



## DEVELOPMENT EMERGENCY MODALITY

### Joint Programme 2022 Annual Progress Report

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#### Cover Page

**UNCT/MCO:** Moldova, Republic of

**Reporting Period:** 1 January - 31 December 2022

**JP title:** Strengthening Moldova's resilience to address the impact of the Ukraine war on food security

**Thematic SDG Areas:** Food systems transformation; Decent jobs & universal social protection; Climate action & energy transformation; SDG localization;

**PUNOS:** UNDP, ILO, FAO

**Stakeholder partner:** National Government; Sub-national Governments; Civil Society Organizations; Parliamentarians; Private sector;

**Gender Marker:** Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm)

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#### Annual Progress

##### Overall JP self-assessment of 2022 progress:

Above expectation (expected annual results fully achieved and additional progress made)

##### Overall Progress

The JP addressed the following challenges:

Ensured equality amongst private and public employees in the minimum wage setting and indexation mechanism in line with international good practice and based on real wages in Moldova. This contributed to uplifting of the country's minimum wage to address high food and energy prices. The policy work on the new legal mechanism led to shifting away from old tariff-based system to a new collective bargaining approach and built capacity amongst different institutional actors and social partners on collective wage agreements.

Developed strategic/programming documents on food security and anti-crisis agenda to support farmers amidst economic crisis, incentivize agricultural productivity growth and ensure population's resilience to food and nutrition insecurity. This work led to identification of critical immediate measures to support farmers coping with high input prices and agricultural drought, but also addressed systemic bottlenecks and proposed solutions for better evidence of small farm holders and agricultural crops they produce, as well as for better forecasting of agricultural output. It also contributed to strengthened collaboration between the State Chancellery and the Ministry of Agriculture and Food Industry. The advisory support was provided jointly by UNDP and FAO and led to establishment of crisis response mechanism and tools, specifically for channeling support to vulnerable farmers.

A comprehensive review of options aimed at reshaping of administrative-territorial division was developed, optimization and decentralization of administrative functions assessed leading to substantive recommendations. This work is complementary to prior UNDP engagement and ensured PAR comprehensive coordination across all sectors and government bodies. The set of recommendations focused on strengthening of regulatory, institutional and financial capacity of local authorities to deal with crisis response and covered not only legal/functional empowerment, revenue generation but also efficiency agenda.

To ensure resilience of social assistance system and its ability to channel external funds for addressing of refugee crisis, as well as in line with the emerging needs for social assistance reform, a draft new concept for social assistance and social services delivery was prepared. Based on the new administrative-territorial structure, the organigram and cost estimates for social services was elaborated. The rapid assessment of the emergency needs to respond to increased cost of living crisis was developed and presented during two Moldova's donor conferences.

Amidst unprecedented energy crisis, the GoM received advisory support on the assessment of the magnitude of energy security risks, identification of mitigation measures and development of options to diversify energy sources, develop in-country energy infrastructure based on renewables and incentivize energy efficiency.

The regulatory impact analysis (RIA) has been conducted to improve business environment and to deregulate and reduce (and simplify/digitize) the number of bureaucratic procedures of no value added. Notably, the changes are aimed at simplification of administrative records, amendments to the Labour Code to simplify ICT staff contracting. In case of businesses working for less than three years, advisory nature of control adopted, without applying sanctions, except for repeated serious infringements. Businesses will also be notified about the areas to be inspected. The work on RIA has further strengthened collaboration between the UNDP and the Economic Council under Prime Minister.

The GoM was supported in the development finance assessment in the field of climate change with recommendations on identification of financing opportunities for mobilizing resources to address climate-related issues.

### **SDG Acceleration progress towards the SDGs, focusing on the main SDG targets**

Inter alia, the JP contributed to the following:

1. Minimum wage setting mechanism harmonization and business environment improvement contributed to SDGs 8, 10. Regulatory impact analysis (SDG 8) was focused on the reduction of administrative burden on businesses through creation of favourable business environment, while at the same time ensuring employees are protected against unfair practices in salary setting and indexation mechanisms;
2. Capacity strengthening on food security and food systems strengthening contributed to SDGs 1, 2, 13. Support to food systems strengthening was aimed at ensuring small farmers are able to generate sufficient incomes to sustain their households and small businesses, while all other food producers are incentivized to produce crops and other food at affordable prices;
3. Development Finance Assessment and financial tools identification in the field of climate change contributed to SDGs 13, 17;
4. Support to address energy crisis contributed to the acceleration of the achievement of the SDG 7;
5. Support to the GoM in preparation of public administration reform contributed to SDGs 11, 16. The public administration reform targets ensuring efficiency of local authorities with the aim to reinvest efficiency gains in better quality and more accessible social services;
6. Support to social assistance reform contributed to the SDG 1, 10, 16 with the aim to reduce the administrative burden and to simplify the process of applying for social services and social assistance.

### **Constraints that were encountered and any adjustments that were made to strengthen the relevance and effectiveness of the JP and the coherence and coordination of UN system support.**

The major constraints were related to the ability to contract necessary expertise as the majority of local consultants were not available at such a short notice. This led to multiple changes in the project team and brought some delays to selected activities.

In the course of the project implementation, the initially planned expertise to identify innovative financial tools for funding of policies was deemed not of immediate importance while GoM prioritized support to private sector amidst accelerating economic crisis. Consequently, the planned local consultant in financial tools was replaced, upon the request from the State Chancellery (and in coordination with the Economic Council under Prime Minister), with two consultants specialized in regulatory impact analysis. As the scope of work exceeded the available time-based expertise and the budget, the UNDP identified resources to hire additional expert to match and expand the initial scope of work.

### **Next steps, scaling and sustainability [up to half a page]**

The work on the agriculture and rural development strategy paper initiated under the JP will be expanded to its further operationalization (namely, Action Plan development). Upon the request from the Ministry of Agriculture and Food Industry (MAFI) the same consultant will be also involved in the food security action plan development, agri-food policy elaboration and providing advice on the agricultural information system development. The UNDP is complimenting this capacity strengthening support with now-casting training for the MAFI staff at the Policy M&E department.

Furthermore, the UNDP will take over the work conducted by the RIA experts to further enhance business environment and tailor private sector support during 2023.

The GoM is committed to launch public administration reform in 2023 that was conceptualized with support from UNDP, including with significant contribution from the SDF EF financing.

## Strategic Partnerships and Communications

### Explain how diverse stakeholders were engaged with the JP

During the JP preparation, the GoM was pro-actively involved in defining project activities, while during implementation the State Chancellery and Prime Minister's office (in coordination with line ministries) were equally engaged in the adjustment of the scope of work (notably, when replacing local expertise in financial tools with regulatory impact analysis). Furthermore, the work on business environment was identified in coordination with the Economic Council under Prime Minister, which comprises representatives of private sector, CSOs, trade unions and relevant governmental agencies, as well as donor community. Similarly, minimum wage setting mechanism was consulted in a tripartite manner with engagement of patronages, trade unions and the GoM. In the context of public administration reform the options for administrative-territorial reform were consulted with the line ministries and LPAs in view to seek their opinion and proposals. On the social assistance conceptualization, the work has been conducted with engagement of CSOs and information shared with relevant parliamentary committee members.

#### Key meetings and events organized

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JP steering committee/ programme board meeting	Strategic partners/ donors	Kick-off meeting event
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## Priority Cross-cutting Issues

### Cross-cutting results/issues

The JP was an emergency support to the GoM, notably the State Chancellery under the Prime Minister Office, to ensure better coordination and timely identification of solutions. The social assistance consultant inter alia provided support to monitoring implementation of the strategy for inclusion of people with disabilities, provided feedback on the establishment of the Silver Fund aimed at support to older people in Moldova. Based on these findings the GoM was supported in conceptualization of the upcoming social assistance reform in Moldova ensuring that no one leaving behind principle is respected in full and that service provision costs are estimated with due diligence.

Similarly, the work on food security, agriculture and rural development mainstreamed support to vulnerable farmers and women-led farms, while promoted better data collection for evidence-based policy making in agricultural sector, notably in emergency situations. This is important as amidst agricultural drought, lack of fertilizers and high input prices (fuel, seeds etc) the agricultural output in 2022 was lower than during the drought of 2020 (that coincided with Covid-19 pandemic), most drastically affecting small farmers.

### How did the JP apply the Gender Marker

The JP is Gender-sensitive (for example, the JP acknowledged and aimed to address gender to enhance the policy/programme, such as undertaking gender analysis to ensure policies/programmes do no harm). Evidence, data collection and analysis (e.g. gender assessments of programmes; policy briefs, costing for scale-up of social services); Policy dialogues, advocacy (e.g. direct inputs to national policies, strategies, laws, including women's and girls' rights groups in coordination mechanisms); Adaptation of existing programmes (e.g. revision of eligibility criteria, removal of conditionalities);

### JP address the below cross-cutting issues and principles of leaving no one behind

Human Rights	Persons with disabilities	Youth	Environmental and social standards
Yes	Yes	No	Yes

### Contribution to enhancing SDG Financing

Drafted a bill, strategy, and/or approved a law increasing the fiscal space for the policy in focus	Produced financing, costing, diagnostic and feasibility analyses as a basis to invest or increase spending on the SDGs	Improved efficiency (cost savings) in the management of programmes/schemes	Improved effectiveness (value for money; i.e. social impact of \$1 spent) of spending	Drafted policies/regulatory frameworks or developed tools to incentivize private sector investment on the SDGs	Structured new financial instruments (public, private or blended) to leverage additional funding
No	Yes	Yes	Yes	No	Yes

### How and in which area your JP contributed to enhancing SDG financing

The work on public administration reform itself was aimed at optimisation of administrative-territorial division of the country leading to efficiency gains and greater effectiveness in coordination of reforms implementation. Based on new administrative division, a pilot for establishment of one stop shop for all social assistance and service delivery was developed with cost estimates. Currently, social services and social assistance is provided under social and medical facilities while the collaboration between these is still suboptimal, and as the line between social and healthcare is blurred, creating confusion between the beneficiaries about how to access specific services. Furthermore, consolidation of social assistance (namely, Ajutor Social cash benefit and Energy Vulnerability on-bill compensation) to better protect population against crises and streamline targeting to the most vulnerable has been initiated.

The Development Finance Assessment in the field of climate change laid foundation for the analysis of the best practice options in leveraging financing towards climate adaptation and mitigation. Moldova's vulnerability to extreme weather conditions (namely droughts of 2020 and 2022) confirmed the necessity to invest in climate-related policies, however multiple crises faced by the country drained its capacity to allocate resources. To this end, under JP identification of most relevant options for climate-related investment has been conducted and discussed with the GoM.