbook and standard documents templates provided previously by IFAD before new Handbook and documents will be provided.</p>	Procurement Specialist	
<p><b>BDs for works</b></p> <p>In the existing BDs for works to incorporate the following: -  Respective link list of debarred firms published by the World Bank: <a href="http://www.worldbank.org/en/projects-operations/procurement/debarred-firms">http://www.worldbank.org/en/projects-operations/procurement/debarred-firms</a>.  - 12-months Defect Liabilities Period for all construction/rehabilitation works, instead of 6 or 9 months currently used by CPIU  - IFAD clause on fraud and corruption in the Bidding Documents.  - 10% for Performance Security.</p>	Procurement Specialist	
<p><b>Process of NCB for goods</b></p> <p>Process of NCB for goods to be improved by following:  - To use BDs for NCB instead of Request for quotations (RFQ) defined for shopping.  - To avoid advance payments made without Bank Securities in all tenders for goods (the same for works; for consultancy services advance payments are allowed for not more than 10% of the total contract amount, preferably against inception reports)  - To ensure one contract per lot in case of multiple lots bidding.</p>	Procurement Specialist	

## Rural Resilience Project

### Logical Framework

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	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	213	234	0.5				
	1.a Corresponding number of households reached							M&E system	Annual	M&E officer	
	Women-headed households	0		5 297	14	17	0.3				
	Non-women-headed households	0		12 361	62	68	0.6				
	Households	0	10 000	17 658	76	85	0.5				
	1 Persons receiving services promoted or supported by the project							M&E system	Annual	M&E officer	
	Females	0	3 000	5 297	14	17	0.3				
	Males	0	7 000	12 361	62	68	0.6				
	Young				16	16					
	Total number of persons receiving services	0	10 000	17 658	76	85	0.5				
Project 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							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
<b>Development Objective</b> 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	121	143	6.3				
<b>Outcome</b> 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							
<b>Output</b> 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	6 220.5							
	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							

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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	2 377	2 523.15	312.3				
<b>Outcome</b> 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							
	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							
<b>Output</b> Loans to youth entrepreneurs, SMEs and micro entrepreneurs provided	1.1.5 Persons in rural areas accessing financial services										
	Men in rural areas accessing financial services - credit	0	180	293	17	17	5.8				
	Women in rural areas accessing financial services - credit	0	107	175	7	7	4				
	Young people in rural areas accessing financial services - credit	0	72	117	9	9	7.7				
	Total persons accessing financial services - credit	0	359	585	24	24	4.1				

Results Hierarchy	Indicators							Means of Verification			Assumptions
	Name	Baseline	Mid-Term	End Target	Annual Result (2019)	Cumulative Result (2019)	Cumulative Result % (2019)	Source	Frequency	Responsibility	
	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	337	337	0.5				
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										
	Females	0	107	175	1	1	0.6				
	Males	0	180	410	9	9	2.2				
	Young	0	72	117	10	10	8.5				
	Persons trained in IGAs or BM (total)	0	359	585	10	10	1.7				

## **Republic of Moldova**

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### **Rural Resilience Project**

### **Supervision Report**

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

Mission Dates: November/ 2019  
Document Date 28/01/2020  
Project No. 2000001156  
Report No. 5278-MD

Near East, North Africa and Europe Division  
Programme Management Department

**Annex 1 - Financial:** Actual financial performance by financier, by component and disbursement by category

**RRP - FINANCIAL PERFORMANCE - Total Programme SUMMARY**

**Table 1A: Financial performance by FINANCIER**

FINANCIER:	Appraisal (USD 000)	Disbursement (USD 000)	Disbursed %
IFAD loan	18 200	2 315	13%
IFAD grant	500	7	1%
ASAP Grant	5 000	262	5%
Beneficiaries	9 519	1 912	20%
GoM	2 946	339	12%
PFIs	2 570	626	24%
<b>TOTAL</b>	<b>38 735</b>	<b>5 461</b>	<b>14%</b>

**Table 1B: Financial performance by COMPONENT** (USD 000, as at 31 October 2019)

COMPONENT:	IFAD loan			IFAD grant			ASAP Grant			Beneficiaries			GoM			PFIs			TOTAL		
	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%	Appraisal (USD 000)	Actual (USD 000)	%
Component I. Improve smallholder and agribusiness adaptive capacity	4 468	6	0.1%	0			4 702	237	5.0%	2 495	247	9.9%	1 931	41	2.1%				13 596	531.0	3.9%
Component II. Agribusiness development support	12 746	2 308	18.1%	343	6	1.7%	50	0	0.0%	7 024	1 665	23.7%	327	292	89.3%	2 570	626	24.4%	23 060	4 897.0	21.2%
Component III. Programme Management	986	1	0.1%	157	1	0.6%	248	25	10.1%				688	6	0.9%				2 079	33.0	1.6%
<b>TOTAL</b>	<b>18 200</b>	<b>2 315</b>	<b>12.7%</b>	<b>500</b>	<b>7</b>	<b>1.4%</b>	<b>5 000</b>	<b>262</b>	<b>5.2%</b>	<b>9 519</b>	<b>1 912</b>	<b>20.1%</b>	<b>2 946</b>	<b>339</b>	<b>11.5%</b>	<b>2 570</b>	<b>626</b>	<b>24.4%</b>	<b>38 735</b>	<b>5 461</b>	<b>14.1%</b>

**Table 1C: IFAD Loan - 2000001702- disbursement** (USD 000, as at 31 October 2019)

CATEGORY:	Original Allocation (USD 000)	Disbursement (USD 000)	%	Available Balance	WA under review	WA under preparation	Total Disbursement + WA under preparation	%
Works	3 875 000	0	0.00%	3 875 000.00	0	0.00	0	0.00%
Consultancies	695 000	5 682	0.82%	689 317.55	0	0.00	0	0.82%
Credit Guarantee funds	10 445 000	1 692 859	16.21%	8 752 141.31	0	0.00	0	16.21%
Equipment and Materials	45 000	1 035	2.30%	43 964.85	0	0.00	0	2.30%
Grants and subsidies	225 000	0	0.00%	225 000.00	0	0.00	0	0.00%
Operating costs	185 000	0	0.00%	185 000.00	0	0.00	0	0.00%
Salaries and Allowances	570 000	0	0.00%	570 000.00	0	0.00	0	0.00%
Workshop	340 000	0	0.00%	340 000.00	0	0.00	0	0.00%
Authorized Allocation	0	1 500 000		-1 500 000.00	0	0.00	0	
Unallocated	1 820 000	0	0.00%	1 820 000.00	0	0.00	0	0.00%
<b>TOTAL</b>	<b>18 200 000</b>	<b>3 199 576</b>	<b>17.58%</b>	<b>15 000 423.71</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>17.58%</b>

**Table 1C: ASAP Grant - 2000001701- disbursement** (USD 000, as at 31 October 2019)

CATEGORY:	Original Allocation (USD 000)	Disbursement (USD 000)	%	Available Balance	WA under review	WA under preparation	Total Disbursement + WA under preparation	%
Works	465 000	0	0.00%	465 000.00	0	0.00	0	0.00%
Consultancies	1 035 000	7 896	0.76%	1 027 103.57	0	0.00	0	0.76%
Equipment and Materials	25 000	5 535	22.14%	19 465.47	0	0.00	0	22.14%
Grants and subsidies	2 810 000	201 704	7.18%	2 608 296.50	0	0.00	0	7.18%
Operating costs	45 000	0	0.00%	45 000.00	0	0.00	0	0.00%
Salaries and Allowances	60 000	16 355	27.26%	43 645.10	0	0.00	0	27.26%
Workshop	60 000	0	0.00%	60 000.00	0	0.00	0	0.00%
Authorized Allocation	0	1 623 000		-1 623 000.00	0	0.00	0	
Unallocated	500 000	0	0.00%	500 000.00	0	0.00	0	0.00%
<b>TOTAL</b>	<b>5 000 000</b>	<b>1 854 489</b>	<b>37.09%</b>	<b>3 145 510.64</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>37.09%</b>

**Table 1C: IFAD Grant - 2000001703- disbursement** (XDR 000, as at 31 October 2019)

CATEGORY:	Original Allocation (SDR 000)	Disbursement (SDR 000)	%	Available Balance	WA under review	WA under preparation	Total Disbursement + WA under preparation	%
Consultancies	250 000	0	0.00%	250 000.00	0	0.00	0	0.00%
Operating costs	20 000	0	0.00%	20 000.00	0	0.00	0	0.00%
Workshop	180 000	0	0.00%	180 000.00	0	0.00	0	0.00%
Authorized Allocation	0	50 000	0.00%	-50 000.00	0	0.00	0	0.00%
Unallocated	50 000	0	0.00%	50 000.00	0	0.00	0	0.00%
<b>TOTAL</b>	<b>500 000</b>	<b>50 000</b>	<b>10.00%</b>	<b>450 000.00</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>10.00%</b>





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### **Appendix 2: Physical progress measured against AWP&B**

Mission Dates: November/ 2019

Document Date 28/01/2020

Project No. 2000001156

Report No. 5278-MD

Near East, North Africa and Europe Division  
Programme Management Department

## Appendix 2: Physical progress measured against AWP&B

Indicator	Unit	Appraisal Target	2018 Results	2019 Planned	2019 Results	% achievement 2019	Actual Cumulative 2019
<b>Component 1 Improve smallholder and agribusiness adaptive capacity</b>							
<b>Sub-component 1.1: Climate Resilient Water Management and Infrastructure Development (CR-WMID)</b>							
Micro and small irrigation schemes	Number	24	0	0	0	0%	0
				0		0%	
Small agro enterprises in micro and small irrigation schemes	Number	72	0	0	0	0%	0
Micro and small Irrigation schemes constructed/rehabilitated	Km		0	1	0	0%	0
Hectares of land irrigated (from irrigation schemes)	Ha	1440	0	0	0	0%	0
Access roads	Number	12	0	0	0	0%	0
Roads constructed	Km	24	0	1	0	0%	0
Small rural enterprises benefit (from access roads)	Number	50	0	0	0	0%	0
Households benefit (from access roads)	HH	1200	0	0	0	0%	0
Villages from access roads	Number	12	0	0	0	0%	0
Rainwater harvesting ponds	Number	4	0	1	0	0%	0
Hectares of land irrigated (from rainwater harvesting ponds)	Ha	160	0	0	0	0%	0
Households benefit (from rainwater harvesting ponds)	Number	100	0	0	0	0%	0
No. of households in vulnerable areas with increased water availability for agricultural production and processing	Number	720	0	0	0	0%	0
<b>Total number of beneficiaries of sub-component 1.1</b>	<b>Number</b>	<b>7310</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>
<b>including</b>	<b>Women</b>	<b>2193</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0%</b>	<b>0</b>
<b>Sub-component 1.2 Farmers' adaptation through climate resilient investments</b>							
Grants related to climate resilient production and farm-level post-harvest management	Number	420	9	105	44	42%	53
including	women	126	3		5	0%	8
Women Smallholders Vulnerability and Business Diversification Pilot grant	Number	390	0	n/a	0	n/a	0
	Number	200	0		0	0%	0
W-1 support the restoration of vegetation shelterbelts around farm-land plots	men		0		0	0%	0
	women	60	0		0	0%	0
	Ha		0	50	0	0%	0
W-2 support the restoration of vegetation cover in the catchment areas of water schemes and reservoirs	Number	30	0		0	0%	0
	men		0		0	0%	0
	women		0		0	0%	0

Indicator	Unit	Appraisal Target	2018 Results	2019 Planned	2019 Results	% achievement 2019	Actual Cumulative 2019
	Ha		0	10	0	0%	0
W-3 support the restoration of communal grasslands in the central and southern agro-climatic zones of Moldova	Number	200	0		1	0%	1
	men		0		0	0%	0
	women		0		1	0%	1
	Ha		0	50	10	20%	10
Number of supported smallholder households coping with the effects of CC	Number	1940	9	105	45	43%	54
Land brought under climate resilient practices	Ha	192	90,48		2375	0%	2465,48
<b>Total number of beneficiaries of sub-component 1.2</b>	<b>Number</b>	<b>810</b>	<b>9</b>	<b>105</b>	<b>45</b>	43%	<b>54</b>
<i>including</i>	<b>Women</b>	<b>390</b>	<b>3</b>	<b>n/a</b>	<b>6</b>	0%	<b>9</b>
<b>Total number of beneficiaries of component 1</b>	<b>Number</b>	<b>28925</b>	<b>9</b>	<b>105</b>	<b>45</b>	43%	<b>54</b>
<i>including</i>	<b>Women</b>	<b>8677</b>	<b>3</b>	<b>n/a</b>	<b>6</b>	0%	<b>9</b>
<b>Component 2: Agribusiness development support</b>							
<b>Subcomponent 2.1: Term finance for MSME</b>							
Micro entrepreneurs financed with loans	Number	375	0	40	0	0%	0
<i>including</i>	<b>Women</b>	<b>112</b>	<b>0</b>	<b>12</b>	<b>0</b>	0%	<b>0</b>
YE financed with loans	Number	65	0	8	9	113%	9
<i>including</i>	<b>Women</b>	<b>19</b>	<b>0</b>	<b>3</b>	<b>2</b>	67%	<b>2</b>
SME financed with loans	Number	31	0	10	15	150%	15
<i>including</i>	<b>Women</b>	<b>9</b>	<b>0</b>	<b>3</b>	<b>5</b>	167%	<b>5</b>
<b>Total sub-component 2.1</b>	<b>Number</b>	<b>471</b>	<b>0</b>	<b>58</b>	<b>24</b>	41%	<b>24</b>
	<b>Women</b>	<b>140</b>	<b>0</b>	<b>18</b>	<b>7</b>	39%	<b>7</b>
<b>Subcomponent 2.2: Credit Guarantee for MSME</b>							
Number of guarantees	Number	920	0	n/a	0	n/a	0
<i>including</i>	<b>Women</b>	<b>276</b>	<b>0</b>		<b>0</b>	0%	<b>0</b>
Value of Guarantees	USD	29.9 mln	0	n/a	0	n/a	0
<b>Subcomponent 2.3: Technical support to MSME</b>							
10 matching grants of up to US\$25,000 per case for processing, linkages with the financial sector (VCD)	Number	10	0	4	0	0%	0
<i>including</i>	<b>Women</b>	<b>3</b>	<b>0</b>		<b>0</b>	0%	<b>0</b>
Young entrepreneurs/ micro entrepreneurs supported with business plan (max 450\$)	Number	26	0	15	3	20%	3

Indicator	Unit	Appraisal Target	2018 Results	2019 Planned	2019 Results	% achievement 2019	Actual Cumulative 2019
including	Women	8	0	5	0	0%	0
Persons trained in income-generating activities or business management	Number		0	50	7	14%	7
	women		0	15	1	7%	1
80 grants valued at \$1.9 million provided for diversification activities	Number	80	0	n/a	0	n/a	0
including	Women	26	0		0	0%	
<b>Total number of beneficiaries of component 2</b>	<b>Number</b>	<b>7910</b>	<b>0</b>	<b>108</b>	<b>31</b>	<b>29%</b>	<b>31</b>
	<b>Women</b>	<b>2373</b>	<b>0</b>	<b>33</b>	<b>8</b>	<b>24%</b>	<b>8</b>
<b>Total number of beneficiaries RRP</b>	<b>Number</b>	<b>44145</b>	<b>9</b>	<b>213</b>	<b>76</b>	<b>36%</b>	<b>85</b>
including	Women	13243	3	33	14	42%	17

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### **Appendix 3: Compliance with legal covenants: status of implementation**

Mission Dates: November/ 2019

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### Appendix 3: Compliance with legal covenants: status of implementation

Section	Covenant	Target/Action Due Date	Compliance Status/Date	Remarks
<b>Section 4.02</b>	CPIU to open and maintain 3 Project Accounts in MDL; GOM to make an initial deposit equivalent to USD	From beginning of the project	Partly complied with	As per FA, there shall be 3 project accounts in MDL however, only one project account is opened.
<b>Section 4.02</b>	GOM to replenish Project Account quarterly in advance	Continuous	Complied with	CPIU has an annual allocation (not quarterly) for both projects. During the year, expenses are paid from GOV sources of fund, based on needs and within the limits of annual allocations
<b>Section 4.03</b>	<b><i>Procurement of goods, works and services carried out in accordance with the procedures laid down in Schedule 3</i></b>			
<b>Section 4.04</b>	Insurance of vehicles, equipment and civil works financed from the loan proceeds to be consistent with sound commercial practice.	Continuous	Partly complied with	As per national legislations, only vehicles are insured.
<b>Section 4.05, section 11.10(b)</b>	Audit report submitted to IFAD.	N/A	N/A	Project activities started around 2019 and there was not enough transactions to be audited in 2018, therefore the audit is waived. The auditors will be auditing the transactions covering 18 months to 31.12.2019.
<b>Section 4.06</b>	<b><i>Progress reports to be submitted to IFAD at half yearly intervals within 45 days after the period-end</i></b>			
<b>Schedule 4, para 7</b>	AWPB to be submitted to the Fund, for its review and comments	31.10.19	Complied with	AWPBs for 2019 and 2020 submitted to IFAD within the deadline.
<b>Schedule 4, para 8(a)</b>	<b><i>A Mid-Term Review (MTR) to be carried out jointly by the Borrower and IFAD.</i></b>			
<b>Schedule 4, para 16</b>	Project to be exempted from all import duties, excise taxes and value added tax (VAT) on investment expenditures	From beginning of the project	Complied with	Payments from IFAD funds are exempted from all taxes.

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### **Appendix 4: Technical background analysis**

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## Appendix 4: Technical background analysis

### Technical Annex 1: Sub-component 1.1 - Climate-resilient water management and infrastructure development (USD 8.1 million).

The objective of the sub-component is to remove the bottlenecks hampering the consolidation and expansion of competitive farms and village-based agri-business and to foster the adoption of climate smart technologies. The sub-component is designed to support the following types of investments in public infrastructure: (i) micro and small irrigation schemes, including rehabilitation of water source points such as pumping stations on rivers or natural/artificial reservoirs; (ii) feeder or village level access roads, including small-scale bridges and ancillary structures; and (iii) water harvesting ponds formed by earthen embankments. With the funds provided under this sub-component it is expected that irrigation schemes for a command area of 1,440 ha, twelve roads with total length of 24 km, and four water harvesting ponds for irrigation of 160 ha infrastructure schemes rehabilitation/construction would be undertaken.

The allocated amount of funds under the RRP for the sub-component is about USD 8.1 million, financed by the IFAD loan proceeds (USD 4.3 million), ASAP grant (USD 0.5 million), beneficiaries/communities' contribution (USD 1.7 million) and Government of Moldova contribution of about USD 1.6 million in the form of VAT exemption.

The mission visited an irrigation scheme completed under the previous project in 2015. Detailed discussion was held with the representative of the client group. The scheme consists of pumping facility (diesel), pipeline and an accumulation reservoir. On-farm equipment are provided by the SMEs. As evidenced by visit the facilities are well maintained and fully operational. Furthermore, SMEs extended the command area for 20 ha of walnuts orchard by installing a new pump on accumulation reservoir and on-farm micro-sprinkler irrigation network. As reported, the scheme is fully managed, operated and maintained by 4 economic agents and sustainability of scheme is ensured due to particular economic interests of producers.

There has been little progress in the implementation of this sub-component since the last mission. The overall rating for the sub-component since the last mission is moderately satisfactory. Following the extension of deadline for application submission to be implemented in 2019, a total of 13 proposals were submitted to the CPIU. The feasibility study for the first batch of 7 proposals has been completed. Two proposals have been rejected: One for the reason of lack of water resources as confirmed by the hydrological survey; and the second for the reason of inadequate quality of water proposed to use for irrigation. The remaining five proposals recommended for implementation are currently at different stage of preparation for bids announcement for works implementation, including provision of design documents and payments of contributions. These include three irrigation schemes with total command area of 474 ha, one water harvesting pond (with a capacity of 100,000 cu.m.) for irrigation of 287 ha, and a rural road with 1.0 km length. *Anticipated bids announcement for two schemes is mid-December 2019, while for the next three schemes is end of January 2020.*

Out of the remaining six schemes, five passed the pre-qualification phase and the bid for consultancy services for feasibility studies is at completion stage. One proposal for irrigation was rejected because the location of the intake structure was on a private land. Bid opening for the feasibility studies is on 22 November 2019 and the anticipated contract signing for services is mid-December 2019. *The implementation of these schemes is estimated to start in August 2020.*

*Given the limited number of proposals it was agreed to proceed with another call for applications in January 2020.*

**Application and selection** of schemes will be conducted as per the procedure developed and successfully applied so far under the previous IFAD projects and are based on the set of criteria described in the PIM.

**Engineering Designs.** The communities will procure the respective detailed engineering designs at their own expense after the approval of final list of eligible proposals as per the procedures applied so far in the framework of previous IFAD projects in Moldova. All the designs have to pass through external review and approval (technically and financially) by licenced companies. Relevant certificates of approval will be submitted to CPIU. Desk review of 2 designs for irrigation schemes submitted to CPIU revealed generally adequate quality of design reports and drawings.

**Supervision of Works** and application of relevant standard forms will be in accordance with the procedures proved to be efficient under the previous IFAD projects in Moldova and described in the PIM.

**Community Contribution.** The infrastructure design requires community contribution of at least 15% of sub-project investment costs in cash for irrigation schemes, 50% for rural roads and 10% for water harvesting ponds.

The costs of project's funding per investment proposal shall not exceed USD 200,000.

#### Status of schemes selection as of 31 October 2019



#	Village	District	Location	Type of Investment	Unit	Physical Parameter	Total Estimated Cost VAT excl. (MD)	IFAD Investments (MDL)	Beneficiary Contribution (MDL)	Beneficiary Contribution (%)
<b>Schemes passed the feasibility study and qualified for implementation</b>										
1	Saharna Noua	Rezina	N	Irrigation	ha	104	1,958,700	1,664,895	293,805	15
2	Grimanca uti	Briceni	N	Irrigation	ha	127	5,627,370	4,501,896	1,125,474	20
3	Cosnita	Dubasari	C	Irrigation	ha	243	3,991,460	3,392,741	598,719	15
4	Alexandru Ion Guza	Cahul	S	Reservoir for irrigation	ha	287	3,897,620	3,507,858	389,762	10
5	Costesti	Ialoveni	C	Rural road	km	1.0	2,244,863	1,122,432	1,122,432	50
	<b>TOTAL</b>						<b>17,720,013</b>	<b>14,189,822</b>	<b>3,530,192</b>	<b>20</b>
<b>Schemes passed the pre-qualified and considered for feasibility study</b>										
1	Antonesti	Cantemir	S	Irrigation	ha	101	4,190,040	3,561,534	628,506	15
2	Ceadar-Lunga	Ceadar-Lunga	S	Rural road	km	1.5	4,205,137	2,102,569	2,102,569	50
3	Biliceni Vechi	Singerei	N	Rural road	km	1.7	5,772,250	2,886,125	2,886,125	50
4	Malcoci	Ialoveni	C	Rural road	km	0.3	496,622	248,311	248,311	50
5	Vorniceni	Straseni	C	Rural road	km	2.5	6,733,190	3,366,595	3,366,595	50
	<b>TOTAL</b>						<b>21,397,239</b>	<b>12,165,134</b>	<b>9,232,106</b>	<b>43</b>

Source: CPIU Database

## Technical Annex 2: Sub-component 1.2 - Farmers adaptation through climate resilient investments

To facilitate implementation of recommendations regarding climate proofing modalities in infrastructure investments, the mission provided the CPIU team in charge of ASAP-funded activities with a **Sample Climate Proofing Checklist**, as follows:

**Objective of the checklist:** to support the CPIU with the initial steps to ensure climate proofing and environmental sustainability of infrastructures funded under IFAD investments.

The reported checklist does not have the ambition of being complete. CPIU's staff has the responsibility to update and integrate the proposed list so as to ensure coherence with the project's objectives and compliance with IFAD safeguards and national laws, regulations and standards.

The Senior Climate Change Resilience Specialist is responsible for the use, mainstreaming and upgrade of the proposed checklist.

To enhance the checklist as well as to ensure proper data consultation, the following references (sample) report key information and data related to climate change and its impacts in Moldova:

[ADB, 2012 Guidelines for Climate Proofing Investment in Agriculture, Rural Development, and Food Security](#)

[EU, 2019 Climate change adaptation in the agriculture sector in Europe](#)

[FAO, 2018 Compendium on Climate-Smart Irrigation Concepts, evidence and options for a climate smart approach to improving the performance of irrigated cropping systems](#)

[FAO, 2019 EarthMap](#)

[GFDRR, 2019 Moldova: Natural Hazard Risk](#)

[GIZ, 2010 Climate Proofing for Development Adapting to Climate Change, Reducing Risk](#)

[IFAD, 2015 How to do Climate change risk assessments in value chain projects](#)

[OECD, 2018 Climate-resilient Infrastructure](#)

[UNDP, 2016 Mainstreaming Climate Change Adaptation into Moldova's Policy and Planning](#)

[UNFCCC, 2013 Third National Communication of the Republic of Moldova](#)

[UNFCCC, 2015 Moldova: Nationally Determined Contribution](#)

[UNFCCC, 2017 Moldova: Nationally Determined Contributions](#)

[UNFCCC, 2018 Fourth National Communication of the Republic of Moldova](#)

[USAID, 2017 Climate Change Risk Profile of Moldova](#)

[WB, 2013 Reducing the Vulnerability of Moldova's Agricultural Systems to Climate Change: Impact Assessment and Adaptation Options.](#)

[WB, 2016 Climate Smart Agriculture in Moldova](#)

[WB, 2016 Republic of Moldova Climate Adaptation Investment Planning Technical Assistance](#)

[WB, 2019 Climate Change: Moldova](#)

[WMO, 2019 Concept and action plan for Climate Services in the REPUBLIC OF MOLDOVA](#)

**Table 1: Climate Proofing Infrastructure: A sample checklist.**

#	Question	YES	NO	If NO: Action	References (Sample)
1	Was the infrastructure selected according to PIM-Climate-resilient water management and infrastructure development→C.3?			Report to the CPIU Director; Reject the application.	<ul style="list-style-type: none"> <li>•PIM.</li> <li>•Third National Communication to UNFCCC and related updates</li> </ul>
2	Does the feasibility study include trends for: <ul style="list-style-type: none"> <li>• Rainfall;</li> <li>• Snow cover;</li> <li>• Temperatures (MIN-MAX);</li> <li>• Evapotranspiration (actual/potential);</li> <li>• Water deficit;</li> <li>• Water balance.</li> </ul>			Report to the CPIU Director. Verify with the engineer and obtain the data from either the hydrometereological service or remote sensing data browsers such as <a href="#">EarthMap</a> .	<ul style="list-style-type: none"> <li>•Third National Communication to UNFCCC and related updates</li> <li>•<a href="#">EarthMap</a></li> </ul>
3	Does the feasibility study include projections for:				<ul style="list-style-type: none"> <li>•Third National Communication to</li> </ul>

#	Question	YES	NO	If NO: Action	References (Sample)
	<ul style="list-style-type: none"> <li>• Rainfall;</li> <li>• Snow cover;</li> <li>• Temperatures (MIN-MAX);</li> <li>• Evapotranspiration (actual/potential);</li> <li>• Water deficit;</li> <li>• Water balance.</li> </ul>				UNFCCC and related updates • <a href="#">EarthMap</a>
4	Concerning irrigation networks, does the feasibility study include an analysis of the water sources used for irrigation and its exposure/vulnerability to climate change?				• Third National Communication to UNFCCC and related updates • <a href="#">EarthMap</a>
5	If relevant and reported in the national communication(s) to the UNFCCC, are the existing climate-related risks and extreme events (e.g. floods, flash floods, frost and heat waves) included in the feasibility study and/or in the design documents?			Report to the CPIU Director. Identify and budget possible mitigation actions. Verify with the engineer the possibility of including in the project documents the technical specifications / recommendations / requirements identified to mitigate known and possible risks.	• Fourth National Communication to UNFCCC and related updates • <a href="#">EarthMap</a>
6	Do the PIM and/or the bidding documents related to irrigation infrastructures include recommendations or technical specifications related to water saving materials/equipment supporting water use optimization and savings?			Verify with the engineer the possibility of including technical specifications/recommendations /requirements in the PIM and bidding formats for irrigation infrastructures.	• <a href="#">Guidelines for Climate Proofing Investment in Agriculture [...]</a> • <a href="#">Compendium on Climate-Smart Irrigation Concepts</a> .
7	Do the feasibility study and/or the design of irrigation infrastructures include water saving materials/ equipment supporting water use optimization and savings?			Verify with the engineer the possibility to modify the design.	• <a href="#">Climate change adaptation in the agriculture sector in Europe</a>
8	Do the feasibility study and/or the design of irrigation infrastructures include shelterbelts or other passive protection investments?			Verify with the engineer the possibility of including shelterbelts and other passive protection investments to protect the infrastructure.	
9	Is the infrastructure compliant with the IFAD social and environmental safeguards (e.g does it include any type of land cover changes or irreversible removal of fertile soil? unsustainable use of water resources or energy from fossil fuel)?			Kindly refer to IFAD safeguards for guidance. In all cases prepare an impact mitigation plan.	• <a href="#">IFAD SECAP</a>
10	Is the proposed activity compliant with all the needed national laws, regulations and standards?			Report to the CPIU Director the engineer	
11	Is there any action that the project could execute to improve the overall sustainability of the infrastructure?			Report to the CPIU Director and the engineer	
n.	<b>For the project to prepare and list additional questions if and when needed.</b>				

## **Technical Annex 3: Sub-Component 1.3 – Draft Terms of Reference for the provision of Business Development Services to women within the framework of the ‘Smallholder’s vulnerability and business diversification pilot project’**

### **I. Background and rationale**

The Ministry of Agriculture, Regional Development and Environment (MARDE) is implementing through the Consolidated Project Implementation Unit (CPIU) the Rural Resilience Project (RRP) which is co-funded by the International Fund for Agricultural Development (IFAD) and the Adaptation for Smallholder Agriculture Programme (ASAP). The six-year project entered into force in August 2017 and its completion date is 30 September 2023.

The overall goal of the RRP is to improve the well-being of Moldova’s rural population and reduce poverty. The underlying project development objective is to strengthen the resilience and improve economic opportunities for the rural poor. This will be achieved by making farms more competitive and helping agribusinesses adopt climate-smart technologies. The RRP targets Moldova’s structural issues in agriculture, notably poverty and migration, food and nutritional security, climate vulnerability, as well as lack of competitiveness.

The RRP has two mutually reinforcing components supported by project management and project coordination. The first goal is enhanced resilience through investments in productive rural infrastructure and agrosystems; the second is enhanced access to financial services and markets for rural transformation.

This first component ‘*Improved adaptive capacity for smallholders and agribusinesses*’ will enhance smallholder resilience and adaptive capacity, enabling them to overcome critical climatic and productivity challenges through investments in productive rural infrastructure and agrosystems. Outcome 1 will specifically address the higher vulnerability of women to the effects of Climate Change (CC), namely through the allocation of grant funding for innovation and adaptation technologies to increase and diversify production, processing, and income-generating opportunities for women’s groups.

The second component ‘*Agribusiness development support*’ will help farmers and agribusiness accelerate investments that will improve productivity and incomes. The three principal engagement areas are: (i) term finance for micro, small and medium enterprises (MSMEs); (ii) credit guarantees for MSMEs; and (iii) technical support for MSMEs and saving and credit associations (SCAs).

Quantitatively, the RRP is expected to reach about 44,145 direct beneficiaries or 17,658 households. Outcome 1 will benefit approximately 14,494 households. More precisely, 2,924 households are expected to benefit from the construction and rehabilitation of roads, irrigation and ponds, while 11,570 households will directly benefit from climate adaptation, diversification and inclusion activities. Outcome 2 will benefit approximately 3,164 households by facilitating access to financial services and providing financial trainings, workshops and technical assistance. Between 35 and 40 per cent of the expected beneficiaries are women.

### **II. Scope of work**

The Business Development Service Provider (BDSP) will be supporting activities planned along the first component of the project, and more particularly under the ‘Smallholder’s Vulnerability and Business Diversification Pilot Project’ that is targeting smallholder women in prioritized districts that have high poverty ratings. This pilot project is exclusively dedicated to women, and includes grants for production (up to USD 5,000 per individual) and grants for processing groups (up to USD 8,000 per group).

### **III. Objective of the assignment**

The main objective of this assignment is to enhance the capacity of women individuals or women groups who are intending to apply for matching grants, or who have already benefitted from matching grants, to become active income-generating business entities. This will be achieved by enabling these individuals or groups to develop their business idea and undertake appropriate costing, pricing and branding of their products, assisting them in meeting their financial needs in terms of working capital and additional investment and increasing their negotiation power to secure an access to sustainable markets.

### **IV. Working modalities**

The Business Development Service Provider reports to RRP’s Climate Change Resilience Specialist (CCRS) and works in close co-operation with other project partners and service providers, namely AO Mega Service Provider which has already been hired to mobilize potential beneficiaries and support them in developing their business plans and prepare their grant application packages.

### **V. Location**

The project location is the villages selected in the most vulnerable districts prioritized by the project to implement the women pilot project, (here CPIU should indicate the names of the districts). So far the project is active in 28 villages (see list of villages in Annex 1 – to be established by CPIU), but it is expected to increase its targeting along opportunities emerging during the course of this assignment.

## VI. Duration

The expected starting date is February XXX, 2020 for a duration of one (1) year, renewable upon satisfactory performance.

## VII. Deliverables

The deliverables expected of this assignment are as follows:

### A. Pre-financing support

- 1) Communication, identification and mobilization of women individuals or women groups who may have a particular interest in programme's activities related to RRP's 'Smallholder's Vulnerability and Business Diversification Pilot Project';
- 2) Presentation of general conditions of grants available within the 'Smallholder's Vulnerability and Business Diversification Pilot Project' (presentations sessions organized at village level).
- 3) Delivery of preliminary group training to potential grant applicants (maximum 15 persons per training session): key topics include among others the principles of quick market analysis, legal requirements, calculation of costs of production, analysis of working capital and investment needs, and determination of break-even point, that are a pre-requisite to develop a sound business idea.
- 4) Identification of possible source of funds to develop and sustain the business, e.g. RRP grants, micro-finance loans facilitated by the term finance activities implemented under RRP Component 2, etc.
- 5) Verification of the availability of the applicant's contribution to her business idea.
- 6) Development on a case-by-case basis of a simple business plan, along the headlines provided in Annex 2 of this document. Each business plan must be developed jointly with the grant applicant so that she fully understands and own her business idea (average time for each business plan should not be less than 1.5 day, that can be spread along several on-site visits).
- 7) Preparation and submission of the grant application package to CPIU.
- 8) Providing any further information about the applicants upon request from CPIU.

### B. Post-financing support

- 9) Business coaching for successful applicants, including:
  - Follow up on the actual implementation of the business plan (investments made, implementation of monthly activities as per initial schedule, etc.);
  - Dedicated assistance to those who face particular challenges (e.g. technical, marketing, financial, administrative, etc.).
- 10) Note: the project foresees that 200 grant beneficiaries will receive post-finance support for the implementation of their business plans.

## VIII. Reporting

The Business Development Service Provider shall submit physical and financial report in line with the format to be provided by the Programme. The reporting schedule is as follows:

SN	Reports	Timing	Language
1	Inception Report describing in detail the methodology to be used, human resources mobilized, and monthly schedules with related budgets	Within 10 days from contract signing	English and Romanian
2	Simplified Monthly Activities Report indicating the progress of the business plans developed, planned activities, challenges and the way forward to overcome them	Within 5 days from previous month end	Romanian
3	Quarterly narrative progress reports submitted stating (on a quarter and cumulative basis): - # of persons mobilized,	Within 10 days from the end of the quarter	English and Romanian

SN	Reports	Timing	Language
	- # of business ideas received, - # of business plans developed, - # of grants applications submitted, - # of grant application approved, - challenges faced and the way forward to over-come them		
4	Draft Final Report (soft and hard copy + powerpoint presentation to CPIU)	10 days before end of the contract	English and Romanian
5	Comments from CPIU on the Draft Final Report	Within 5 days from presentation of the Draft Final Report	English and Romanian
6	Final Report (soft and hard copy)	Within 5 days from reception of CPIU comments	English and Romanian

## IX. Payment terms

The payment schedule will be as below:

- (i) Initial advance payment xxx% of the agreed contract sum on contract signing
- (ii) Second payment of xxx% upon submission of first quarterly report
- (iii) Third payment of xxx% upon submission of second quarterly report
- (iv) Fourth payment of xxx% upon submission of third quarterly report
- (v) Fifth and final payment of xxx% upon submission of acceptable final report.

## X. Qualification and skills

The BDSP firm will be able to mobilize key staff experts having the following qualifications and skills:

- Masters' degree in Rural Development, Agribusiness, Agricultural Economics with minimum 5 years of working experience / or Bachelors' degree in the above related domain with minimum experience of 7 years of working experience;
- Practical and extensive experience of business planning for micro and small enterprises, private sector engagement and establishment of effective market linkages;
- Proven working experience with smallholder farmers to develop simplified business plans meant for income generating activities;
- Experience with international donors for financing of public and private sector investments specifically in rural development projects involving grant facilities;
- Ability to work with rural communities using participatory methods and tools;
- Strong advisory skills aimed at creating on-the-job learning, mentoring and coaching in micro/small-sized agri-business enterprises;
- Demonstrated strong passion for assisting clients in building profitable and sustainable businesses that benefit the rural poor;
- Willingness to travel to the field and work closely with the value chain actors;
- Ability to research, analyse and write up complex information in a simple form;
- Excellent oral and written communication and presentation skills in both English and Romanian;
- Strong ability to work under pressure and deliver on time.

## Technical Annex 4: Component 2 - Agribusiness Development Support (ABDS)

### Sub-component 2.1. Term finance for MSMEs

**PFI selection.** The mission discovered that out of 13 financial institutions (FIs) selected as participating financial institutions (PFIs) for the component, 5 were ineligible according to the criteria developed by MoF and incorporated into the project PIM. CPIU signed 10 subsidiary loan agreements (SLAs), of which 4 were signed with the ineligible FIs. Two of the ineligible FIs which signed the SLAs are banks – Moldincombank and Victoria Bank that have high non-performing loans (NPL) rate (15.8% and 24.26%, accordingly). The third ineligible FI with which an SLA was signed is the Rural Finance Corporation (RFC) which was supposed to be the wholesale lender to SCAs. The SLA signed with RFC also allowed RFC to disburse SME and YE loans which is not acceptable to IFAD (see below). The fourth ineligible FI is MFI Moldcredit with PAR>30 days of about 15%. The mission found one disbursement of USD 13,900 made to one ineligible FI – Moldincombank. All of the SLAs signed with ineligible FIs should be suspended, and ineligible FIs should be removed from the list of selected PFIs.

RFC is not eligible for the implementation of the component for the following reasons:

(i) In line with the new regulations, RFC is currently being restructured, with its shares being sold to a newly created entity, the Central Association of SCAs; therefore, there are not yet clear ownership and governance structures in place.

(ii) RFC has a temporary management structure which will be revisited once the ownership is transferred.

(iii) RFC's management and lending policies and procedures are of concern to the mission as they do not appear sound: (a) RFC can lend both to SCAs as well as to enterprises directly (to the latter, at more favorable conditions), thus creating a conflict of interest and undermining the activities of the SCAs through unfair competition. (b) RFC is using un-sound selection criteria for lending to SCAs, including allowing portfolio-at-risk (PAR) over 30 days of 10% and a minimum of only one year of profitable operations. (c) RFC has been intervening in SCAs' loan approval processes, de-facto replacing this function at SCAs and thus undermining the capacity and sustainability of these SCAs. (d) RFC has been expanding their cash handling functions, with plans to open branches that would handle cash. Together with RFC's recent increase of the limit of direct lending to MDL 4 million, this can undermine the transparency of transactions and will exacerbate credit and operational risks. (e) Finally, the current staffing structure is not efficient, with 29 staff serving only about 1,330 borrowers (130 SCAs and 1,200 enterprises),<sup>1</sup> with the costs of the inefficiency transferred to SCAs and ultimately to the final beneficiaries.

**PFI selection criteria.** According to the MoF decision, the selection criteria for PFIs are developed by MoF. While most of the criteria are acceptable to IFAD, the mission recommends revising the selection criteria to align them closer with those recommended by IFAD and used in the previous projects. In particular: (i) Reinstate the indicator of PAR over 30 days of 5% for non-banking institutions (MFIs and SCAs) and 8% for banks; (ii) Add the Write-off Rate indicator of up to 3% over the course of one year (calculated based on the average outstanding loan portfolio for the year); (iii) Remove the indicator of the average NPLs for the sector; (iv) Align the capital adequacy indicator for MFIs with that for SCAs, making it 5 to 1 as expressed by the Debt to Equity indicator. (v) Clarify the criteria related to PFI ownership, management and policies to avoid the selection of FI with unclear ownership and management structures and unsound policies.

**Adjustment of SCA sector capacity building plans.** The SCA sector is currently undergoing a major legislative and regulatory reform with the adoption of amendments to the SCA law in November 2018 (see Appendix 4). Per these amendments, all SCAs are required to become members of the newly formed Central Association of SCAs which will have limited delegated supervision functions as well as SCA stabilization mandate. The RFC is being reformed to be fully owned by the Central Association and become its funding arm. The mandate of the National Commission for Financial Market (NCFM) was expanded to include additional regulatory and supervisory powers (including governance of the Central Association of SCAs). The SCA sector reform requires adjusting the SCA capacity development plan and moving some of the activities to 2020 when most of the reforms will have been completed.

### Sub-component 2.2. Credit Guarantees for MSMEs

The project has been exploring alternative options to utilize funding for the MSME Credit Guarantee Fund (MCGF), including using the fund for the establishment of the SCA Deposit Insurance Fund and the SCA Stabilization Fund which are provided for by the new SCA sector regulations. However, MoF decided that the funds cannot be used contrary to the destination stipulated in the Financing Agreement. As new legislation and regulations for credit guarantee facilities are currently being developed, it is recommended to expedite the process of the MCGF establishment.

### Sub-component 2.3. Technical support to MSMEs

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<sup>1</sup> This translates into about 46 borrowers per staff person. To compare, this indicator is 137 borrowers per staff at a Moldovan MFI Microinvest which provides loans both to individuals and businesses. See: <https://www.themix.org/mixmarket/profiles/microinvest>



**Support to agribusiness.** The mission notes with satisfaction that a Value Chain Development Specialist (VCDS) has been finally hired by the CPIU in February 2019, with appropriate knowledge and experience to support RRP's support to agribusiness. Partnership contracts have been signed with 4 value chain associations: (i) Association of Producers and Exporters of Grapes from Moldova (APESM); (ii) Dairy Farmers Association (DFA); (iii) National Federation of Sheep & Goat Breeders (NFSGB); and (iv) Lavender Farmer Association (LFA). Within these associations, a total of 13 farmers groups (FGs) representing 768 members have been identified for further cooperation with RRP. The selection of these 4 value chains seems wise, filling the gaps observed in the country, and it is for instance particularly aligned with MARDE's National Program for the Development of the Sheep and Goat Sector in the period 2020-2026<sup>2</sup>. It is however worth noting that only one out of these 13 FGs is formerly registered<sup>3</sup>, while all others are still at an informal stage with membership ranging from 6 to 27 farmers.

The mission commends the project's approach to develop yearly action plans in a participatory way, with sources of financing coming from both IRECR and RRP, as well as contribution from the associations themselves and possibly other donors too. The action plans involve mostly training and study tours, both nationally and internationally; no specific lobbying activities have been planned so far as the associations are still in their infancy. About USD 142,000 was committed from IFAD loan and grant in the four 2019 action plans. Feedback from representatives of these associations indicate that in view of their limited financial resources, their requested level of participation may be too high (33% on average, representing a total of about USD 79,000). Of concern is also the capacity of these associations to have a sound administration system, that implies additional expenditures at least for accounting functions. The mission thus recommends to allow more flexibility in the way RRP is supporting these associations, including direct support to their initial administration costs when necessary to build their capacity to professionally represent farmers and thus gain more credibility and attract more members. It is worth noting that the PDR foresaw for the overall agribusiness soft support a budget of USD 451,000 from IFAD loan. The project should thus not hesitate to tap into these resources.

None of the 10 matching grants foreseen to support agribusiness have yet been disbursed; the project intends to target the FG members of the 4 associations supported, with a focus on processing activities. This approach makes sense as it is expected to efficiently complement the above-mentioned support to agribusiness. However, the mission notes that the project might deviate from the original design arrangements, whereby the USD 25,000 grants would represent only 12.5% of the total amount invested (remaining contribution was expected to come from PFI loans at 62.5% and beneficiaries at 25%). The project could accept arrangements similar to the ones used successfully in the DANIDA YE facility (40% grant – 60% own contribution, coming either in cash or from a loan), but the mission would not advise to go for a mere 50-50% grant facility in agribusiness. . It also needs to be noted that 30 percent of these grants are for women. The PIM needs to be revised accordingly.

As regards to the grants' implementation arrangements, the mission explored with CPIU the best ways to involve at the same time within the FG a "lead aggregator" as the main beneficiary of the grant and other member suppliers who would engage with the aggregator on a formal supply contract basis. A number of public goods elements can support this approach, such as the number of youth involved, the involvement of both direct and indirect beneficiaries, the revitalization of rural areas, the formalization of trade arrangements leading to increased tax collection, the improved foreign currency balance generated by increased exports or import substitution, etc. The mission recommends to further discuss this arrangement with MARDE and supported VC associations, before finalizing the agribusiness grant manual.

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<sup>2</sup> <http://www.madrm.gov.md/ro/content/2155>

<sup>3</sup> the Hiliuti Dairy Cooperative involving 600 members, mostly women – 60%



## **Republic of Moldova**

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### **Rural Resilience Project**

### **Supervision Report**

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

Mission Dates: November/ 2019

Document Date 28/01/2020

Project No. 2000001156

Report No. 5278-MD

Near East, North Africa and Europe Division  
Programme Management Department

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

### Mission TORs

#### **MISSION COMPOSITION:**

Isabelle Lagaillarde, Team Leader and Rural Development Specialist  
Shazreh Hussain, Targeting and Gender Specialist  
Samvel Ghazaryan, Rural Infrastructure Specialist  
Renaud Colmant, Environmental Specialist  
Olga Tomilova, Rural Finance Specialist, PTA/PMD  
Aziz Al Athwari, Finance Officer, FMD  
TBD, Procurement Specialist

#### **BACKGROUND:**

1. The 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. The 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 US\$ 38.73 million, of which IFAD's loan and grant, including ASAP grant, constitute of US\$ 23.7 million.
4. The 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. **IFAD Country Programme Manager Vrej Jijyan** 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.

**Isabelle Lagaille**, (in country November 11 - 29), 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 aide-memoires on mission findings, and draft/compile the IRECR/RRP Supervision Reports, delineating the main findings and the needed adjustment to the project;

**Renaud Colmant**, 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 Aide Memoires; and a Supervision Reports for IRECR/RRP in accordance with IFAD, ASAP and GEF requirements.

**Shazreh Hussain**, (in country November 11 - 22), 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:

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- 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 aide-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.

**Samvel Ghazaryan**, (in country November 11 - 22), Rural Infrastructure Specialist, (in country 11-24 November 2019) 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 aide-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;

**Olga Tomilova**, (in country November 18 - 29), 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 aide-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;

**Aziz Al Athwari**, Finance Officer, will be responsible for assessing the relevance, effectiveness, efficiency, impact and sustainability of the fiduciary aspects of IRECR/RRP projects. In particular, he 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);
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- 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 aide-memoires and the Supervision Reports of IRECR/RRP in particular, inputs to the main body of the aide-memoires: 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;

**TBD, 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 aide-memoires and the Supervision Reports, in particular, inputs to the main body: (a) Procurement, and; (b) Financing Covenants.

#### **DELIVERABLES**

- Two Aide 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;
- Two Management Letters (IRECR and RRP) summarising the key issues that need to be acted upon and monitored by the supervising authorities.

#### **MISSION SCHEDULE:**

The mission schedule will be communicated closer to date

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

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

**Date:**.....

**Clearance by CFS 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.

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## Mission Itinerary

Date	Time	Team	IFAD Mission Expert	Activity
<b>Monday 11/11/19</b>	09:00 – 17:00	IFAD team	Infrastructure, Climate, Financial Management, M&E, Gender&Targeting Team Leader	Mission arrival to Chisinau Meeting in the CPIU-IFAD office
<b>Tuesday 12/11/19</b>	08:00	Team 1 (Infrastructure) Field visits	Infrastructure	Departure from hotel
	10:30			Infrastructure Road Cucoara Village, ds. Cahul
	14:30			Road Mingir Village, ds. Hincesti
				Road Hincesti
	08:00	Team 2 (GEF - IRECR) Field visits	Climate, M&E, Gender&Targeting Team Leader	Departure from hotel
	09:30			LPA Satul Nou (shelterbelts/forest plantation) - v. Satul Nou, ds. Cimislia
				Capmaru Iurie GT (CA grant- mini till seeder) - v.Tomai, ds. Leova
<b>Wednesday 13/11/19</b>		Team 1 (Infrastructure) Field visits	Infrastructure, M&E	Podgoreni SRL (grass cover) - v.Lingura, ds. Cantemir
	08:00			Departure from hotel
				Bridge Sireti, ds. Straseni
		Team 2 (ASAP - RRP) Field visits	Climate, Gender&Targeting Team Leader	Road Magdacesti, ds. Criuleni
	08:00			Departure from hotel
	10:00			Meeting with women interested in receiving grant support, SP for women SH pilot (ds. Rezina, Telenesti)
<b>Thursday 14/11/19</b>		Team 2 (GEF) field visits	Infrastructure, M&E, Climate	Meeting with women interested in receiving grant support, pilot project (ds. Calarasi)
	09:00			Meetings at CPIU
	08:00			Departure from hotel
	10:00			Ecologic agriculture equipment grant beneficiary (GEF) - s. Rublenita, ds. Soroca
	12:00			FFS "Maria Darii" supported with grants for equipment in 2019 - s. Chetrosu, ds. Drochia
	13:00			Meeting with women training participants (FFS) - s. Chetrosu, ds. Drochia
<b>Friday 15/11/19</b>	08:00	Team 1 (Infrastructure) Field visits	Infrastructure	Departure from hotel
	10:30			Market in Mihaileni, ds. Riscani
	13:00			Road Brinzenii Vechi, ds. Telenesti
	09:00	ASAP + VCDS (RRP) Office work	Climate, Gender&Targeting Team Leader	Meeting with technical expert for equipment
				Meeting with Mega Public Association contracted to provide support in the implementation of SP for women SH pilot
	10:00			Meeting with National Federation of Agricultural Producers FARM (Logistical services for seminars within FFSs, Conservation Agriculture Manual and ToT); Meeting with women trained on CA within FFS
	14:00	ASAP + GEF	Climate, Team Leader	
	16:00	CPIU	All IFAD team	Briefing meeting with CPIU Director and Components Leads



Date	Time	Team	IFAD Mission Expert	Activity
<b>Saturday 16/11/19</b>			All IFAD team	Work from hotel
<b>Sunday 17/11/19</b>			All IFAD team	Work from hotel
<b>Monday 18/11/2019</b>	09:00		All IFAD team	Meetings in the CPIU-IFAD office
	10 :00	GEF, ASAP	Climate	Meeting with Moldsilva
	14:00-17:00	VCDS	Team Leader, Gender & Targeting	Representatives of producer associations: Dairy; Lavender; Sheep & Goat; and Grapes – CPIU Office
	15:00	Rural Finance	Rural Finance	National Commission for Financial Markets - Chisinau
	16:00	Rural Finance	Rural Finance	National Central Association of SCAs - Chisinau
<b>Tuesday 19/11/19</b>	09:00	CPIU	Infrastructure, Climate, M&E, Financial Management, Procurement	Work at CPIU
	08:00	Team 1 (Rural Finance, VCD) Field visits	Team Leader, Rural Finance	Departure from hotel
	10:00		Team Leader, Rural Finance	Lucinschi Andrei PF (IFAD VI, SME) nut, cherry, apricot, orchards – ds. Floresti, Alexevca Village
	11:30		Team Leader, Rural Finance	Stefan Railean PF (IFAD VII, YE) - strawberry plantation – ds. Sorooca, Egoreni Village
	14:00		Team Leader, Rural Finance	Vita-biofarm (Value Chain beneficiary/IFAD VI, YE) - Dairy farm – ds. Sorooca, Visoca Village
	15:30		Team Leader, Rural Finance	Turcanu Alexandru (Value Chain beneficiary) - Sheep&Goat – ds. Drochia, Pelinia Village
<b>Wednesday 20/11/19</b>	08:00	CPIU	All IFAD team	Meetings at CPIU, Preparation of main findings and agreed actions
<b>Thursday 21/11/19</b>	10:00	CPIU	All IFAD team	Presentation and discussion ref findings and agreed actions – IRECR
	14 :00	CPIU	All IFAD team	Presentation and discussion ref findings and agreed actions - RRP
<b>Friday 22/11/19</b>	9:00		Climate, M&E, Gender and Targeting	Departure from Moldova
	9:00		Infrastructure, Procurement, Financial Management	Work at CPIU
	10:00		Rural Finance, Team Leader	Rural Finance Corporation
	11:30		Rural Finance, Team Leader	Work at CPIU
<b>Saturday 23/11/19</b>			Rural Finance, Infrastructure, Team Leader	Work from hotel
	10:00		Procurement	Work at CPIU
	19:00		Procurement	Departure from Moldova

Date	Time	Team	IFAD Mission Expert	Activity
<b>Sunday 24/11/19</b>			Rural Finance, Team Leader	Work from hotel
	9 :00		Infrastructure	Departure from Moldova
<b>Monday 25/11/19</b>	10 :00	Rural Finance	Rural Finance, Team Leader	Meeting with Microinvest MFI
	14:00	Rural Finance	Rural Finance, Team Leader	Meeting with Credit Line Directorate (CLD)
	Rest of the day	CPIU	Rural Finance, Team Leader	Work at CPIU
<b>Tuesday 26/11/19</b>	10 :00	Rural Finance	Rural Finance	Mobias Banca
	Rest of the day		Rural Finance, Team Leader	Work at CPIU
<b>Wednesday 27/11/19</b>	9 :00	Rural Finance	Rural Finance, Team Leader	National Commission for Financial Markets (NCFM)
	Rest of the day		Rural Finance, Team Leader	Preparation of Aide-mémoires – IRECR + RRP
<b>Thursday 29/11/19</b>	10 :00	CPIU	Rural Finance, Team Leader	Meetings at CPIU
	13 :30	CPIU	Rural Finance, Team Leader	Presentation of Aide-mémoires – IRECR + RRP
	17 :00		Rural Finance	Departure from Moldova
<b>Friday 29/11/19</b>	9 :00	CPIU	Team Leader	Last debrief at CPIU
	11 :00		Team Leader	Departure from Moldova





## **Republic of Moldova**

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### **Rural Resilience Project**

### **Supervision Report**

### **Appendix 6: Procurement**

Mission Dates: November/ 2019

Document Date 28/01/2020

Project No. 2000001156

Report No. 5278-MD

Near East, North Africa and Europe Division  
Programme Management Department

## Appendix 6: Procurement Review of the Supervision Mission

The RRP's procurement performance evaluation was conducted for the period of 2018-2019 of project procurement activities. Based on the conducted review the project's compliance with procurement requirements is rated **as moderately satisfactory (4)** that is an average of the following five sub-ratings on an equal weight basis:

### A. Procurement Planning Process - (3) Moderately Unsatisfactory

The PP is developed according to the newly provided format. However, the review has revealed inconsistency of procurement methods with, estimated budgets, procurement categories and nature of tasks that caused delays in implementation and has negative impact to the overall progress of the project activities.

The activities, especially the ones related to training and mobilization of beneficiaries, need to be packaged to attract the interest of qualified and experienced in the field companies taking into account their capacity to meet tender requirements and ensure required level of competition.

There are still some cases of small value Prior review contracts, when No objections were received not at all the necessary stages of the procurement process.

Procurement Plan realization rate for almost 11 months of 2019 is 70%.

### B. Processes and Procedures from Prequalification to Bidding - (4) Moderately Satisfactory

From prequalification (where applicable) to bidding, processes and procedures applied by the IRECR exhibit consistency, fairness, value for money, competition, efficiency, and responsiveness to requests for information and to complaints. Processes and procedures are mostly consistent and comply with the national procurement regulations, laws and IFAD Project Procurement Guidelines and Handbook, with minor exceptions: IFAD clause on fraud and corruption is missing in all Bidding Documents and contracts; provisions regarding IFAD's right to audit is missing in all Bidding Documents and contracts; insurance requirements are missing in the Bidding Documents.

Procurements are initiated according to the prior/post review provision defined in the Financing Agreement and Letter the Borrower. Prequalification criteria and schedules of requirements (i.e. technical specifications, quantities or terms of reference, etc.) are clearly expressed and measurable.

Nevertheless, the bidding documents requires some improvement as per IFAD requirements, including: (i) Respective link list of debarred firms published by the World Bank; (ii) IFAD clause on fraud and corruption in the Bidding Documents; (iii) 12-months Defect Liabilities Period for all construction/rehabilitation works, instead of 6 or 9 months currently used by CPIU, except IRECR project that will be closed soon; (iv) 10% for Performance Security, instead of 5% currently used; (v) specify duration of works in BDs to avoid different time proposals from bidders that complicates fair completion.

The following improvements are needed in areas contracts preparation: (i) CPIU shall specify the contract type and use WB standard forms for Lump-sum or Time-based; (ii) CW contacts shall have missing Acceptance Letter, Letter of Bid, copy of Performance Security and Specifications; (iii) contract number shall match with tender ID number and include project and selection methods acronyms; (iv) in contacts with supervision engineers to have only contact amount without explanations that it comes from particular % of construction costs, which is not a common practice for IFAD and WB projects; (v) to avoid advance payments made without Bank Securities in all tenders for goods.

CPIU agreed to use standard bidding documents of the World Bank that promptly will resolve inconsistencies with IFAD requirements.

### C. Processes and Procedures for Evaluation and Contract Award - (4) Moderately Satisfactory

Processes and procedures applied by the RRP for evaluation and contract award exhibit consistency, fairness, value for money, competition, efficiency, and responsiveness to requests for information and to complaints. Processes and procedures are consistent and comply with the IFAD Project Procurement Guidelines and Handbook , with minor exceptions:

- Evaluation reports are very brief. Templates of reports are provided.
- The information published on contract award is limited. To be in consistency with IFAD requirements, the project shall publish contract awards according to the provided template. Following the IFAD Procurement Handbook requirements, the contract award shall include the names of all bidders, their read-out and corrected prices, name of the successful bidder and its read-out and corrected bid price and reasons of rejections, if any.
- Information on technical evaluation for consultants in QCBS is very limited provided one day before financial opening. The procedures include notifying applicants individually about their technical scores as per criteria and sub-criteria giving sufficient time to appeal before financial opening: 1 week for local and 2 weeks for foreign companies.

Evaluations are agreed with IFAD according to the Prior/Post Review principles as per the Financing Agreement and Letter to the Borrower.

Proper number of evaluation committee members as per IFAD are involved in the procurement process, including at least 1 member with the technical knowledge and experience in coherence with the type of procurement. Evaluation done across 3 steps, Preliminary Examination, Technical Evaluation and Financial Evaluation (where applicable), consistent with the methods of procurement. Evidence of signatures of evaluation committee members in the pages that carry final recommendation and final scores. Arithmetic corrections are accurate with evidence to show that the errors were formally communicated to bidders, and bidders' acceptance of such corrections. Evidentiary documents and/or justification are kept in folders to show how bidders were eliminated from each step. For Post Review procurements, evaluation reports and contracts showing the steps, evident in file.

#### **D. Contract Management and Administration - (4) Moderately Satisfactory**

The RRP has moderate processes, procedures and systems in place for administration, supervision and management of contracts. Contract formats are consistent with bid documents. However, contracts do not include provisions regarding prohibited practices and IFAD's right to audit. Contracts are signed by Government authorities. As applicable, performance guarantees are available and valid. Payments are consistent and timely in accordance with contract provisions. Delivery of goods, works and services is mainly in accordance with timelines. Supervision of works contract is undertaken. No delays are managed and liquidated damages are applied in contracts of evaluated period. No complaints and disputes are managed in evaluated period. IFAD prior review requirements are complied with.

However, contract administration procedures need further development especially in case of consultancy services contracts due to some delays in deliverables:

- All contracts shall include the missing clause for Contract Administration which appoints particular person from CPIU responsible to monitor the vendor's performance.

Contract register follows IFAD's template and is updated and submitted in accordance with provisions in the Letter to the Borrower.

#### **E. Record Retention - (5) Satisfactory:**

The MRWRP keeps procurement records orderly in file records in shelves and electronically. Procurement folders include the following information:

1. Bidding Document
2. Bid Opening documents
3. Bids, proposals or quotations
4. Evaluation documents
5. Copies of Contract documents
6. and other relevant documents.

## **Outline of Procurement Review Working Paper**

### **I. Introduction and background**

Rural Resilience Project (RRP) is a 6-year IFAD loan, IFAD grant, and ASAP grant project with completion date on September 30 2023. Procurement of goods, works and services financed by the Financing shall be carried out in accordance with the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

The supervision mission took place from 11-29 November 2019 organized by IFAD. The procurement review mission was planned from November 17-23, 2019 in office of IFAD Consolidated Project Implementation Unit (CPIU) responsible for overall implementation of IFAD funded projects as per Financial Agreement.

CPIU uses IFAD Procurement Guidelines and IFAD Procurement Handbook for procurements.

The TORs of the procurement mission included reviewing the adequacy of the procurement arrangements and the compliance of procurement processes against the provisions of the Borrower/Recipient's procurement regulations, to the extent such are consistent with the IFAD Procurement Guidelines.

### **II. Review of Procurement Plan (PP)**

The Mission was pleased to observe the coherence of the PP for 2019 with the AWPB. The procurement Plan for 2019 showed that 73 procurement packages were planned with the total value of US\$ 1,219,160. The total value of the contracted items to be around US\$ 856,737 covering 34 signed contracts. This figures exclude costs of the CPIU staff. Procurement Plan realization rate for almost 11 months of 2019 is 70% which is moderately satisfactory.

The PP is developed according to the newly provided format. However, the review has revealed inconsistency of procurement methods with, estimated budgets, procurement categories and nature of tasks that caused delays in implementation and has negative impact to the overall progress of the project activities. In particular, for very small estimated budget consultancies two stage biddings were used that as per procedures requires significant time and resources to be procured. Such kind of methods are not efficient and shall not be used for small procurements. For selection of individuals two stage LCS method defined by IFAD for firms was used instead of ICS. Some training activities, which are consultancy were procured using NCB and NSH methods defined by IFAD for works and goods. PP included some very small direct contracts that in fact are the part of operational costs and shall be withdrawn from PP or placed separately from works, goods and consultancy categories.

The activities, especially the ones related to training and mobilization of beneficiaries, need to be packaged to attract the interest of qualified and experienced in the field companies taking into account their capacity to meet tender requirements and ensure required level of competition.

There are still some cases of small value Prior review contracts, when No objections were received not at all the necessary stages of the procurement process.

### **III. Review of Ongoing/Completed Procurement Activities and Documentation**

The review covered 3 out of 34 contracts and purchasing orders awarded after September 1st, 2018 and for a total amount of MLD 365,678. The access to all procurement transactions and documentations of the period was available during mission. These contracts are comprised of 2 fixed budget selection (FBS) consultancy services selection (13 contracts) and 1 consultancy services contract using SSS selection method. All tenders were properly advertised with sufficient level of competition. For details please refer to the checklist of the reviewed folders in **Appendix A** of this report.

The procurement process started by preparation of the bidding documents and budget estimate. The tender committee composed from the CPIU staff, representatives of ministry of finance, ministry agriculture and local municipalities. However, CPIU shall ensure involvement of the tender committee members in approval of qualification requirements for each before advertising. Tender committee members participate in the bids/proposals public opening meetings. However, CPIU shall ensure involvement of procurement specialist in bids/proposals opening meeting as a secretary responsible for qualified bid opening and preparation of proper minutes of meetings as per IFAD Procurement Handbook requirements. Mainly, GPIU give sufficient time for bidders to apply as per IFAD procedures set for different procurement methods. The violation is observed only in QCBS method where CPIU provided 2 weeks for preparation of proposals, instead of 4 weeks required for this method.

Nevertheless, the review has revealed the existence of the following areas where improvements needed. The bidding documents and evaluations reports currently in use by CPIU is outdated and requires some improvement as per IFAD requirements. CPIU is required to use standard BDs and ERs templates issued by World Bank, including: (i) Respective link list of debarred firms published by the World Bank; (ii) IFAD clause on fraud and corruption in the Bidding Documents; (iii) 12-months Defect Liabilities Period for all construction/rehabilitation works, instead of 6 or 9 months currently used by CPIU, except IRECR project that will be closed soon; (iv) 10% for Performance Security, instead of 5% currently used; (v) always specify duration of works in BDs to avoid

different time proposals from bidders that complicates fair completion; (iv) inform applicants individually about their technical scores as per criteria and sub-criteria and give sufficient time to appeal before financial opening: 1 week for local and 2 weeks for foreign companies.

Review has revealed the need of the following improvements in areas contracts preparation: (i) CPIU shall specify the contract type and use WB standard forms for Lump-sum or Time-based; (ii) CW contacts shall have missing Acceptance Letter, Letter of Bid, copy of Performance Security and Specifications; (iii) contract number shall match with tender ID number and include project and selection methods acronyms; (iv) in contacts with supervision engineers to have only contact amount without explanations that it comes from particular % of construction costs, which is not a common practice for IFAD and WB projects; (v) to avoid advance payments made without Bank Securities in all tenders for goods.

#### **IV. Review of Contract Administration and Management**

The Project keeps a detailed Contract Register in English that shows procurements that have been contracted, including date of contract signature, name of vendor, performance or delivery period, contract amount, review type and selection method. The original contracts and payment documents are kept by the financial department at the same of CPIU.

The review reveals the need to strengthen the contract administration and management procedures in CPIU and ensure rapid actions to solve the problems with late deliverables. Some cases are identified when consulting companies for mobilization of grant beneficiaries have problems with performance during several months from the commencement of the contract, however they did not submit any reports or clarifications on this issue. No written correspondence exists in CPIU with consultants clarifying the reasons of non-performing or actions made to solve the problem. In this regard the following improvement is needed to strengthen contract management procedures: (i) all contracts shall include the missing clause for Contract Administration appointing the person from CPIU to the monitor the vendor activities and performance; (ii) CPIU Director shall be involved in contracts administration and management on its level.

#### **V. Review of issues identified in the previous procurement supervision and aide-memoir and procurement related issues identified in project audit reports**

Last supervision mission was conducted in September 2018. 5 from 9 agreed actions of 2018 mission were executed, 3 of them are partially executed and 1 does not executed. The most important observation are as follows:

Not executed: Combining of activities in more big packages to attract qualified and experienced consulting companies. The proper packaging of activities shall be an issue for training and other consulting services, such as grant beneficiaries' mobilization activities.

Partially executed: Procurement review conducted in September 2018 has revealed the need of capacity building in procurement team. To meet recommendation CPIU announced tender for the position of procurement specialists several times, however failed to select qualified specialist due to the shortage of qualified procurement specialists in the local market. Later on the short-term Procurement Consultant has been recruited. However, the contract with Procurement Consultant expires in mid of January 2020. This recommendation is partially executed until CPIU ensures long-term contract with the Procurement Consultant. Based on the satisfactory performance of consultant and due to the shortage of experienced procurement specialists in the market CPIU is recommended to use single source method for this selection.

Partially executed: The supervision mission from 2018 highlighted to sought IFAD's No objection for every Prior Review Contract in accordance with IFAD's Procurement Guidelines. This recommendation is also partially executed, since CPIU still has some cases of small value Prior review contracts, when No objections were received not at all the necessary stages of the procurement process.

Partially executed: Previous mission recommended Procurement staff to be involved in the compilation and issuance of the Procurement bidding document related to Works should they and be responsible for their Contract administration. The Technical volume of the Works bidding document must include (i) the Bills of Quantities, (ii) Drawings and (iii) Technical Specifications. The observation of current mission is that Procurement Specialist is involved in compilation and issuance of the Bidding Documents, which include requested above information. However, BDs still does not have sufficient information required to ensure fair competition. Particularly, the duration of works is missing in the BDs that entails different proposals from bidders on their contraction period. Sometime the difference in proposed construction period are significant that complicates fair completion among bidders.

#### **VI. Review of project's procurement filing system and the ease of document retrieval**

Each procurement activity has its own separate folder where records and all procurement documents are kept properly. However, procurement filing and recordkeeping need attention. The mission noted that the project does not keep records in English. To facilitate and speed up the document retrieval the task for CPIU is to start keeping at least bid opening minutes and tender evaluation reports of Prior and Post Review cases in both Romanian and English languages.

## **VII. Review of any significant changes in the Borrower/Recipient's procurement system and practices**

From January 2019, IFAD has launched newly established NOTUS system for procurements. CPIU follows recommendation to use NOTUS for Prior review cases.

## **VIII. Assessment for further procurement staff training needs**

Procurement Specialist needs further training in public procurement. Following recommendation of IFAD made during the new project design mission in April 2019 Procurement Specialist intends to participate in procurement training courses for goods, works and services organized by International Training Centre of ILO in Turin, Italy in November 2019 and procurement training workshop organised by IFAD in December 2019 in Rome, Italy.

CPIU tried to follow recommendation of previous mission conducted in September 2018 to recruit additional procurement staff. After several tenders announced for the position of procurement specialist CPIU failed to select qualified specialist due to the shortage of qualified procurement specialists in the local market. Later on the short-term Procurement Consultant with wide procurement experience in public procurement, including procurement according the World Bank guidelines has been recruited, whose contract expires in mid of January 2020. Now, CPIU shall ensure long-term contract with the Procurement Consultant to meet recommendation provided by previous missions. Based on the satisfactory performance of consultant and due to the shortage of experienced procurement specialists CPIU was recommended to use single source method for this selection. Procurement Consultant is encouraged to participate in procurement training courses for goods, works and services organized by International Training Centre of ILO in Turin, Italy in 2020.

## **IX. Key findings and conclusions from the PRM assessment update**

The newly adopted PPL introduced some improvements in the institutional framework of the public procurements. The dispute settling function became independent from PPA and was transferred to the newly established National Dispute Settlement Agency (NDSA), subordinated directly to the Parliament. After several years of implementation of the new PPL, the complaint system is still not well functional. Actually, due to the transition period, the complaint review process was halted during one year and was possible only through courts. Also, NDSA should ensure high level of transparency and independence, or else the worthiness of this institution will be low.

Other weaknesses identified pertain to the absence of tools, guidelines, templates for use by local and regional public entities under the decentralization of procurement activities, as well as the chronic understaffing of the PPA. The ongoing electronic public procurement reform still has the troubles with both from quantitative and qualitative point of view. In the former case, until now only small part of procuring entities participate in the system out of more than four thousand connected to it. From the qualitative point of view, the mentioned system is grossly outdated and does not correspond to the best efficiency and transparency requirements for an e-procurement system. Namely, the contracting authorities mainly register tenders rather than follow fully-fledged electronic procurement cycle, since it is impossible for applicants to submit complete electronic offers, and not all tender documents are available online after the finalization of the procedure. The further development of e-procurement will constitute a significant step towards introducing higher levels of transparency to the public procurement domain in Moldova and will contribute to improving risk assessment ratings that are based on the likelihood of fraudulent practices being applied. The standard Bidding Documents are very broad and shall be adapted by each procuring agency individually for each procurement. The standard Bidding Documents do not contain many provisions that IFAD has. Among the main failings can be mentioned such issues as the transparency, corruption. Also, the issue with explicit incorporation of provisions concerning the conflict of interest, corruption and fraud into the tender documentation was not resolved in the PPL.

In light of these considerations, the current procurement system of Moldova can be rated as not suitable for use at this stage. The current system does not comply with internationally accepted practices and foremost with IFAD's Guidelines on procurement principles and arrangements.

Based on the above considerations, it is recommended that the IFAD Procurement Guidelines will be followed for all types of procurement to be financed out of the proceeds of IFAD financing.

The capacity of the CPIU to carry out the project's procurement activities needs further development to improve an efficient and effective to select the procurement methods and combine activities in most efficient way. The improvements in efficiency of procurement shall be assessed regularly during annual IFAD supervision missions for the IRECR and RRP projects. The quality of the bidding documents prepared needs further development. As an example of the best procurement practices the existing bidding documents shall be modified according to the World Bank procurement requirements.

The CPIU has access to a legal web database where all the national primary and secondary legislations are stored. Independent audits have been undertaken regularly and the procurement specialist prepares periodic briefings on overall procurement activities both, for the management meetings and for regular reporting purposes.

The assessment identified procurement planning and market research as an area that should be strengthened further, commensurate with the increasing complexity of the technical fields of project interventions and heightened importance of aligning the schedules of inter-dependent project activities.

Procurement of goods, works and consulting services shall be bundled together, to the extent possible, into sizeable bid packages in such a manner as to permit the optimal use of competitive bidding and should be carried out by the CPIU. At the same time CPIU shall analyse and take into consideration the capacity of local companies that possibly can apply to ensure the maximum level of competition.

#### X. Procurement performance indicator rating and justification

Based on the conducted review the project's compliance with procurement requirements is rated as moderately satisfactory (4). The mission carried out a procurement review of CPIU since the Procurement Support Mission (PSM) of September 2018. Overall, the review has determined that the procurement procedures followed for the sample contracts are generally in compliance with the IFAD procurement guidelines and general guiding principles. Application of procurement procedures is in general transparent. Procurement process is properly recorded. However, moderate difficulties are expected in procurement planning, packaging of activities and selection of efficient procurement methods. The quality of the bidding documents prepared needs further development. As an example of the best procurement practices the CPIU bidding documents shall be modified according to the World Bank procurement templates. CPIU shall ensure increasing of procurement capacity and involvement of procurement specialist in bids/proposals opening meetings. Contracts need further improvement, particularly to avoid advance payments without Bank Guarantees in all tenders for goods. CPIU needs to improve contract administration procedures ensuring proper monitoring of vendors' performance. Particular attention shall be paid to the existing low rate of implementation due to the upcoming closing date of the project, which is September 2020. The Contract register is prepared at the level of CPIU in the line of procurement Plan. Procurement files are organized and contain all the procurement related documents. Payment related documents are easily available at the same office in financial department.

#### XI. Recommendations for improvement and follow-up actions for the Borrower/Recipient and/or IFAD

Recommendations for IFAD: Paying particular attention to the capacity building of the procurement and efficient project management teams by providing continuous mentoring support, advices on project implementation, support in preparation of terms of references and monitoring project implementation rate.

#### Appendix A- Checklist

##### Post Review Checklist

#1	Description	Check	Remarks
<b>A</b>	<b>Procurement Planning (for entire PP)</b>		
1	Are there planned dates for all procurements?	Yes	IFAD's recent template of Procurement Plan (PP) was used. Planned dates include in PP.
2	Are the planned dates consistent with the procurement process and methods?	Yes	Planned dates are in consistent with the procurement process and methods of IFAD Procurement Handbook and project procurement manual.
3	Are the procurement methods consistent with the estimated budget for each procurement?	No	Post/Prior review procedures are mostly in compliance with the thresholds stipulated by the LTB. However, for very small estimated budget consultancies two stage biddings such as QCBS and FBS were used that are defined for big budget multi tasks assignments. For selection of individuals two stage LCS method defined by IFAD for firms was used instead of ICS. Some training activities, which are consultancy were procured using NCB and NSH methods defined by IFAD for works and goods.
4	Is the reviewed Procurement Plan an updated one?	Yes	PP was updated. However, PP needs some improvement (see clause II Review of Procurement Plan).
5	How many <b>updates</b> of the current Procurement Plan were submitted for the year?	Yes	The updated plan usually submitted to missions (once/twice per year).
6	How many <b>upgrades</b> of the current Procurement Plan were submitted for the year?	No	PP was upgraded in NOTUS 5 times for IRECR and 2 times for RRP. No Objection were provided.

#5	Description	Check	Remarks
<b>FBS</b>	<b>Social mobilization, grant application and implementation support for ASAP grants beneficiaries, \$10,000, Prior Review, durations – 3 years RRP</b> <b>Contracts with 7 SCAs (small credit associations) signed in May 2019</b> Contract 1 – 25,000 MLD Contract 2 – 25,000 MLD Contract 3 – 25,000 MLD Contract 4 – 25,000 MLD Contract 5 – 25,000 MLD		



<b>Contract 6 - 25,000 MLD</b>			
<b>Contract 7 - 25,000 MLD</b>			
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	
4	Is enough done to demonstrate that competition was achieved?	Yes	No advertisement. 18 companies (SCAs) were invited
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	Yes	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	Yes	30 days, which is according to the requirements of IFAD Procurement Handbook to collect expressions of interests.
7	Ensure that no late bids were accepted	N/A	
B	Evaluation Process (for each procurement)		
1	Was Preliminary Examination done?	No	Shortlist with 18 SCAs was created by CPIU based on experience of SCAs in mobilization of YEs for DANIDA grants. Shortlist was approved by IFAD.
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	Yes	
3	Was Technical Evaluation done?	Yes	Technical Evaluation report was provided. The criteria of the evaluation were not defined properly. The main tasks of the SCAs was to mobilize potential beneficiaries for ASAP grants, however the SCAs were not evaluated in the technical evaluation report whether they have such experience.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	Yes	One consultant that did not pass the minimum qualification score (70) was rejected.
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	Yes	April 19, 2019
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	Yes	Technical scores were not disclosed to the bidders prior to financial opening with sufficient time to appeal that is not in compliance with the IFAD requirements. Bidder, who did not pass the minimum qualification score was informed about decision of the committee before financial opening.
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	No	No requests for clarifications.
8	Were bidders given enough time to submit a challenge/protest?	No	Bidders were invited for the financial opening 3 days prior to the opening meeting. As reported, no one appeal the decision of the evaluation committee.
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	Yes	Minutes of opening of financial proposals was provided.
10	Was Financial evaluation done and properly?	Yes	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	N/A	Time Based contract type.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	No	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	Yes	
14	Were challenges/protests received? Were they handled properly?	No	As reported, no one appeal the decision of the evaluation committee.
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	Yes	
2	Ensure that negotiations were not held for Goods and Works	N/A	
3	Ensure that negotiations were held for consulting services?	N/A	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	N/A	

D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	Contracts are signed by both parties. Copies provided by procurement specialist. Originals are provided by Financial office. No violations revealed.
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	Yet, the contracts do not include the contract type. Contracts templates for Lump-sum and Time-based contracts are provided.
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	Contracts include ToRs as consistent with RFP and proposal of successful bidders.  Yet no performance and payments were made since May 2019. The reasons of delay in performance with SCAs during last 6 months is not clear.
4	Was a Contract amendment made to extend	No	

#6	Description	Check	Remarks
<b>FBS</b>	<b>Social mobilization, grant application and implementation support ASAP grant beneficiaries, \$10,000, Post Review, duration – 3 years, RRP</b> <b>Contracts with AGs - agricultural associations (members of the national farmers federation) signed in September 2019</b> <b>Contract 1 – 29,000 MLD</b> <b>Contract 2 – 29,450 MLD</b> <b>Contract 3 – 28,650 MLD</b> <b>Contract 4 – 29,450 MLD</b> <b>Contract 5 – 29,450 MLD</b> <b>Contract 6 - 28,800 MLD</b> <b>The selection of AGs was decided after the failure of 7 SCAs (small credit associations) contracted by CPIU on May 2019 to mobilize and support grant applicants (targeted farmers).</b>		
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	
4	Is enough done to demonstrate that competition was achieved?	Yes	The tender was advertised properly on webpage of CPIU IFAD, <a href="http://www.agribusiness.md">www.agribusiness.md</a> , ministry and <a href="http://www.civic.md">www.civic.md</a> , national newspaper Economic Review and 113 agricultural associations (members of the national farmers federations) were invited through network. 19 consultants expressed interests.
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	Yes	10 days before submission deadline
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	Yes	21 days, which is according to the requirements of IFAD Procurement Handbook to collect expressions of interests.
7	Ensure that no late bids were accepted	N/A	
B	Evaluation Process (for each procurement)		
1	Was Preliminary Examination done?	Yes	8 consultancy firms were shortlisted.
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	Yes	
3	Was Technical Evaluation done?	Yes	Technical Evaluation report was provided.
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	Yes	Two consultants that did not pass the minimum qualification score (70) was rejected.
5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	N/A	Post Review
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	Yes	Technical scores were not disclosed to the bidders prior to financial opening with sufficient time to appeal that is not in compliance with the IFAD requirements. Bidders, who did not pass the minimum qualification score were informed about decision of the committee before financial opening.
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	No	No requests for clarifications.

8	Were bidders given enough time to submit a challenge/protest?	No	Bidders were invited for the financial opening on the next day, instead of at least one week required in such case. As reported, no one appeal the decision of the evaluation committee.
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	Yes	Minutes of opening of financial proposals was provided.
10	Was Financial evaluation done and properly?	Yes	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	N/A	Time Based contract type.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	No	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	Yes	
14	Were challenges/protests received? Were they handled properly?	No	As reported, no one appeal the decision of the evaluation committee.
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	Yes	
2	Ensure that negotiations were not held for Goods and Works	N/A	
3	Ensure that negotiations were held for consulting services?	N/A	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	N/A	
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	Contracts are signed by both parties. Copies provided by procurement specialist. Originals are provided by Financial office. No violations revealed.
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	Yet, the contracts do not include the contract type. Contracts templates for Lump-sum and Time-based contracts are provided.
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	Contracts include ToRs as consistent with RFP and proposal of successful bidders. No payments were made yet.
4	Was a Contract amendment made to extend	No	

#7	Description	Check	Remarks
<b>SSS</b>	<b>Detailed design of rainwater harvesting ponds /g, estimated cost \$900, Prior Review, duration – 0.5 month, RRP Contract - 900 MLD, signed in August 2019</b>		
A	Bidding Process (for each procurement)		
1	Is the item in the Procurement Plan?	Yes	
2	Is there a formal Procurement Requisition that initiates the process?	Yes	
3	Is the Method proposed in the PP used?	Yes	
4	Is enough done to demonstrate that competition was achieved?	Yes	No advertisement. SSS is justified by small amount. IFAD approved CV of the hydrological engineer for detailed design of rainwater harvesting ponds.
5	Is there time provided for bidders to request and receive clarifications, before the submission deadline?	N/A	
6	Is there sufficient time allotted for bidders to prepare quotations, bids and proposals	N/A	
7	Ensure that no late bids were accepted	N/A	
B	Evaluation Process (for each procurement)		
1	Was Preliminary Examination done?	N/A	
2	Are there objective and justifiable reasons for rejections at Preliminary Examination?	N/A	
3	Was Technical Evaluation done?	N/A	
4	Are there objective and justifiable reasons for rejections at Technical Evaluation?	N/A	

5	For QCBS and QBS was a Technical Evaluation Report submitted to and no-objected to by IFAD before the Financial Proposal(s) was/were opened?	N/A	
6	For all advertised procurement, were bidders informed of the (technical) evaluation outcome?	N/A	
7	Were the bidders given sufficient explanation as to their performance at the (technical) evaluation, if one or more requested this information?	N/A	
8	Were bidders given enough time to submit a challenge/protest?	N/A	
9	For consulting services under QCBS, QBS and LCS, was there a formal opening of financial proposals?	N/A	
10	Was Financial evaluation done and properly?	N/A	
11	Were corrections to Bidders' financials/prices were done, is there correspondence to show that the bidders were (i) notified and (ii) accepted the correction?	N/A	Lump-sum contract type.
12	Are there objective and justifiable reasons for rejections at Financial Evaluation?	N/A	
13	For consulting services under QCBS, were bidders provided the results of the combined evaluation and accorded sufficient time to challenge/protest?	N/A	
14	Were challenges/protests received? Were they handled properly?	N/A	
C	Award and Negotiations (for each procurement)		
1	Was award done after all challenges/protests were received?	N/A	
2	Ensure that negotiations were not held for Goods and Works	N/A	
3	Ensure that negotiations were held for consulting services?	N/A	
4	Did the negotiations significantly alter (i) the scope, (ii) the duration and (ii) the prices?	N/A	
D	Contract, Contract Administration and Management Process (for each procurement)		
1	Was the Contract signed by both parties? (A copy must be evident in file)	Yes	Contracts is signed by both parties. Copy provided by procurement specialist. Original is provided by Financial office. No violations revealed.
2	Has the contract the standard commercial and contractual terms required for a proper procurement agreement, as per relevant category and method?	Yes	Yet, the contracts do not include the contract type. Contracts templates for Lump-sum and Time-based contracts are provided.
3	Is the procurement requirement (terms of reference, description of services, schedule of requirements, technical specifications) expressed in the contract as consistent with the successful bidder's bid, evaluation report and negotiated outcome?	Yes	Contract includes ToRs as consistent with RFP.  Contract completed.
4	Was a Contract amendment made to extend	No	