

Fact Sheet

Title of the proposed Joint Programme Climate Investment and Innovation Fund Program in Moldova

UNCT Moldova

Date Tue, 03/31/2020 - 12:00

RCO focal point Simon Springett

Lead UN entity and contact person

UN entity	Name	Email
Food and Agriculture Organization (FAO)	Raimund Jehle	raimund.jehle@fao.org

Participating UN entities and contact persons

UN entity	Name	Email
International Organization for Migration (IOM)	Lars Johan Lonnback	llonnback@iom.int
International Labour Organization (ILO)	Ms Ala Lipciu	lipciu@ilo.org

Relevant UNDAF Outcome/s and Output/s

The following Cooperation Framework Outcomes will be addressed through the Joint Program:

- Outcome 2: The people of Moldova, in particular the most vulnerable, have access to enhanced livelihood opportunities, decent work and productive employment, generated by sustainable, inclusive and equitable economic growth [outcomes: 2.4 on Proportion of young people, aged 15–29, NEETs by sex, urban/rural, 2.2 Employment rate (by urban/rural, sex, age, disability)]

- Outcome 3: The people of Moldova, in particular the most vulnerable, benefit from enhanced environmental governance, energy security, sustainable management of natural resources, and climate and disaster resilient development. Outcomes: 3.1 Share of renewables in the gross final energy consumption, 3.3 Number of centralized collection and processing centres for hazardous waste created as environment enabling public institutions to meet the international standards on hazardous waste disposal, 3.4 Number of

people in rural areas benefiting from sustainable land, pasture and forest management practices, 3.5 Proportion of districts applying climate resilient practices.

Relevant objective/s from national strategic document/s

- National Development Strategy "Moldova 2030" inter alia concerns establishment of sustainable and inclusive economy while aiming at increase in people's income from sustainable sources and mitigating economic inequalities; while ensuring the fundamental rights to healthy and safe environment by fostering climate resilient and "green" economy through implementation of a set of climate mitigation measures in the field of water and waste management, forestry, air pollution, etc.

- National Climate Change Adaptation Strategy (2020): The goal of the Strategy is to assure that the Republic of Moldova's social and economic development is less vulnerable to climate change impacts by becoming more resilient. The general objective of the strategy is "Increasing the capacity of the Republic of Moldova to adapt and respond to actual or potential climate change effects".

- Government Action Plan (2020-2023): chapter IV on sustainable economic development aims at (i) establishment of 300 new businesses and 900 jobs through state programs to support small and medium enterprises, (ii) implementation of 3 new approved programs in the sector of small and medium-sized enterprises (iii) increase export of products by 9.4%; (iv) structural change of the economy by replacing the current consumption-based remittances-fed economic growth model with a dynamic model, based on intelligent specialization and ample transformations of the scientific and economic environment (v) assessing the opportunity to create a financial development institution - Bank/Development/ Investment Fund for Moldova; chapter VIII on agricultural sector and food industry among others aims at development of 10 sectoral programmes and ensuring 50 beneficiaries of subsidies for the procurement of breeding stock and 75 beneficiaries for the establishment/renovation of livestock farms annually; chapter IX on environmental protection and natural resources addresses regulatory framework to implement the concept of waste to energy in areas such as solid waste, water and sanitation etc, chapter X regional development and landscape planning refers inter alia to the energy efficiency projects implementation.

SDG targets on which the progress will be accelerated (includes targets from a range of SDGs and development pillars)

Goal 1: End Poverty	1.2
	1.4
	1.5
	1.a
	1.b

Goal 2: Zero Hunger	2.3
	2.4

Goal 3: Good Health and Well-Being

Goal 4: Quality Education

Goal 5: Gender Equality 5.5

Goal 6: Clean Water and Sanitation

Goal 7: Affordable and Clean Energy

Goal 8: Decent Work and Economic Growth 8.2
8.3
8.4
8.5
8.6
8.10

Goal 9: Industry, Innovation and Infrastructure 9.2
9.3
9.4
9.5

Goal 10: Reduced Inequalities

Goal 11: Sustainable Cities and Communities

Goal 12: Responsible Production and Consumption 12.3
12.5

Goal 13: Climate Action 13.1
13.3
13.b

Goal 14: Life Below Water

Goal 15: Life On Land 15.3
15.b

Goal 16: Peace, Justice and Strong Institutions

Goal 17: Partnerships for the Goals 17.1
17.3
17.7

Self-Assessment

The proposal reflects the integrated nature of the SDGs Yes

The proposal is based on an inter-agency approach (two or more UN entities involved), with RC coordinating Joint Programme preparation and implementation Yes

The proposed results are part of the UNDAF and aligned with national SDG priorities Yes

The proposed Joint Programme will be led by government and include key national stakeholders Yes

The proposal is based on country level consultations, as explained in the Concept note, and endorsed by the government (the letter of endorsement) Yes

The proposal is based on the standard template for Concept Notes, it is complete, and it includes: Yes

- Theory of Change demonstrating contribution to SDG acceleration and transformation to implement the 2030 Agenda and awareness of relevant financial policy efforts at regional or national level,
 - Results-oriented partnerships, including a strategy to engage and partner with IFIs/MDBs,
 - “Quick wins” and substantive outcome-level results, and
 - Initial risk assessment and mitigation measures.
-

The proposal is expected to leverage resources for the SDGs at scale Yes

Proposal for Joint Programme

1. Summary of the Joint Programme

Although poverty and inequality declined (25.9% GINI) since 2000, Moldova is still the poorest country in Europe (GNI per capita US\$2,980) with consumption-driven economic growth fueled by remittances (16% of GDP). Currently, 57.4% of population is living in rural areas, and 85% of the poor are concentrated there. High cost and accessibility of financing are amongst critical issues hindering the development of MSMEs.

Moldova has become increasingly affected by the effects of climate change. This challenge is acknowledged in the National Climate Change Adaptation Strategy, the National Development Strategy Moldova 2030 and Government action plan (2020-2023). However, the total Government allocation for agricultural, environmental, energy efficiency and regional development funds account for only 2% of the national public budget in 2020, while in 2017, only 2% of micro, small, medium enterprises (MSMEs) producing “green products” benefitted from Government support, far below the EU average of 25%.

The World Bank estimates the current total cost of inaction on climate adaptation around \$US 600 mln, equivalent to 6.5% of GDP that is expected to more than double by 2050. The expected annual cost of climate change impacts on Moldova’s agriculture sector by 2050 is around \$US 700 mln (WB, 2017).

To address these multi-faced challenges, the Joint Programme will create and operationalize Moldova’s Climate Investment and Innovation Fund (CIIF). The joint program aims to promote better livelihoods in rural areas and accelerate green growth and sustainable development leading up to better jobs, productive partnerships within the private sector, particularly entrepreneurs, young people and women.

The CIIF will facilitate the financing and support of green economy development and climate-resilient agenda implementation by (i) providing interest rate subsidy and investment guarantee schemes for SMEs and start-ups implementing climate-resilient and sustainable solutions; (ii) facilitating access to green technology and innovations; (iii) identifying and develop skills for green jobs (iv) improving migrants’ and recipients of remittances financial literacy and entrepreneurship skills.

The CIIF will pool financing from different public and private sources: commercial banks, migrants’ remittances, public and donor funding (USD 4mln from IFAD) serving as vehicle and “one-stop-shop” with specific financing windows and supportive tools. Although some of Program’s components were already piloted in Moldova, the Project is under design stage and, if selected, detailed feasibility study, operational procedures and regulatory framework will be developed.

2. Thesis and theory of change of the Joint Programme

Agriculture employs almost one-third of Moldova’s population, and agri-food exports account for roughly 50% of the country’s total exports. Currently, 35% of MSMEs in Moldova highlight “access to finance” as a major constraint for their growth and development, compared to the average of 25% in developing countries. The World Bank identified total credit gap for MSMEs in the amount of \$US 580 mln. Moldova’s banking sector generates sufficient liquidity that could be channelled for SDG-related private sector development (approx. 910 million EUR in 2019). However, access to these funds represents a challenge for many MSMEs and small farm-holders due to: (1) lack of collateral (2) high-interest rates offered by commercial banks; (3) weak projects bankability. Emerging businesses face a shortage of qualified workforce with specific skills and lack access to innovative technologies and export markets. The migrants’ remittances are the primary source of income for the rural population (\$US 1.22 bln in 2019). Every third Moldovan citizen receives money from abroad, 80% of which is spent on consumption. Lack of knowledge on how to implement business opportunities and low financial literacy diverts savings from remittances away from income-generating activity.

The share of MSMEs that offers green products or services went down from 35% to just 17% between 2015 and 2017. Similarly, the percentage of MSMEs with a turnover share that is more than half generated by green products or services has fallen from 38% to 23%. The Program will support the creation of the Climate Investment and Innovation Fund (CIIF) to leverage private and public capital in support of climate change adaptation and income generation in rural areas of Moldova. The CIIF will provide a mix of financial and non-financial services for the climate-resilient economic development business. The CIIF aims to strengthen the ability of the private sector

to contribute to climate action, including climate-smart farming, energy efficiency, green jobs and waste management. The CIIF will “bridge” the gap between commercial banks holding available funds, but inaccessible to entrepreneurs, and the private sector actors facing.

The Joint Program will focus on addressing the following key areas: (1) Improving access to financial services for MSMEs and start-ups, (2) stimulating innovative and green-tech SME development in rural areas (3) development of skills to match the needs of new green businesses and (4) financial inclusion of labour migrants by channelling remittance savings towards income-generating activities.

Addressing these issues will boost rural development, improve livelihoods and retain people from emigrating while mitigating climate change impact.

The financial services will include innovative and green-technology subsidies and credit guarantee scheme for the lacking collateral start-ups or any other commercially viable businesses contributing to climate-smart rural development or such other measures supportive of climate change agenda. Non-financial services will include business advisory and networking for technology transfer, financial literacy education, training and skills development for high-tech green jobs, value chain strengthening around climate-resilient businesses.

3. What are the expected results of the proposed Joint Programme?

The specific objectives of the Joint Program are: (i) to increase and streamline private, and public financing for climate-resilient, innovative and green-tech rural development (ii) to create an entrepreneurial ecosystem that enhances livelihoods, prevents emigration and catalyzes climate adaptation and mitigation measures.

Project results:

Outcome 1: Improved capacity of the Ministry of Agriculture, Regional Development and Environment to promote climate-smart value chain specialization and job creation.

Result 1.1 Climate-smart value chain prioritization and strategies developed

Targets: At least three climate-smart value chain strategies developed.

Outcome 2: Climate Investment and Innovation Fund (CIIF) established and operational to facilitate value chains development in rural areas of Moldova.

Result 2.1: New financial instruments developed in collaboration with commercial banks facilitated access of 500 MSMEs to resources for green-business ideas implementation.

Result 2.2: Remittance-linked financial services developed aimed at financial inclusion of migrant families.

Targets: public funding channelled to CIIF for SDG achievement; Livelihoods of 20% of people in participant rural areas improved; ~0.2% of remittances in Moldova are channelled through the CIIF for SDG-related activities; 500 businesses benefit from CIIF loan guarantee mechanism.

Outcome 3: Improved skills and technical capacities of MSMEs, young people, women (notably migrants and their families), and small farmers to establish and develop innovative climate change and adaptation businesses.

Result 3.1: Business advisory services allow SMEs to improve access to information on innovative, high-tech business solutions, environmentally friendly technology and green jobs.

Result 3.2: Improved investment readiness and financial literacy of MSMEs and individuals entrepreneurs to better integrate

environmental issues into business decisions making.

Result 3.3: Improved financial literacy of migrants and their families to facilitate income-generating activities

Targets: 75% of CIIF beneficiaries receive business advisory services; At least 500 new green jobs created; 25% of not employed youth and at least 30% women in rural areas developed new/specific skills.

The Joint Program intends to contribute to poverty reduction through the achievement of UNPFSD (2018-2022) priority areas 2 and 3, namely on “creating a sustainable, inclusive and equitable economic growth” and on achieving “environmental sustainability and resilience”. The Program will directly contribute to the achievement of SDGs 1, 2, 8, 9, 11, 12, 13, 15 and 17. Particularly, the Programme will facilitate poverty reduction (SDG 1), mitigation and adaptation of climate change impact (SDG 13), promote sustainable production (SDG 12) and create new job opportunities (SDG 8). It is expected that the Program will facilitate new partnerships (SDG 17).

4. Describe the innovative nature of the Joint Programme

Multiple innovative approaches were applied in the design of the Joint Program, namely:

- Establishment of an investment fund for the specific purpose of supporting climate adaptation and mitigation. Despite the existence of public funds dedicated to environmental and regional development, there is no particular fund supporting climate-smart business or climate adaptation and mitigation with the engagement of the private sector.
- The CIIF will attract new participants and investors to support MSMEs for climate change adaptation. To this end, the liquidity from commercial banks will be channelled to assist businesses that require loans while public and donors funds will be used to reduce interest rates, guarantee funds and cover collateral costs. The CIIF be a window for remittances to be re-directed to income-generating activities. Additionally, the fund will pool resources from Moldova’s Government and development partners, such as IFAD.
- The CIIF will provide a window for advanced financial instruments: the cost of borrowing will be tied to borrower’s contribution toward the achievement of climate change adaptation and mitigation. For instance, the following instruments will be applied: (i) differential interest rate subsidy depending on the degree of expected climate adaptation impact of the investment; (ii) grants to allow access to green-tech solutions; (iii) loan guarantee scheme (currently nonexistent in Moldova); (iv) benefits for recipients of remittances and migrant investors that use savings for the implementation of green solutions.
- Pooling expertise of the UN System by working as One: while FAO will be responsible for the CIIF design and implementation, ILO uses existing tools to provide business advisory services throughout value chain creation, including development of new skills on demand for green jobs creation. Also, IOM will reach out and engage migrants and their families using existing communication channels and best practices.

Some of these actions were implemented a few years ago, showing positive results and opportunity for scaling up.

The reason for not implementing these actions before was lack of political support to the climate change agenda and high cost of the intervention. However, the new government in Moldova has demonstrated renewed interest in supporting climate change adaptation. This can be seen, in the new fiscal policy addressing carbon emissions reduction measures in 2020 by reducing customs duties on imported electric cars. Additionally, the government is supporting the construction of charge stations for electric vehicles. Moreover, the MADRE has endorsed this Program proposal and assigned resources.

5. Expected added value of the UN and the Joint SDG Fund

The CIIF aims to support the Government of Moldova in leveraging private sector as the engine for economic growth and climate change adaptation and mitigation.

This approach is new for Moldova. The UN entities involved in this Program will provide technical expertise tailored to the country's specific needs and are non-existent. Additionally, they will share with the Government and commercial banks the risk of implementing new tools and mechanisms.

On the other hand, the Program's value-added is in facilitating the establishment of an instrument (the CIIF) that will channel different resources which leverages public, private and donor financing. The UN organisations will work as a trusted broker to ensure transparency and allow collaboration among the institutions. Should be noted, that at the moment there is no collaboration between the commercial banks and the MADRE. The Programme will enable and stimulate such partnerships in the future.

Additionally, the proposed methodology will allow the transfer of green and innovative technologies to local MSMEs using the network of UN (FAO, ILO and IOM) in their countries to facilitate match-making of expertise and best practice exchange.

Another comparative advantage of the PUNOs (in this case, IOM), is the capacity to engage diaspora/migrants in mobilising migrants engagement, which has been done over the last years in several interventions.

The programme intends to disrupt "business as usual" by promoting effective linkages between financing institutions and vulnerable groups. Finally, the project will use a range of innovative tools and solutions to deliver increased access to targeted beneficiaries (women, men, youth and migrants) to access finance and technical assistance resources (voluntary contributions to SDGs Investment Fund, training vouchers). Capacity building and advisory services for mainstreaming innovative climate-smart agriculture approach will be provided to applicants.

6. Leadership and implementation of the Joint Programme

The leadership on the Joint Program will pertain to FAO having best practice and expertise in implementing similar programs internationally. Beside overall coordination, FAO will be responsible for the design and implementation of CIIF (outcome 1 and 2).

The CIIF will be responsible for channelling financial mechanisms, while FAO and MADRE will set up financing priorities for climate-smart engagement of the private sector. A new legal framework to be developed for the CIIF, will enable implementation of financial tools (interest subsidy scheme, loan guarantee scheme) in cooperation with commercial banks. MADRE will provide co-financing for the CIIF. IFAD and other multilateral financial institutions will channel their resources through CIIF.

Commercial banks will ultimately be the ones providing loans to MSMEs and evaluating the business plans and portfolios, while the CIIF will set up eligibility requirements for the beneficiaries.

The ILO will be responsible for the implementation of the second outcome by creating new skills for employability of the youth, women and migrants (outcome 3). Additionally, ILO will use the existing Sustaining Competitive and Responsible Enterprises (SCORE) training module for strengthening human capacities of MSMEs. The ILO will also develop a new technical and vocational training curriculum that promotes green skills and fosters green jobs and green businesses. In this context, the ILO will partner with the National Employment Agency.

The IOM, will ensure outreach of the project activities amongst diaspora, migrants and their families with the aim to strengthen their

financial literacy and mobilise their financial inclusion in CIIF promoted activities. To this end, the IOM will partner with Diaspora Relations Bureau and diaspora associations.

The RCO will provide support on monitoring and joint communication during the Program implementation. RCO will also help facilitate the interaction between the PUNOs and various stakeholders.

7. Expected period of implementation

Implementation of this Joint Program will be conducted in three phases over a 4 years period.

First phase (year 1): establishment of CIIF, its legal framework and signing agreements with commercial banks and other financing institutions, design of financing facility for remittancescheme .

Milestones:

- Program mobilisation and team recruitment - Q1 of year 1.
- CIIF legal framework development - Q2 of year 1.
- Agreements with commercial banks and other financing institutions – Q2 of year 1.

Second Phase (year 2-3): implementation of the financial and non-financial instruments, monitoring of results, improve and adjusts mechanisms based on lessons learned. Launch remittance channelling tools and testing.

Milestones:

- 200 MSMEs benefited from the financial and non-financial instruments - Q4 of year 2
- 500 MSMEs benefited from the financial and non-financial instruments - Q4 of year 3
- More than 1,000 people (women and young people) acquired new skills - Q4 of year 3
- Remittance channelling tools developed and piloted - Q4 of year 3

Third Phase (year 4): evaluation of results, adjust its operations to allow participation of other donors (such as EIB, EBRD, World Bank and bilateral donors) willing to channel their financing.

8. Cost, co-funding, and co-financing of Joint Programme

The Joint Project is aimed at consolidation and maximising the impact of existing activities and leveraging private sector funds towards climate action and SDGs implementation. The total cost of the proposed joint program is US\$ 36.9 mln, out of which US\$ 4 mln is IFAD match financing. The GoM commitment is estimated as US\$ 2.3 mln yet will be reconfirmed after budget rectification of June 2020. The estimated share of SDG fund in the total project cost is 22% in the first year of implementation.

R 1.1 / Activities: ILO in cooperation with FAO conducts selected value chains assessment. Based on this, prioritization will be conducted, followed by the development of the strategies. Cost: \$US 0.2 million

Result 2.1 / Activities: FAO leads the design of financial instruments (loan guarantee scheme feasibility update, detailed design of interest rate subsidy scheme) during the Program preparation phase. Cost: USD 0.2 million

The cumulative financial portfolio of the loan guarantee scheme and the interest rate subsidy scheme is USD 7 mln. Cost: USD 2.5 mln

from the SDG fund + 4 million from IFAD + leverage of 20 mln in commercial banks loans.

The FAO coordinates and leads priority setting for CIIF investments, engagement of stakeholders and monitoring and evaluation. Cost: USD 0.8 mln

Result 2.2 / Activities: The IOM conducts feasibility study and develops financing facility for remittances aimed at income generation activities. Cost: Design USD 0.15 million and USD 1.3 mln for piloting matching grants to stimulate migrants' investments.

Result 3.1 / Activities: FAO will provide training and best practices for climate-smart agriculture, organise match-making for Moldovan entrepreneurs with innovative technology producers. Cost USD 0.35 mln

ILO will stimulate green entrepreneurship and facilitate green jobs, knowledge-sharing events, green technology boot-camps and green business hackathons and entrepreneurial skills for start-ups. Cost: USD 0.8 mln

Result 3.2 / Activities: FAO provides support to MSMEs to comply with CIIF financing requirements. ILO will adapt and implement existing tools to support companies to become environmentally friendly. Cost: USD 1.55 mln

Result 3.3 / The IOM implements a financial literacy program for migrants and their families, as well as NEET and rural women. Cost: US\$0.35 mln

The Program will build upon and maximize the effectiveness of existing interventions. To do so, UN organisations will align and scale up their ongoing activities to match the Program needs, particularly regarding the technical capacity building.

9. Risk assessment

The main risks for the Joint Program implementation are related to:

- Risk 1: Coronavirus pandemic causes slow or negative economic growth and pessimistic expectations amongst entrepreneurs.
Mitigation measure: The UN Agencies and other donors will partner with Moldova's Government in implementation of instruments stimulating reactivation of the economy
- Risk 2: Resistance to investment opportunities from labour migrants to invest in CIIF fearing the economic slowdown and/or losing a significant part of their savings by the time when such instrument is launched/available
Mitigation measure: Enhance financial literacy of returning migrants and diaspora community and will promote financing facility for remittances as an additional income-generating modality. Business advisory services will also be available for migrants willing to start up a new business which could contribute to increased confidence.
- Risk 3: High costs of the COVID-19 pandemic, reduce the available amounts of public and donor financing
Mitigation measure: the Prime Minister of Moldova has announced about prioritisation and commitment to financially support rural economic development with a particular focus on agriculture and agri-food sector. The MADRE is highly interested in fostering high-tech and innovative business solutions that improve productivity and ensure healthy food systems and efficient value chains as a way to improve their comparative advantage and enhance economic cooperation in the region.

- Risk 4: Lack of transparency in the selection process of the MSMEs that will benefit from loan guarantees and interest rate subsidies. Mitigation measure: a multi-stakeholder panel in the administrative council will oversee the selection process and ensure transparency. Additionally, a set of criteria for the selection of the beneficiaries will be established. Periodical monitoring and evaluation of results will be carried out through the Program Steering Committee and HACT assessment of the implementing partners.

The main assumptions underlying the proposed mitigation measures:

- Existing interest amongst commercial banks to financially participate in the loan guarantee scheme;
- Existing interest amongst the business community to implement climate-smart solutions and climate change mitigation and adaptation activities;
- Existing interest amongst current remittance-sending migrants to invest in SDG-related agenda and returning labour migrants to invest in business opportunities in Moldova;
- Other donors such as EIB, EBRD, World Bank, EU, Governments of Japan, Norway, Turkey are interested in channelling their financial and non-financial support for climate change agenda implementation through the CIIF.

The implementation of the Programme will not affect safeguarding UN principles and international norms and standards.

10. Convening the private sector and engaging IFIs/DFIs

MSMEs engagement: There is the untapped potential of MSMEs that can contribute to green growth and sustainable development in Moldova. MSMEs will be invited to participate and also to cos-share the investment costs. The MSMEs and entrepreneurs willing to open a new business will be one of the most important beneficiaries of the Programme.

Commercial banks will unlock available financing and will provide loans while evaluating investment portfolios. The banks will also be involved in financing facility for remittances scheme.

The migrant population will be encouraged to invest a share of remittance savings through CIIF financial instruments. The financing facility for remittances will leverage migrants' resources at a ratio of 1:2, so that the Program's investment of ~ 1.2 mln USD and will leverages 2.4 mln USD during its implementation.

Multilateral partners, IFIs and DFIs participation: Within the process of consultations on SDG Call with DFIs such as WB, EIB, EBRD informal commitment to take part in the Program was highlighted. IFAD has expressed interest in contributing to resources for the guarantee fund. Additionally, the World Bank would be interested in exploring synergies with existing projects. However, to formalize and materialize this commitment, the CIIF shall become fully functional

11. Leverage and catalytic function

It is expected that IFAD will provide USD 4 million additional resources for the loan guarantee scheme.

The Government of Moldova, through the MADRE, expressed willingness in allocating from other public funds the amount of 2.3 million to co-finance the programme implementation. Commercial banks are interested in providing loans to which the CIIF will offer guarantee support and interest rate subsidy. It is estimated that more than USD 20 million can be mobilised from the commercial banks in loans

offered to MSMEs.

On remittance side, the CIIF counts on the attraction of at least 0.2% of all remittance inflow (estimated at USD 1.2 billion) to SDG-aligned activities, which could be expected to reach up to US\$2.4 million.

Source of funding:

SDG fund: USD 8.2 mln

Public funding (MADRE): USD 2.3 mln (USD 580,805 per year)

IFAD: USD 4 mln

Commercial banks: USD 20 mln

Remittances: USD 2.4 mln

Total: USD 36.9 mln

The estimated share of SDG fund in the total project counting the fund for loans is 22%. Increased involvement from other partners is expected in the first and second year of implementation. The World Bank expressed interest in participating in the full project development.

12. Technical support and seed funding

In order to develop a detailed proposal and conduct a pre-feasibility study of the CIIF, a pool of national and international experts would be required. To this end and to validate few assumptions, adjust these to the “after-COVID-19” changing economic situation and strengthen ownership of the programme, the programme development will implement several workshops, meetings and technical assessments that will pave the way for the programme implementation. A total amount of \$US 200,000 is requested in order to elaborate and complete the following activities:

- Revise existing credit guarantee scheme feasibility
- Detailed design of financial instruments (interest rate subsidy for high-tech and innovations, loan guarantee scheme), cost and capitalisation estimates as well as disbursement projections related to absorption of financial instruments;
- Develop and validate details for pilot financing facility for remittances, capitalization and cash flow projections;
- Design of CIIF regulatory and operational frameworks, draft cooperation agreements with commercial banks;
- Design structure and arrangements for the non-financial services, including identification of specific value chains to be supported, determine the scope of services and develop detailed cost breakdown;
- Assess the capacity of relevant public authorities to manage climate adaptation and mitigation agenda implementation.

If selected, as a part of budget rectification of mid-June, the PUNOs will agree with GoM on the budget reallocation of funds to the CIIF.

A study tour to one of the successful green investment funds might be organized for the representatives of MADRE, MoF, and commercial banks to get their early involvement in the Program and ensure ownership.

Furthermore, one or two investment funds will be selected for inter-institutional cooperation aimed at peer learning and exchange of experiences.

Signatures

Signed Signature Form

[SIGNATURE PAGE SDG CALL II.docx_0.pdf](#) 342.46 KB

Government Endorsement

Letter of Endorsement

[Joint SDG fund_MOLDOVA_MoARDE, IFAD, WB support letter.pdf](#) 737.38 KB