

Report External Review of the “Opportunities through Innovation and Technologies In Moldova Project (OPTIM)” phase I: 01.09.2019 - 31.12.2022

Virtual and physical meetings from 29 March – 30 April 2022

On behalf of SCO Chisinau, Moldova

Final version



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List of Acronyms

ACETI - Association of ICT companies of north
ADMA – Agency for Development and Modernization of Agriculture
AIM – Alliance of small and medium companies of Moldova
AIPA – Agency for Interventions and Payments for Agriculture
ANSA – National Agency for Food Security
ATIC – Association of the ICT companies of Moldova
CCI – Chamber of Commerce and Industry of the Republic of Moldova
DCED – Donor Committee on Enterprise Development
EE – Eastern Europe
ER – External review
EU – European Union
FIBL – Forschungsinstitut für biologische Landwirtschaft (Research Institute for biological agriculture in Switzerland)
GDP – Gross Domestic Product
GIZ - Deutsche Gesellschaft für Internationale Zusammenarbeit
GSE – Gender and social equity
GSI – Gender and social inclusion
HSI – Helvetas Swiss Intercooperation
ICT – Information and communication technologies
ILO – International Labour Organization
IMF – International Monetary Fund
LFA – Logical Framework Approach
MEPA – Moldova Economic Policy Advice project
MiDL – Migration and Development Project
MOVCA – Moldova Organic Value Chain Alliance
MSD – market systems development
MRM – monitoring and results measurement
NGO – Non-governmental organization
NFF - National Farmer Federation
OECD – Organization for Economic and Co-operation Development
OF – Opportunity Fund of the OPTIM project
OPTIM – opportunities through technologies and innovations project
SCO – Swiss Cooperation Office in Moldova
SDC – Swiss Agency for Development and Cooperation
UNDP – United Nations Development Program
VET – Vocational Education and Training
ZHK- Zurich Handelskammer (Zurich Chamber of Commerce)

Note of Thanks

The external review team expresses its warm thanks to all the interview partners, the project team of OPTIM, SCO Moldova and all other persons who worked in the background for the success of this mission. Meetings online and in the field were all well organized by the project team and Anatolie Palade. Thanks to all of them the review could be realized under the difficult conditions of the war situation in the Ukraine. The external review team got all the information that it requested. It didn't get the impression that any critical aspects or events which may happen in any project were hidden.

Executive summary external review OPTIM project April 2022

1. Introduction

OPTIM is implemented by Helvetas/Swiss Intercooperation,(HSI) with support from Mesopartner and the Chamber of Commerce and Industry of the Republic of Moldova (CCI), as a strategic partner. A preparation phase (1.11.18 to 31.8.19) was followed by the current Phase 1, with a budget of CHF 4.6 million, which will be completed by the end of 2022.

The project uses the **Market System's Development (MSD)** approach to bring these changes about. Its main partners are in the private sector, i.e. business associations and other service providers. The sectors addressed are agrobusiness and ICT.

The project's **goal** is "Women and men, in particular excluded groups, benefit from improved economic opportunities". 2'000 women and men are expected to benefit directly in terms of (self) employment, and the target for net additional income generated is CHF 5 million.

Outcome 1: Private enterprises in selected sectors improve their performance and create new economic opportunities.

Outcome 2: Women and men in Moldova, in particular from excluded groups, are able to take up new economic opportunities.

2. Evaluation of impact and overall achievements

The data for the impact indicators in the available annual report 2021 show achievements of about roughly 60% compared to the end phase target (1'313 persons against 2'000 targeted and 3.13 Mio CHF net additional income against 5.0 Mio CHF targeted). The indicators at outcome and output levels are mostly positive which give hints for an impact in the system.

Most of the project partners show progress in their activities. Nevertheless, the sustainability of member fee driven organisations (e.g. AIM, CCI, Lavender Association) is questionable, since their members are not willing or able to pay their contributions due to Covid-19 and the actual crisis related decreases of economic activities. Several projects have started to finance these organizations with lump-sum supports. OPTIM is contributing in this way, too.

In the IT sector **the performance of the OPTIM activities is good**, which was supported by the necessity to use ICT more in the Covid-19 pandemic. In agriculture the results are rather mixed.

3. Cross cutting issues

Gender: In the ProDoc the importance of considering gender aspects in the project is mentioned. The discussions of the ER team have revealed that including gender aspects has improved, but is not yet at the level targeted (indicator output 4 by end 2021 75% achievement). For the other outputs no targets were formulated.

Social inclusion: According to the indicators of output 4 it seems that the activities for excluded groups show better results than gender aspects.

4. Management and Monitoring System

The MRM system has been considerably improved in 2021 with strong support from Helvetas HQ. Since then, the OPTIM team was working further on the system. The ER team states that the MRM is now on a good standard level. **The actual OPTIM team is doing a good job. Most of the expected results have been achieved** instead of the difficulties related to Covid-19 in the years 2020 and 2021.

5. Efficiency of the project

The efficiency rate of 1.08 is compared to other MSD projects relatively low. These figures of the OPTIM project are no surprise since they were already in the planning phase of the project defined. Under the circumstances given the OPTIM team has achieved what was resp. is possible.

6. Recommendations for completing phase 1

The ER recommends no fundamental changes for the rest of phase 1:

- 1) Follow the annual planning for 2022 as foreseen
- 2) Help clarifying and solving the structural problems of the Lavender Association
- 3) Support member fee-based organizations in search for additional sustainable incomes
- 4) Analyse the investments of the OF in relation to their impact in system change
- 5) Terminate the activities of the OF by end of the phase
- 6) Stabilize and prepare staff for next phase (without OF manager)
- 7) Prepare CCI for its new role in phase 2 (private actor with normal agreement)
- 8) Analyse successes in advocacy by partner organizations and define areas of future interventions (more focused) in relation to the new orientation of the project in phase 2
- 9) Search for studies on the agro-food system in order to get a good overview on actors and major challenges of the system
- 10) Increase visibility in the community till the end of the phase and prepare a strategy for future improved communication

7. Proposal for future project phase: Basic strategy and projects of other donors

Given the good results in the IT sector and the overcrowding of other donor organizations in this sector the ER team proposes to focus on the agro-food system only in phase 2. The agro-food system has comparative advantages and a good potential for creating additional incomes if innovations can be transferred to the system and efficient marketing structures can be established.

Focusing on the agro-food system means less competition from other donors being almost not directly involved in the agro-food system resp. mainly in financing investments structures. The new BMZ-financed project of GiZ is excluding agriculture in its strategy (food processing might be an exception).

8. Recommendations for implementing phase 2

Basic aspects

- 1) Clear focus on systemic change
- 2) No Opportunity Fund anymore
- 3) Support activities for an enabling business environment only in relation to the agro-food system; avoid overlapping with the GiZ project focusing on general aspects of improving the business environment
- 4) Stop paying lump-sums to organizations such as Federations, Advocacy organizations etc. and limit the support to action-related payments
- 5) Support actors of the agro-food system in the process of complying with EU standards (incl. organic farming or Geographic Indications) and strengthen public institutions being in charge of control (e.g. ANSA) for a reasonable not too bureaucratic implementation of standards
- 6) Prepare the actors of the agro-food system for resilience to climate change e.g. through improved varieties and adapted management practices
- 7) Support smaller farms in linking them to larger units (e.g. larger farms, marketing structures etc.) and financing institutions (e.g. ADMA)
- 8) Support processes to improve access of SME to innovation from universities and other research institutions (incl. IT services for use in the agro-food system)

- 9) Improve extension services (private and public) based on farmers' needs as embedded services of e.g. input suppliers (seed, fertilizer etc.)
- 10) Management by SCO: Reduce the back-stopping activities and intensive follow-up of the project: reviews only semi-annually on the basis of the half-year report, but increase coordination efforts with other donors' and Swiss projects (VET, enabling environment)
- 11) Cross-cutting aspects: define clear objectives for all interventions of the project in figures and collect the necessary data
- 12) Check what other projects are doing in order to avoid overlapping and overcrowding some sectors or organizations

Implementing aspects

- 1) Closer collaboration of research institutions and agricultural production (e.g. State University and NFF as transferring institution) mainly in the area of developing climate-resilient varieties and agricultural practices
- 2) Support innovative companies such as EUROALUN Srl (Vitrohub) or suppliers of drone services in linking them to agricultural structures
- 3) Convince larger producers, traders or associations to integrate smaller farmers into their marketing structure
- 4) Support seed producers to adapt to new varieties
- 5) Support organizations in getting the necessary certifications in the EU export markets
- 6) Develop an efficient non-bureaucratic control mechanism for food security (ANSA)
- 7) Link export promotion activities to Moldovan organizations and check the availability of Swiss institutions such as SIPPO or Swiss Global Enterprise
- 8) Organizations such as AIM and CCI can be strengthened in advocacy activities improving the positions of SMEs with a link to the agro-food system; avoid the overlapping with the BMZ project implemented by GiZ
- 9) Strengthen the major advocacy organizations for agriculture NFF, Moldovafruct or FARM and maybe newly arising structures (e.g. MOVCA)
- 10) Link farmers, associations or larger companies to financing schemes such as ADMA or by IFAD supported financing structures
- 11) Support the establishment of an efficient weather insurance scheme securing the agricultural production under the new reality of environmental changes (e.g. higher frequency of droughts)
- 12) Make use of potential digital innovations for agriculture and food processing

Possible Goal and outcomes of phase 2

Given the structure of the actual LFA not showing the sectoral performance the ER team proposes to reformulate the goal, the outcomes and the outputs. The goal just needs a complement by adding the focus on the agro-food system. The new phase is moving from the sectoral approach to system change. This needs to be reflected in the LFA. The following proposals try to show the direction of the new phase. However, the final formulations must be found by the project team and SDC.

Goal: Women and men, in particular excluded groups, benefit from improved economic opportunities **of the agro-food system**

Outcomes:

- 1) Smaller actors of the agro-food system are more competitive on the markets of EU countries
- 2) Digital innovations support actors of the agro-food system in reducing their costs
- 3) Use of new varieties and better practices turn the actors of the agro-food system more resilient to climate change
- 4) Improved environment of public services for SME in general and for agro-food system more specifically
- 5) Functioning MSD platform for donor and Moldovan organizations to increase the understanding of the approach

1. Introduction

OPTIM is implemented by Helvetas/Swiss Intercooperation (HSI) with support from Mesopartner and the Chamber of Commerce and Industry of the Republic of Moldova (CCI), as a strategic partner. A preparation phase (1.11.18 to 31.8.19) was followed by the current Phase 1, with a budget of CHF 4.6 million, which will be completed by the end of 2022. A second phase is foreseen, depending on the outcome of this External Review (ER).

The Terms of Reference for this external review have been defined by the end of the year 2021. Two days before the mission in Moldova should have been launched on February 26 2022 the war in Ukraine started. As a consequence, the mission was postponed. After several meetings with SDC it was decided to start interviews with those partners speaking English by video conferences. This phase of the external review lasted from 29 March till 12 April 2022. The mission in Moldova took place from 21 to 30 April 2022. This hybrid form of reviewing the project might not be optimal, however, it allows to get the necessary information and to continue the planning for phase 2. It is evident that these special circumstances do have an influence on all parties involved in the OPTIM project being concerned about the personal future as well as about the future of their organizations and of Moldova as country.

2. Scope, objectives and methodology of the external review

According to the Terms of Reference the **overall objectives** of the external review, to be conducted about one year before the end of the first project phase, are as follows :

1. To assess the achievements of Phase 1, reflect on the encountered challenges and highlight key lessons learnt;
2. To support the implementers (HSI and the strategic partners Mesopartner and the CCI) with recommendations allowing the project to sustain and increase its achievements for the remainder of the current phase;
3. To support the SCO in Moldova and the implementers with recommendations for the design of a potential second project phase, covering the years 2023 to 2027.

Since the proposal for the specific objective 3 is based on the findings related to objective 1 and 2 this report is structured in the way that the achievements of phase 1 and the related lessons learnt are presented first. The recommendations for terminating phase 1 are followed by the recommendations for a new phase.

Methodology of the external review and validation of information

Interviews with the team, the project management and some beneficiaries (stakeholders): As a part of the inception report a questionnaire for the team, the project management and selected beneficiaries was developed. Discussions with the OPTIM team via video conference and in place followed the questionnaire. At the end of the mission in Moldova a powerpoint presentation highlighting key preliminary findings and lessons learnt (objective 1 and 2 of the review) were presented separately to SCO and the project team. This step was important in order to check with SCO and the team whether the review team understood the approach and the results of the project correctly. There were some adjustments of the report based on these discussions between the ER team, the OPTIM team, partners and SCO.

The selection of major partners for interviews was done in coordination with SCO and the OPTIM team. Interviews with the partners selected took place either via video conferences or during the field visit. Conclusions and recommendations are evidence-based using triangulation of information from different sources. These sources included the project, the

implementing partners, SCO in Moldova, stakeholders, other Donor projects and partners, including other Swiss projects.

Limitations

There might be some limitations for the implementation of the review mission:

- Data not available
- Inaccessibility of certain regions due to security or other reasons

The review team considered these risks as low. However, the consequences of the Covid-19 pandemic as well as the new situation in the country after the start of the war in Ukraine did have considerable influence of partners' positions regarding the achievements of the project as well as the future perspectives. The review team was aware of this special situation and included these potential limitations into the review.

The division of labor between the international and the local consultant was as follows:

International consultant	Local consultant
Team leader	Read and summarize relevant documents in the local language
Organizing the desk review of the project documents	Coordinate the organization of the meetings with the project team and SCO
Focusing on the agri-food component	Focusing on the ICT component
Organizing the presentation of first results and the report writing with final responsibility	During the mission lead discussions with partners/beneficiaries not speaking English

The review's major objective was to check whether the positive developments reported by the project documents can be confirmed by 2022 resp. where improvements can be achieved during the rest of phase I respectively which recommendations can be proposed for the design of the next phase.

3. Political and economic context

Moldova has achieved important development results over the last two decades, building on an average annual GDP growth of 4.6% before the outbreak of the COVID-19 pandemic in 2020. Economic growth, high and constant inflow of remittances, and social transfers have reduced the relative poverty. The development gap between Moldova and the rest of Europe has narrowed down. In 2000, the country's per capita income was 14 per cent of the average EU income; in 2019 and 2020 the national income per person reached 29 per cent of the EU average. However, the country still has one of the lowest per capita incomes and gross wages per employee in entire Eastern Europe. Demographic challenges (aging of the population and continuous emigration) and limited structural transformation (with a quarter of workers still employed in agriculture) combined with incomplete economic transition and governance reforms hold back the country. The lockdowns and the global economic recession have led to a steep economic decline in 2020. Forecasts indicate a gradual recovery in the following years. Highly dependent on consumption (the consumption expenditures of households account for 85 per cent of GDP, in EU: 53 per cent), the Moldovan economy is particularly vulnerable to the effects of lockdowns and other restrictive measures to contain the pandemic. In 2020, the situation exacerbated as job and income protection schemes played a minor role. (ILO 2021)

The Heritage Economic Freedom Index 2022 describes the polit-economic situation of Moldova as follows :

The election of Western-leaning President Maia Sandu, street protests, a constitutional crisis, and dissolution of the Russia-friendly parliament led to snap parliamentary elections in July

2021. The pro-Western Party of Action and Solidarity (PAS) gained a clear victory. Former Finance Minister Natalia Gavrilita was appointed prime minister in August 2021. Moldova's economy depends on emigrants' remittances and such agricultural products as fruits, vegetables, wine, and tobacco.

Moldova's economic freedom score is 61.3, making its economy the 78th freest in the 2022 Index. Moldova is ranked 39th among 45 countries in the Europe region, and its overall score is below the regional average but above the world average. Five years ago, Moldova's economy began to decelerate, and growth turned negative in 2020 before recovering in 2021. During those five years, economic freedom continued to expand slowly. Led by higher scores for rule of law and government spending, Moldova has recorded a 3.3-point overall gain of economic freedom since 2017 and remains in the "Moderately Free" category for the third year in a row. The tax burden is light, and fiscal health is solid, but investment freedom and financial freedom are lagging.

Inefficient administrative capacities, political uncertainty, and vested bureaucratic interests stunt business freedom. Remittances from the approximately one million Moldovans who work abroad account for almost 15 percent of GDP. The government subsidizes agriculture and other sectors and maintains price controls on food and other staple goods. Property rights are protected by law, and ownership titles are registered by a national cadastral office, but enforcement is undermined by a weak judiciary. Judicial appointments lack transparency, and courts are highly susceptible to political pressure. (The Heritage Foundation 2022)

The OPTIM team considers the actual situation on one hand more stable than in the past: The political situation in Moldova stabilized with the elections in July and President Maia Sandu's party winning the majority. Pro-European forces with the majority in parliament put hope for future reforms and progress in the Government versus the stagnation and political turbulence of previous years. (Annual Report 2021).

However, the situation on the energy markets and the war in Ukraine will have negative impacts on the Moldovan economy: Towards the end of the year, Moldova was hit by the energy crisis. The energy prices almost doubled, which will have consequences on the business viability and performance. In addition, this will translate in a higher burden for citizens causing inflation and negatively influencing the way out of poverty. In parallel, neighbouring Ukraine is in the middle of the security crisis, which influences the political situation in Moldova too. The uncertainty and fragility of the situation can have an impact on further investment attraction at the least. (Annual Report 2021)

Overall, it can be stated that the political changes in the last two years have moved Moldova closer to a market economy. Nevertheless, there are still many adaptations in the legislation necessary to establish an enabling environment. The clear will of the Moldovan Government to become a member of the European Union was confirmed in delivering the documents for EU accession candidature. The actual war situation in the Ukraine creates many problems for Moldovan enterprises which have strong economic linkages to their neighbouring country and Russia. The disruption in the supply of food, energy and commodity imports from Ukraine and the Russian Federation is expected to put further upwards pressure on prices, which will affect the purchasing power of families, particularly the poor, and the competitiveness of firms. In March 2022 the annual inflation rate rose up to 22.2% (Bureau of Statistics). The conflict is also expected to have a significant impact on remittances given that about 70 percent of Moldovan migrants lived in the Russian Federation and Ukraine, generating about one quarter of total remittances (about 4 percent of GDP). At the moment of writing this report the outcome of the conflict is open and all its consequences, too.

4. History of the project

Since the start of the project the OPTIM team was confronted with a crisis environment. In the beginning the unclear situation with the Moldovan Government made it difficult to work with public structures. Then followed the Covid-19 crisis which limited the working conditions for the OPTIM team as well as for partners. This crisis created a push in the digitalization process which met the approach of the project in the ICT sector. Many partners realized the importance of using IT services in their businesses and communication. Many followed training courses in IT capabilities.

Since the beginning of the war in Ukraine end of February 2022 many economic sectors in Moldova are negatively affected, since they were importing inputs for their businesses from Ukraine or exporting goods (mainly agricultural) to Russia.

The project team had to adjust their activities to these challenges. The MSD approach was in 2019 not yet very well known in the Moldovan environment. OPTIM had to explain why they are not distributing money or providing services free of charge. Sustainability at the level of partners was the major orientation of the project activities. As in any environment where many donors are active and there is just one MSD project, it has not always been easy to identify partners with a genuine vision to become sustainable. This challenge might explain results which are not at the level expected in the original ProDoc. With respect to the project implementation the Chamber of Commerce and Industry (CCI) was in the initial plan as co-implementing partner foreseen. Unfortunately, the expectations on both sides differed strongly as CCI saw its role rather as beneficiary. After clarification CCI has become a strategic partner with close relations to the Ministry of Economics. For the future this organization should focus on the interests of its members and act as an **independent private organization in a market system**.

Several other donor organizations realized due to the Covid-19 crisis the potential in the IT sector which jeopardized the sustainability of some OPTIM partners by providing higher financial support. In the short-run this might have created some frustrations. However, in the long-run this fact helped to select those partners being on the way to a sustainable development of their businesses or organizations.

How far the recession or at least a slightly negative growth rate (IMF -0.3%) expected for 2022 will limit the chances to achieve the economic indicators of the OPTIM project at the level of impact is difficult to judge at the moment of carrying out the ER.

5. Approach of OPTIM

5.1. Theory of change

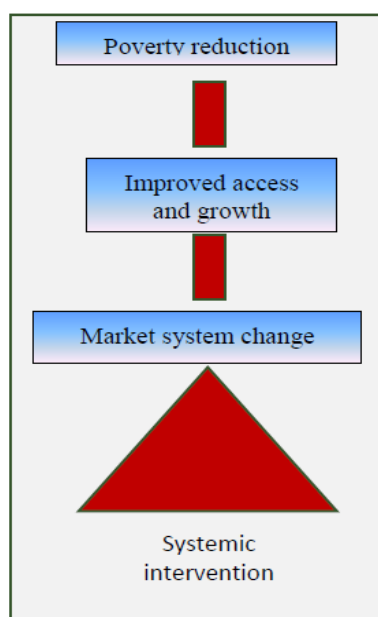
The project uses the **Market System's Development (MSD)** approach to bring these changes about. I.e. it facilitates changes in market systems that are sustainable and reach scale and so benefit large numbers of women and men. Its main partners are in the private sector, i.e. business associations and other service providers. The sectors addressed are agrobusiness and ICT.

As defined in the ProDoc the project will take a facilitative role to achieve systemic changes. The approach taken will be guided by the following three core principles:

- 1) A clear vision for sustainable and scalable change: this vision needs to be founded on capacities and incentives of market players and needs to assess essential functions in the system that need to perform better. The project will find players that are available to perform these functions, understand who does, based on their capacities and incentives, and who pays.

- 2) A deep understanding of the market system: research and analysis are vital to understand the binding constraints in the market and in guiding partners towards achieving sustainable change.
- 3) A pledge to put local partners into the lead: the project aims to catalyse and capacitate change processes. It will utilise a facilitative approach which emphasises local ownership of the change processes.

These core principles form the basis for the theory of change are being reflected in the result chain logic.



Sector selection of OPTIM

The project team defines the sector selection on its homepage as follows: The project has selected two sectors, namely **agriculture (Agrifood)** and **information and communication technologies (ICT)**. The two selected sectors have a high significance for the Moldovan economy, for different reasons. While agriculture is one of the largest sectors in terms of share of GDP, ICT has shown rapid growth within recent years and is high on the political agenda, offering attractive employment conditions for the youth. However, despite its attractiveness and positive growth, the ICT sector still has a deficit of employees with relevant skills. Agriculture, on the other hand, is the sector where the largest share of the population is employed with the lowest income across all sectors.

In addition to the sectors involved the OPTIM project aims at contributing towards the creation of **inclusive** economic opportunities, with a focus on **gender equity** and excluded groups: rural youth, returning migrants, and ethnic minorities. Addressing gender equity is one of the project's priorities. The interventions have to be sustainable and go beyond the project duration. That's why it works through local partners. They are supported in seeking and creating solutions, rather than bringing the project's own solutions to the table.

5.2. Objectives

The project's **goal** is "Women and men, in particular excluded groups, benefit from improved economic opportunities". 2'000 women and men are expected to benefit directly in terms of (self) employment, and the target for net additional income generated is CHF 5 million.

The project's two outcomes and four outputs are as follows:

Outcome 1: Private enterprises in selected sectors improve their performance and create new economic opportunities.

- **Output 1:** Private sector businesses adopt new or improved business models.
- **Output 2:** Public and private actors on national and regional level collaborate to improve the policy and business enabling environment for businesses in selected sectors.

Outcome 2: Women and men in Moldova, in particular from excluded groups, are able to take up new economic opportunities.

- **Output 3:** Women and men, including those from excluded groups, have access to and make use of new and improved information sources and services to enhance their ability to engage in available economic opportunities.
- **Output 4:** Relevant skills development services are available to women and men including those from excluded groups.

5.3. Assumptions

Risks related to the project implementation:

- Fluctuating commodity prices rendering output marketing activities unprofitable for the value chain actors
- Lack of interest by large actors
- Strong climate/yield variability
- Lack of access to finance for the target groups
- donor overcrowding in both sectors, which can cause a shift of focus for some of the partners
- unwillingness of organizations to take risks associated with new business models
- uncontrolled migration due to political and economic instability of Moldova and Covid-19, and subsequently, limited availability of human resources for partners' initiatives.

The project is considering those risks and tries to mitigate those by

- coordinating its activities as much as possible with other donor-funded projects to avoid direct overlaps
- trying to work with willing organizations, and putting the priorities and ownership of the partner organization first, to minimize supply-driven approach
- the migration is beyond the scope of the project, however, when working on a skills development, OPTIM is trying to contribute towards ability of people to acquire skills, and ultimately contribute towards either access to better paid jobs locally or to safe migration, if they choose so.

These risks were checked and considered by the external review team. In general, it can be stated that some of **the risks (mainly lack of interest of large actors and donor overcrowding) really happened**. However, the OPTIM team was reactive enough to mitigate them by being **flexible enough** to work with other partners.

Challenges:

One of the main challenges the project had to face is the pandemic. It has not only affected the implementation directly (e.g. through lockdowns, change of priorities of partners, delays in the approval by the European Parliament of new directives on organic agriculture), but also shifted the orientation of partners to delivering emergency services that enabled their members or clients to survive. The project has responded to this in particular by support towards digitalisation and advocacy.

6. Evaluation of outcomes based on OECD criteria

6.1. Outcome 1: Private enterprises in selected sectors improve their performance and create new economic opportunities.

6.1.1. Summary of Outputs

Output 1: Private sector businesses adopt new or improved business models

The data provided in the annual report 2021 show a good performance in these two outputs.

Output 1 Baseline 2019	Key indicators	Target 2022	Achievement end 2021
0	Number of business service providers that offer new or adapted products and services	10	28
	Number of private sector actors who use new or adapted products and services offered by business service providers	50	1'184
0	% of businesses in the selected sectors who report that the inputs and services they receive help them to improve performance	20%	61% (1'208 businesses)

Output 2: Public and private actors on national and regional level collaborate to improve the policy and enabling business environment in selected sectors

Output 2 Baseline 2019	Key indicators	Target 2022	Achievement end 2021
0	Number of national and regional public-private or private-private partnerships that implement common projects or advocate together for the needs of the sector	5	21
0	Number of reform proposals that address the needs of businesses identified through the discussion with private sector stake holders	10	54
0	% of businesses in the selected sectors who perceive that advocacy efforts help them to grow and develop	10%	14%

The support of the major partners is shortly described in the following.

Chamber of Commerce and Industry (CCI)

The Chamber of Commerce and Industry of the Republic of Moldova includes more than 1,100 enterprises from the Republic of Moldova as members. They come from various sectors of the economy, from all regions of the country, of various sizes and forms of ownership.

CCI provides an extensive range of services for entrepreneurs:

- organizes meetings and establishes business contacts between economic agents
- organizes and supports the participation of local economic agents at trade fairs and exhibitions abroad
- offers consulting services (evaluation, legal etc.)
- organizes trainings and seminars for entrepreneurs

- organizes arbitration to solve domestic and international commercial disputes

The CCI offers an online tool – the Register of Members of the Chamber of Commerce and Industry of the Republic of Moldova, which will be useful for Moldovan and foreign companies that need reliable suppliers of goods and services in the Republic of Moldova. It helps selecting reliable partners to enter the Moldovan market and foreign investors who consider the Republic of Moldova as a platform for new investments. CCI is also involved in VET.

OPTIM helped to digitalize some of the services, among others virtual trade fairs, which were in Covid-19 times well visited, but now the interest of the participants has decreased. The improved services allowed to increase the number of employees at CCI. Thanks to the collaboration with OPTIM a partnership with the ZHK in Switzerland was established. Due to Covid-19 the partnership this relation was unfortunately interrupted.

National Farmers' Federation (NFF)

The National Federation of Farmers of Moldova is a national, non-governmental, apolitical and non-profit farmers' organization. The organization is registered at the Ministry of Justice under no. 607, on December 22, 1995, carrying out activities of public interest (national, regional and local), in compliance with the provisions of the legislation in force. NFF represents 7'000 farmers as members (25% of all farmers in Moldova).

The main services of the NFF are:

- Transfer of practical and theoretical knowledge on the technical aspects of production and the value chain
- Financial education (primary accounting)
- Assistance in obtaining subsidies in agriculture (document packages, business plans)
- Defending the interests and rights of farmers, promoting policy proposals in agriculture beneficial to farmers
- Internship access abroad
- Assistance in contracting loans and other existing projects in Moldova
- Support for farmers' associations in cooperatives
- Promoting production at exhibitions and in the media
- Support for agricultural production marketing

With OPTIM the NFF improved the extension services, also organizing different trade fairs for members. Additionally, the creation of 2 cooperatives (bees and berries) for promoting cooperation of farmers was started. According to the responsible person it is difficult to convince farmers for cooperation – mainly in vegetable production the individualism prevented any cooperation. The collaboration with OPTIM allowed to increase the income by providing better services. The clear conditions of collaboration with OPTIM were estimated by NFF and allowed to increase the effectivity of their work.

On the website of the Association, the OPTIM project isn't presented as partner project.

Association of Small and Medium Enterprises of Moldova (AIM)

Alliance of Small and Medium-sized Enterprises from Moldova (AIM) is a non-governmental, membership-based business association. Its members are small and medium-sized businesses working in the Republic of Moldova. The members work together as allies through networking, resourcing, advocacy, and other initiatives to encourage and protect their development and growth through sharing common principles. The mission of AIM is to advance and protect the general welfare and prosperity of small and medium-sized businesses and those doing business with small businesses in the Republic of Moldova, so that the business community and its citizens will prosper.

Main activities and services:

- Business community development (Networking events, Educational events, Development events)
- «First call» resource (Consultations, Recommendations, Reports)
- Policy and advocacy (Identification and systematization of members' challenges Participation in dialogue with state institutions)
- Improvements of the regulatory framework)

With support of the OPTIM project AIM promotes services through workshops/consultations and extends the network of members in the regions. In addition, AIM is the main partner of OPTIM in lobbying and advocacy activities. The project financed a position of the AIM staff and supported improving the services which allowed to increase the payments of member fees. Unfortunately, due to the war situation the willingness to pay of members has decreased again. AIM intends to become the major really private representation of SMEs. They are actually recognized as partner in advocacy by the Government.

On the website of the Association, the OPTIM project isn't presented as partner project.

Association of Farmers in Gagauzia (AgroOguz),

The Association of Agricultural Producers AGRO OGUZ was established in November 2017 on the basis of agricultural enterprises that are registered and operate in the agro-industrial sector on the territory of ATU Gagauzia. Members of the AGRO OGUZ Association (plus 100) carry out their activities in the field of agricultural cultivation, horticulture, viticulture, animal husbandry, processing of agricultural products and in aggregating products. They cultivate about half of all agricultural areas of ATU Gagauzia.

With OPTIM project AgroOguz started new service for members such as soil testing and development of vegetables production in greenhouses. 2022 suppliers of fertilizer and other inputs have poached the agronomist of AgroOguz being responsible for the soil testing and consulting the farmers by paying higher salaries. The local laboratories could not provide the services wanted due to lack of capacities. OPTIM supported the soil testing. It is open, whether AgroOguz will be able to cover the costs of the analyzes after the end of the support. The farmers consider the testing and the consultancies related as very useful.

On the website of the Association, the OPTIM project isn't presented as partner project.

EuroAlun network of farmer

EUROALUN is a relatively young company with only Moldovan private capital and works in the field of plant cultivation such as the establishment of hazelnut orchards. The hazelnut being a crop resistant to heat, drought, frost, lighter than other traditional crops, whose duration is profitable about 50-80 years. The company has planted about 400 ha throughout Moldova, inclusive own orchards and orchards that have entered the ecological circuit. EUROALUN provides its customers with planting material (MS), with technical and agronomic assistance for 5 years, to guarantee a final product of quality, competitive in the market. The company has signed a collaboration agreement with a group of international multidisciplinary experts with extensive experience in the field of plant cultivation in various regions of the globe for quality management, certification and standardization, agriculture precision, engineering and software, green energy. EUROALUN is one of the leading companies in Moldova which promotes hazelnut plantations.

With the support of the OPTIM project, EuroAlun launched a modern laboratory for the production of virus-free propagating material (Vitrohub Moldova). The company is a member of the MOVCA Association, in collaboration with the State University of Moldova.

The main purpose of the creation of this laboratory is the production of hazelnut virus-free seedlings. Vitrohub Moldova also has the capacity to produce rootstocks for fruit, perennial medicinal and decorative plants.

Vitrohub Moldova was created in collaboration with experts from Italy, who coordinate the activity of the laboratory and contribute to the training of specialists in the field for Moldova. The laboratory has already completed a complete plant production cycle that included the stages of multiplication, rooting, transplanting and pre-adaptation. At the same time, a project to expand production capacity has been implemented, which currently has more than half a million plants at the same time.

OPTIM's support allowed to double the capacities of the in-vitro production which made the access to the market possible.

Association of the ICT companies of Moldova (ATIC)

THE MOLDOVAN ASSOCIATION OF ICT COMPANIES ("ATIC") is a business Organization uniting 92 entities and representing an Umbrella Organization that gathers over 9 000 employees.

Being established in 2006, ATIC is the action leading association and the voice of the Moldovan ICT industry that promotes the development of the ICT sector in Moldova through viable partnerships between companies, similar organizations, government, state institutions and international organizations. The association was founded to represent the industry on different policy and legislative issues and to facilitate the exchange of best-practices between members. The ATIC mission is to protect and promote the Association members' interests as well as to facilitate a more favorable ICT business climate.

The Association represents the interests of member-companies in international industry associations and organizations such as DIGITALEUROPE, WITSA, EuroISPA.

OPTIM supported the organization by financing one staff position for about one year and by advising the formulation of advocacy activities such as removing luxury tax on the use of iPhones, IT education, data processing etc. ATIC could reach some improvements in the business environment for IT companies.

On the website of the Association, the OPTIM project isn't presented as partner project.

IT Park

The Moldova IT park launched its operational activity on January 1 2018, based on the Decision of Government no. 1144, approving the Organization Regulation and functioning of the Information Technology Park "Moldova IT park" and Regulation of the registration of the residents of the park for information technology of the „Moldova IT Park”.

Acting as a cluster facilitator, the Park provides an organizational platform with a set of innovative tools and new approaches to accelerate, in a coordinated manner, the transformation of the economy, streamlining corporate innovation practices, boosting the growth of the IT industry, supporting partnerships, creating new jobs and attracting local and foreign investment.

The IT Park increases the regional competitiveness of the Moldovan IT sector by significantly reducing the tax burden through introducing a single tax of 7% of sales revenue, facilitating immigration documentation for expats, reducing bureaucratic barriers and, of course, the virtual presence. Today the IT Park counts more than 1'000 members which represent more than 85% of the Moldovan IT companies.

With the support of OPTIM an action plan was developed in 2021. The project financed an expert who developed the concept for an IT platform which was also financially supported by the project.

This **overview** shows that the project was working with several partners in this area. Among others OPTIM was focusing on the **improvement of the delivery of services**. In 2021 the project continued supporting digitalisation of the CCI services e.g. by creating a portal for members, support for contacts with public institutions, certification, expertise on goods for export. According to the responsible persons at CCI not all of their members are ready to reduce costs by digitalisation.

OPTIM also initiated building a platform for IT companies through the IT Park Moldova. The platform intends to improve access to information on markets and stimulate B2B links, especially for small and medium IT companies, since this is the segment that struggles the most in bidding for larger contracts, or simply having access to information on opportunities, while large companies have well established links and in some cases are branches with mother companies headquartered abroad.

The digitalization agenda is critical for Moldova's inclusive development. It has an important role in OPTIM's work, too, and responds to the Government's commitment to a sustainable development agenda and efforts of the United Nations Development Program in Moldova. At the end of 2021 OPTIM, on behalf of Swiss Cooperation Office in Moldova, entered into a cooperation with UNDP to further contribute to the digital agenda through launching a public call for proposals on digital solutions that would improve the delivery of public services to the private sector. At the moment the evaluation of the more than 30 applications is still running. The five best proposals will get \$ 40'000 each.

In the **agricultural sector** the extension services are undeveloped. In 2012 the strategy for extension services 2012-2022 was developed, however not efficiently implemented (https://www.legis.md/cautare/getResults?doc_id=48105&lang=ro) Now the Ministry of Agriculture is in the process of developing a new strategy. Due to political issues the public agricultural extension services after 2015 were changed. The state is organizing a tender for these services annually and farmers are not well informed where and what kind of services they can receive. Up to now no effective services are available. Farmers' needs are basic agronomic skills which are not met. NFF is not covering the whole country with its structure. Farmers are reluctant to become members of this organization. Only about 25% of farmers are members (7'000 in 2022). NFF founded 2 cooperatives (berries and bee keeping), but in all other sectors farmers want to work individually. Historic experience prevails the set-up of cooperatives. Maybe **other legal structures such as share-holder company or company with limited liability** could be a way out of this dilemma. From another part, the state stimulates the creation of groups of producers through subsidizing till 75% of the investments (https://www.legis.md/cautare/getResults?doc_id=122168&lang=ro). The groups can be organized as LTD or Cooperatives for cooperation.

OPTIM supported several organizations in their advocacy activities. AIM as representation of SMEs on private basis is a promising structure, although having still only few members. Nevertheless, they could place more reform proposals than targeted. At the moment of the ER the success of all these proposals is not yet available.

6.1.2. Effectivity

The activities of OPTIM in improving the business environment for enterprises could have been better coordinated with other projects (e.g. with MEPA) being active in this area. Nevertheless, the organizations supported in this area such as AIM, NFF, CCI could reach some results, which was eased by the change in Government 2021 being now more enterprise-friendly. The collaboration of OPTIM in relation to advocacy was focused on AIM

on general aspects of the business environment for SMEs. In the area of advocacy for the agricultural sector are three major actors (NFF, FARM, Moldovafruct) with whom OPTIM did not work. Therefore, the results in this area remain limited to general aspects of business.

According to World Bank/IMF the following five areas remain concerns for improving the business environment:

- 1) Strengthening the rule of law and institutional capacity (sectors and regional level)
- 2) Strengthening resilience particularly to climate change
- 3) Improving business environment to enhance competitiveness
- 4) Reorienting public finance to support growth models
- 5) Improving efficiency and equity in service delivery of public institutions

6.1.3. Sustainability

Member fee-based organizations do have problems to finance their activities without donor support. CCI covers only 2% of its costs by member fees. Payments for services cover more than 50% and the rest by contributions of donors. Before Covid-19 CCI was able to have better balanced finances mainly due to participation fees of members at fairs which could then only take place virtually with lower income for CCI. In future this might change again and improve the sustainability of this partner. Other member-fee based organizations such as AIM are even more dependent on donor financial support. This weak financial basis jeopardizes the sustainability of these organizations and the continuity of their necessary work in the economic system of Moldova.

6.2. Outcome 2: Women and men in Moldova, in particular from excluded groups, are able to take up new economic opportunities.

6.2.1. Summary of Outputs

Output 3: Women and men, including those from excluded groups, have access to new and improved information and services to enhance their ability to engage in available economic opportunities

Output Baseline 2019	Key indicators	Target 2022	Achievement end 2021
0	Number of people including from the excluded groups, reached by organisations that provide information and mediation services	5'000 (500 from excluded groups)	34'788 (7'877 excluded)
0	% of people who report usefulness and applicability of the information and services provided by public, private or civil society organisations	50%	100%

Output 4: Relevant skills development services are available to women and men, including those from excluded groups

Output 4 Baseline 2019	Key indicators	Target 2022	Achievement end 2021
0	Number of service providers that offer demand-based skills development programmes	5	12

0	Number of new or adapted market demand-based skills development programmes	20	33
0	Number of people who get trained	3'000 (300 excluded groups, 1'200 women)	1'723, excluded 413, women 928

OPTIM could convince and develop partners to offer IT training courses outside of Chisinau which is a success. Programs of other donors focus much more on the large centers. The project invested in the improvement of careers portal (Careers.ict.md) and upgraded the job newsletter published by ATIC once a month. OPTIM supported ATIC in updating its careers portal, which means that from 2022 the new ict.career.md website will be launched, aiming at facilitating employment in ICT companies through the ATIC network. When it comes to use of economic opportunities, the potential in freelance market for ICT skilled professionals is still untapped but competing internationally became more challenging due to increased demands during the Covid pandemic.

In 2021 the project concluded the agreement with the Design Studio to build a local freelance platform for graphic designers. The company already plays a role as mediator of contracts for their graduates, thus building on existing practices and turning it into business that can have a potential for scale-up. OPTIM financed 50% of the costs of the platform. Due to the war situation the business plan had to be adjusted.

In agrifood portfolio the project continued supporting the promotion of innovative technologies in agriculture as well as organised information exchange from farmers to membership-based organisations and back. To address the information challenges the project has supported digital solutions for farmers and invested into a new TV show that specifically addresses information dissemination on the technologies that are available in Moldova, to further stimulate their adoption.

Output 4 focuses on improving the non-formal educational system, aiming at inclusive access to the upskilling opportunities for Moldovan women and men, through both sectors. Short term trainings are the key priority for quick upskilling and potential to enter new and improved career. In 2021 the project worked in total with 7 short-term training providers: BR media academy, DSpirit School of Design, IT Step Academy, Wox Academy in Gagauzia, BeBetter online school, Dev Aid Academy and Non-government organization Motivatie, that particularly focuses on people with disabilities. The opportunity to include people with disabilities into digital skills development is innovative for Motivatie and the project is supporting the organisation to build necessary connections. Apart from the ICT skills the project is active in promotion of digital skills in agriculture and some pilots were tested through upskilling the drone operators, advanced technologies in virus free seedling production and use of digital tools for farmers.

Expanding the training to cover the groups that otherwise would not have access to upskilling in the ICT is slower than the project anticipated. The pace was significantly challenged by the pandemic, too. But apart from the pandemic also the understanding of the career prospects outside of Chisinau is also a challenge. The participants tend to apply for the training they are comfortable with and consider familiar jobs in IT, like system administrator or graphic designer.

6.2.2. Effectivity

Getting training is obviously on strong demand. The question might be allowed whether the target of 5'000 in output 3 was set too low given the number of 35'000 people reached by

end of 2021. These figures have been achieved due to the necessity to become more agile in IT skills in relation with the Covid-19 crisis. Nevertheless, there is still a big lack of qualified IT staff in any kind of organizations. Based on the data excluded groups could be integrated into these training courses, whereas women are still underrepresented in comparison to the target.

6.2.3. Sustainability

Data at the outcome level show successful job applications but less people using new economic opportunities. If this fact will be confirmed by the end of the phase, then the orientation of the courses and services must be reconsidered. Member fee-driven organizations do have problems to become sustainable under the on-during crises (unstable Government, Covid-19, war in Ukraine). The financial support from many donor organizations helps to survive, but not to focus on sustainable activities in the long-run.

6.3. Cross cutting issues

Gender: In the ProDoc the importance of considering gender aspects in the project implementation is mentioned as follows: "Gender relations, social inclusion and regional integration are cross-cutting constraints. As described in the context analysis regions fall behind the capital in many aspects, including high quality employment. The same is true with women engagement, as many jobs are culturally considered unsuitable for women and women employment is lower than that of men. This will be addressed through ensuring that interventions considering measures targeted at inclusion, for example project will emphasize that intermediation services reach out to excluded groups with specific activities. » (ProDoc 2019) In the Logframe is only one indicator about women inclusion available (Output 4, number of people getting training: 1'200 women out of 3'000 in total). Consequently, in the project reports is no special section dedicated to gender aspects. The discussions of the ER team have revealed that including gender aspects has improved, but is not yet at the level targeted (indicator output 4 by end 2021 75% achievement). For the other outputs no targets on gender aspects were formulated.

Social inclusion: According to the indicators of output 4 it seems that the activities for excluded groups show better results than gender aspects (see also the activity with disabled people).

Opportunity Fund: The fund is well managed by OPTIM. However, it is unclear what are the differences to normal project activities. The fund management does not have banking experience for evaluating credit applications. The ER checked the investments financed by the OF. Most of them do have an impact in the system, however not due to a clear strategy of the fund. Given the fact of unclear strategy and time-consuming management the activities of OF should be ended by the end of phase 1.

Covid-19: The shutdowns and limitations of personal contacts had heavy negative consequences on the economy. The project management could cope with these challenges in the team and did a good job to overcome the difficulties. The results achieved by end 2021 do not differ too much from the original plans.

Swiss links: Some partnerships to Swiss organizations were realized (FIBL, ZHK), but not systematically. The relations between CCI and ZHK were in 2019 established. Due to Covid-19 the contacts stopped. Such contacts can't be enforced and need good arguments from the content side. According to the future of the country as planned by the actual Government and the strong relations with neighbouring Romania contacts should be rather strengthened to the EU countries. However, the project could support **CCI to re-establish the relations with ZHK** again in order to learn how a private chamber can be steered.

6.4. Monitoring System

The MRM system has been considerably improved in 2021 with strong support from Helvetas HQ. Since then, the OPTIM team was working further on the system. In the past the team was not satisfied with the structure and the data made available by the MRM. This was due to the relatively high turnover of staff in this area. The actual leader of the MRM system has many years of experience in monitoring systems as well as in compliance of companies and non-profit organizations. The ER team can support the position already mentioned by the SCO back-stopper in September 2021 that the MRM **is now on a good standard level**. The fact sheets are well structured and the logic for the indicators' calculations are clearly visible. The team is using the available information for taking decisions about the orientation of the project, mainly for choosing those partners producing good results. In this process the result chains have been concretized which helps to present the project in a better way.

The OPTIM team is **open for a Mock Audit on DCED standards**. However, due to the tasks of finishing phase 1 in 2022 and planning the new phase starting 2023 it might be better to foresee this exercise for 2023. Before starting this process, SCO should evaluate the costs and benefits of this audit given the fact that the actual state of the MRM is following the DCED standard and allows the OPTIM team to steer the project.

6.5. Impact and overall achievements

In the beginning of this phase 1 the project team was searching for the orientation of its activities. As a result of this process a large number of different types of partners were contracted. Given the difficult environment of the project interventions (Government changes, Covid-19, war in Ukraine) and the relatively low growth level of the economy the **results of the project are good**. The data for the impact indicators in the available annual report 2021 show achievements of about roughly 60% compared to the end phase target (1'313 persons against 2'000 targeted and 3.13 Mio CHF net additional income against 5.0 Mio CHF targeted). The OPTIM team is optimistic to achieve the targets by end of the phase 2022. However, the actual prognoses for economic growth in 2022 are due to the crisis related to the war in Ukraine rather negative (IMF -0.3%). Therefore, it **might be difficult to achieve these targets**. The performance of the economy is not under control of the project team. Therefore, non-achieving the targets due to this reason is not OPTIM's responsibility. The indicators at outcome and output levels are mostly positive which give hints for an impact in the system.

Most of the project partners show progress in their activities. Nevertheless, **the sustainability of member fee driven organisations (e.g. AIM, CCI, Lavender Association) is questionable**, since their members are not willing or able to pay their contributions due to Covid-19 and the actual crisis related decreases of economic activities. Several projects have started to finance these organizations with lump-sum supports. OPTIM is contributing in this way, too. For a crisis situation this might be acceptable, however, for a normal situation **such support has to be ended**. This type of support often creates inefficient structures which might be supported for ever. The danger is higher in donor overcrowded sectors such as IT in Moldova. Such a risk has to be avoided in an MSD approach. **In phase 2 such lump-sum support has to be replaced by action-related support.**

In the IT sector the performance of the OPTIM activities is good, which was supported by the necessity to use ICT more in the Covid-19 pandemic. The now existing IT training institutions outside of Chisinau, the newly created platform such as IT Park and the BMO ATIC are part of systemic change and will continue to have an impact. Other donors have started to support the IT sector with much larger budgets than the OPTIM project. This happened for example in Comrat, where the project started negotiations with partners to enlarge their

training capacities. Then **USAID stepped in with larger financial support** to which the partner reacted positively. As a consequence, OPTIM withdrew from this partner. Without the first push the USAID would probably not have started its activities in this area. So OPTIM's activity was successful without having signed a contract. Some actors are obviously waiting for new project offers, for example Power IT which wants to extend its buildings and asks further investment support.

In agriculture the results are rather mixed. The majority of farms in Moldova are small. Improving their market access is then successful if small farms can market their products via a collecting structure (e.g. Katalyst) or by linking them to larger farms/processors. The latter was up to now hardly possible due to lack of interest on the side of larger actors. The Katalyst example is successful due to the charismatic leader of this organisation. She could convince female farmers to trust her organisation and sell their products according to its requirements. Apparently, there are yet no similar functioning structures in place. For farmers selling their products on market the newly introduced digital payment systems (QR payments from PayNet) supported by OPTIM are helpful in a sustainable way.

The **partnership model implemented by OPTIM is a strength** of the project in this first phase since this allowed to continue the collaboration also during crises situations (COVID, politics etc.) and built trust with the partner organizations. The support received by these organizations secured their existence in difficult times. This justifies the use of financial support even in a MSD project. However, **in future the support of partner organizations has to be linked to concrete activities and not to lump-sum payments.**

For the partnership model specific in MSD projects it is important to analyze and select the partners based on changes/interventions planned to implement. Additionally, the following two aspects have to be respected:

- Partners' ownership for system development (sustainability of the partner, structure of the association, transparent management)
- Partnerships selection (evaluation of their willingness and skill model, type and scale of assistance, relationship with partners)

How far the investments paid out under the Opportunity Fund scheme were necessary for the market system development needs to be judged later. For the OPTIM team the OF approach was rather difficult to be handled, since the team members don't have a banking background. Therefore, and given the fact that there are **in the meantime many financing schemes from other programs available, the OF activity should not be continued.**

An analysis of OPTIM's collaboration with partners reveals that their partnerships are hardly documented on the websites of them. Having partnerships with quite a broad span of different types of organizations makes it difficult to present and communicate a **clear profile of the project**. Some specialists of donor community know the activities of OPTIM in their respective field, but the overall visibility of the project has room for improvement.

Summarizing one can say that the project has achieved most of its targets, implemented the partnership model in this phase successfully and improved the MRM system considerably.

6.6. Relevance and Coherence

In the entry proposal in 2018 SDC described the Relevance and Coherence aspects for the OPTIM project as follows:

Relevance

"Job creation and employment are crucial for generating sustainable and inclusive economic growth and poverty reduction, and for discontinuing the long-term trend of Moldova's

population loss. The highest potential for job creation lies with the private sector. Supporting private sector development is of high priority to the Moldovan Government, as validated through a number of national strategies: National Development Strategy (NDS) Moldova 2020, Small and Medium Enterprise Sector Development 2012-20, Investment Attraction and Export Promotion 2016-20, Employment 2017-21, Vocational Education and Training 2013-20, Education 2014-20, and Agenda for Sustainable Development 2030. The NDS is centered on shifting to a growth model driven by private sector development and investments in job-creating industries. Increased employment, enhanced labor productivity, improved business environment and greater access to finance are among the key NDS priorities. The implementation of the above-mentioned strategies would contribute to GoM's progress on the EU Association Agenda and reaching nationalized targets under SDG 8 (Good Jobs and Economic Growth), SDG 4 (Quality Education), and SDG 10 (Reduced Inequalities).

Coherence

According to the Cooperation Strategy 2018-21, the new Economic Development and Employment (EDE) domain aims to stimulate the creation of more and better jobs in Moldova. This is consistent with the strategic objective "promotion of sustainable economic growth" outlined in the Swiss Federal Dispatch on Switzerland's International Cooperation 2017-20 and with the related Swiss Transition Cooperation in Eastern Europe Framework Credit priority to create economic and professional perspectives by fostering employment and economic development.

This program will complement the Job Creation and Skills Development (JCSD) program (SDC contribution to GIZ) under the EDE domain. In compliance with the domain strategy, the two programs will mutually benefit from their complementary and synergetic activities - sector-, locality- and skills-wise. While the primary focus of the GIZ project is on companies with foreign investment, this program will focus on local companies, especially small and medium-enterprises (SMEs) as well as self-employed farmers. Local SMEs participating in this program will be able to benefit from the VET component of the JCSD program by gaining access to better trained employees."

In spite of the change in Government in 2021 the above-mentioned **strategic orientation is still valid**. Discussions of the ER team with the Ministry of Agriculture and the newly created Vice-Prime Ministry for Digitalization reconfirmed the validity of the above-mentioned priorities of Government with respect to job creation, vocational training, digitalization and modernization of agriculture. Also, SDC's commitment has not changed and OPTIM fits well into the country strategy in the EDE domain.

6.7. Finances of the project

For phase 1 a budget of CHF 4.595 Mio is foreseen. The budget structure as presented in the table below corresponds to an average MSD project with financial means for investments (Opportunity Fund).

Parts	Total CHF	%
PART 1: Services Headquarters [HQ]	229,360.00	5%
PART 2: Local Office [LO]		0%
PART 3a: Long-term experts	1,608,600.00	35%
PART 3b: Short-term experts (Consultants)	281,420.00	6%
PART 3c: Local support	449,200.00	10%
PART 4: Administrated Project funds	2,027,000.00	44%
Total	4,595,580.00	100%

As reported in the annual report 2021 the OPTIM team uses the financial means according to the budget. Based on the prognosis for 2022 it can be expected that by the end of the phase the budget will not be totally, but almost used. This shows a **reasonable and careful utilization of the available financial means**.

6.8. Efficiency of the project

Assuming the project will achieve the targets at the impact level and spend the budgeted funds the following efficiency rate based on the DCED system can be calculated:

5 Mio CHF net additional income

4.595 Mio CHF budgeted costs of project

2'000 beneficiaries achieving net additional income

Efficiency rate: 1.08

Costs per beneficiary: 2'300 CHF

The efficiency rate is compared to other MSD projects relatively low. The ALCP project in Georgia for example achieved a rate of 3.9 and reached 400'000 beneficiaries with lower costs per beneficiary. Compared to the average annual income in Moldova (2021) of CHF 3'675 (without Chisinau) the additional net income of CHF 2'500 per beneficiary is for them considerable. These figures of OPTIM are no surprise since they were already in the planning phase of the project defined. The small size of the Moldovan economy explains the low number of beneficiaries. Under the circumstances given the OPTIM team has achieved what was resp. is possible. Nevertheless, for the **next phase the efficiency aspects have to be reconsidered** (see chapter 8).

6.9. Management of the project

The OPTIM project facilitation unit consists of 10 full-time staff members. With the following setup: the team leader and program lead/deputy team leader, financial manager, three-sector coordinators responsible for the agriculture sector, ICT, and innovation networks facilitation and one Opportunity Fund Manager. The innovation networks coordinator is also responsible to lead on gender and social inclusion. The team has one full-time MRM coordinator, a driver/procurement specialist and the project assistant, who is also responsible for project communications. The staff turnover was quite high during the whole phase 1 which is one of the challenges the project faces. Four staff members resigned, and three new professionals joined the team. The position of the OF manager is still open at the moment of the ER.

The **actual OPTIM team is doing a good job**. Most of the expected results have been achieved instead of the difficulties related to Covid-19 in the years 2020 and 2021. The management was able to work with the team under online conditions. This is an even stronger performance given the fact of a high turnover in staff. The latter apparently is a common phenomenon in the labour market of Moldova. On one hand the large number of international organisations and companies pay higher salaries, on the other hand migration to EU countries as general movement in this country. The composition of the actual team is adequate to the tasks and the gender balance strongly on women's side.

The **supporting structure for the project is rather heavy**. Mesopartner is the internal backstopping institution as co-partner of the OPTIM project team. They provide regular support and visited the project several times during phase 1. In addition to that, Helvetas HQ is delivering besides to the normal business support specific inputs (e.g. for the MRM system) for the project. SCO is monitoring the progress of the project by quarterly reviews with the OPTIM team and regular visits of an external back-stopper on the EDE domain of its program in Moldova.

Beside the costs of such a heavy support it is questionable whether the proposed improvements for the project implementation are really helpful in all cases. Certainly, any project team needs an out-side view for a successful implementation of the program. However, the **dose of such support** might be discussed for the next phase.

Summarizing one can say that the management did a good job. The relatively heavy support from outside (mainly from SDC's backstopping) was rather hampering the decision-making process. However, the project team proved to be agile and fast which is a positive distinction to other projects in the country.

6.10. Market systems development

The political environment for developing a market system has improved due to the change in Government 2021. Most of the investments and support to organizations of OPTIM do have an impact in the system. However, in many areas **larger donor programs spoil sometimes the market logic** although they argue also with the MSD approach (e.g. USAID, ILO). The OPTIM team behaved correctly and did not deviate from implementing the approach in the original understanding. The interviews with the major project partners revealed that at the end of phase 1 **most of them understand the MSD approach much better** and support its orientation. This is certainly a success of OPTIM. Nevertheless, there is still a lot to do. Mainly, the sustainability of advocacy organizations is not yet given. Most of them need a better focusing of their efforts. In this area the coordination between OPTIM and other projects (e.g. MEPA) could have been better.

To get a picture of the two sectors' performance is difficult given the structure of the Logframe which **doesn't reflect the sectoral approach**. Neither the indicators distinguish between the two sectors. In the IT sector the project could support the establishment of training institutions outside of Chisinau which have trained a considerable number of trainees in basic and general skills. These training institutions will probably continue offering their services which is a success of the OPTIM project. People with **IT skills at higher level are, however, still in urgent search by many companies**. This segment of the market could not be covered sufficiently by the project partners.

In agriculture progress is less visible. The large and complicated subsidies programs of the Government represent a difficult environment for developing a market system. AIPA is managing the different programs mainly subsidizing investments. The national institution representing farmers (NFF) is supporting them to get this financial support. Also, other associations are rather oriented towards catching subsidies than offering good services to their members. Especially, **NFF could be strengthened for offering better services to their members** and becoming more active in advocacy improving the business environment for farmers.

In marketing of agricultural goods are much less actors available. Moldova Fruct is a large and well-organized national organization. However, they had before the crisis only 10% of their costs covered by member fees. Due to the war their members have lost the markets in Ukraine and Russia which will still decrease their contributions to Moldova Fruct. For exporting to the EU they need other varieties of fruits which must be adapted to the Moldovan natural conditions. Adapting varieties should be done in a Horticulture Centre belonging to the organization for which only the feasibility study exists at the moment. This example shows that the **link between research and production is not yet established in a systemic way**.

Two honey cooperatives show that collecting agricultural products from members and in the region might be a functioning marketing model. The two cooperatives received financial support from the World Bank and have to reimburse a loan of 0.7 Mio \$ within 7 years. The

cooperative Sandic was visited by the ER team which intends on one hand to sell honey in bulk to the European Union market on the other hand to up-grade the honey to capsules with honey-based products. This investment received also support from UNDP (website), EBRD and Poland. For successful exports to the EU they will need a certificate. At the final stage of organizing the collection they might even cover the whole country. The latter example shows that marketing structures can be developed which allow to integrate smaller farmers into the value chain. In export markets a national brand for Moldovan honey will be helpful to explore and extend the quantities marketed. The project team reported lack of interest from larger actors in collaborating with small holders. Maybe it needs new structures such as in the honey sector or better business propositions for the larger actors to start such a collaboration.

6.11. Lessons learned

Some of the following lessons learned are based on the documents of the OPTIM project, some are conclusions of the ER team.

The digital transformation agenda is pronounced as never before

Due to the lack of cashless transactions, challenged logistics, paper-based documentation, and low absorption of digital skills Moldovan economy suffered its part of challenges. The learnings took place at all levels. The project focus has shifted together with all the actors in the system towards digital solutions and technologies, and many interventions or initiatives focused on e-commerce, digitalization of services, upskilling digital skills etc.

The Moldovan market might be more ready for digital trade than it was initially thought to be.

Due to the pandemic, many organizations had to adjust and shift to digital space including the agri-food businesses and farmer organizations. Before, the service providers did not see the potential for developing their services and a decrease of e-commerce outlets was observed. New services emerged like marketplaces, new logistics providers, new delivery services etc.

Limited capabilities of the training providers

The project has initiated the expansion of the training offer to regions of Moldova with the aim to reach the groups that otherwise would not be able to upgrade their skills and enter good paying careers. This helped the training providers to reach-out to markets outside Chisinau.

The two selected sectors are the entry points for the project while trying to address the constraints of the Moldovan economy.

The two sectors, ICT and agriculture, are important for the Moldovan economy, and the selection done in the inception phase is still relevant. However, their importance makes at least the IT sector extremely overcrowded with donor support, and therefore some distortions in the form of the heightened orientation of the organizations in the sectors towards donor support is evident.

The role of public institutions is significant in the facilitation of the local dialogue.

The trust into the local or national Government is rather low in Moldova. A lot of institutions, organizations, and production facilities are still under government ownership. The ambition of the project of bringing public, private, and non-government stakeholders to improve coordination and collaboration cannot be done without a partnership with public authorities and their buy-in for the change.

The sectoral approach of the project is not reflected in the formulation of outcomes and outputs

Although, the project is focusing on two sectors the outcomes and outputs of the Logframe are formulated in a rather general way. Accordingly, the indicators do not distinguish

achievements in the two sectors separately which makes an assessment of sector performance impossible.

Trust is a basic ingredient for the success of any market system

Especially in agriculture trust in neighbours or institutions for common marketing of farmers' groups is mostly due to historic reasons still lacking. A few examples supported by the project reveal that trust can be created by charismatic people and convincing concepts.

There is an untapped potential in the agricultural sector

Agriculture is still the largest economic sector in Moldova. As a result of the privatization the ownership of agricultural land is in many regions scattered and large parts often not used. The soils are of good to very good quality which represents a huge potential for additional income. In order to realize this potential, however, investments in the input supply, processing and marketing will be necessary.

7. Recommendations for completing phase 1

The ER team recommends no fundamental changes for the rest of phase 1. In some cases, the fulfilment of the contracts running might result in even better results. In the following some proposals for completing phase 1 and preparing phase 2 are presented:

- 1) Follow the annual planning for 2022 as foreseen
- 2) Help clarifying and solving the structural problems of the Lavender Association
- 3) Support member fee-based organizations in search for additional sustainable incomes
- 4) Analyse the investments of the OF in relation to their impact in system change
- 5) Terminate the activities of the OF by end of the phase
- 6) Stabilize and prepare staff for next phase (without OF manager)
- 7) Prepare CCI for its new role in phase 2 (private actor with normal agreement)
- 8) Analyse successes in advocacy by partner organizations and define areas of future interventions (more focused) in relation to the new orientation of the project in phase 2
- 9) Search for studies on the agro-food system in order to get a good overview on actors and major challenges of the system
- 10) Increase visibility in the community till the end of the phase and prepare a strategy for future improved communication

8. Proposal for future project phase

The ER team estimates the **achievements of OPTIM in phase 1 as a good basis for phase 2**. Many partners from single companies such as PayNet, Power IT, IT Academy, Advocacy organizations such as AIM, ATIC etc. or associations such as Lavender Association were supported. The OPTIM team knows now how the different types of partners react. These learnings and the steady information about the project lead to the result that its MSD approach is meanwhile better known in the community. Many partners are relevant for systemic change also in future. However, given the **good results in the IT sector and the overcrowding of other donor organizations in this sector the ER team proposes to focus on the agro-food system only in phase 2**. In this new phase the targets mainly with respect to the number of beneficiaries realizing net additional incomes should be more ambitiously formulated than in phase 1.

8.1. Basic strategy and projects of other donors

OPTIM has achieved good results in the IT sector regarding a large number of people having received training. Some IT companies and their Business Organization ATIC could develop

quite well. A lot of donor projects jumped on this sector resulting in overcrowding activities and financial means. Therefore, the ER team proposes to **discontinue direct activities** in this sector. However, the **potential for IT solutions in the agro-food system (e.g. drones) shall be used in future, too.**

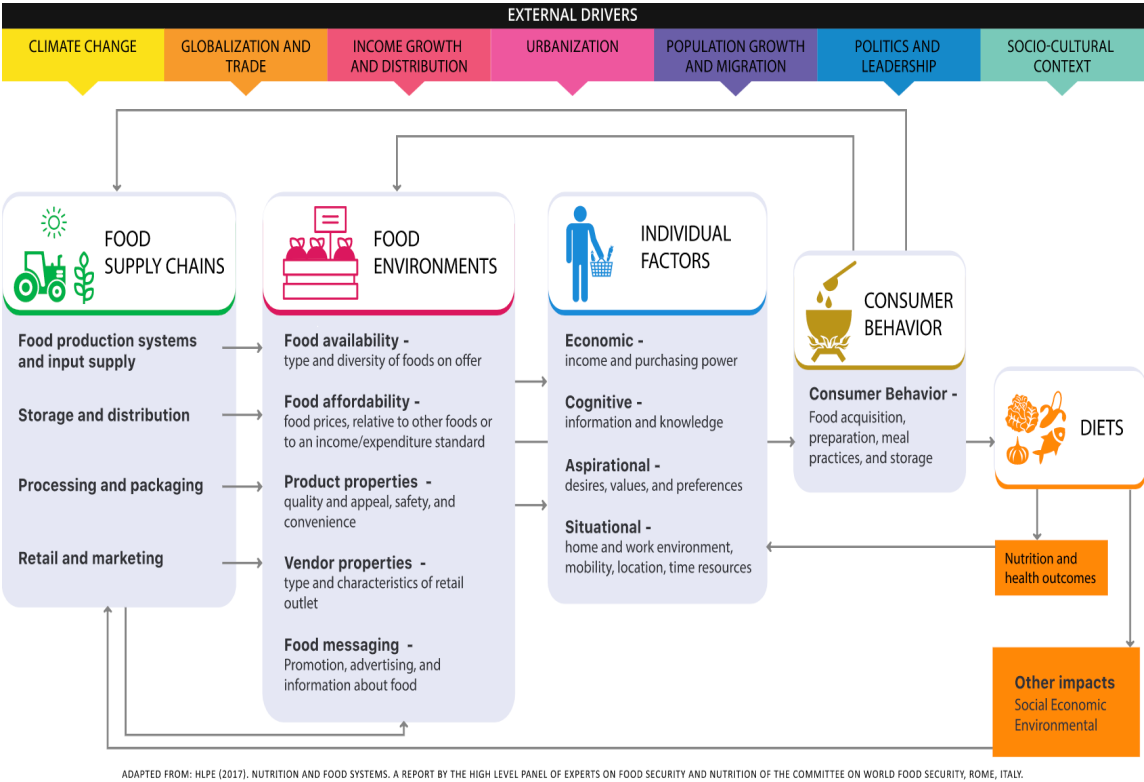
The main arguments for ending the direct activities in the ICT sector are the following:

- The project implemented the majority of interventions in ICT and a lot of results achieved are because of the ICT sector. Analyzing the interventions and results based on the project report reveal that OPTIM used to work 80% in ICT at Outcome 2 *«Women and men in Moldova, in particular from excluded groups, are able to take up new economic opportunities».*
- Generally the ICT sector in Moldova is very fast growing with a lot of players and donors. After launching by the state the Moldovan IT Park (MITP) with a special tax system (7% of sales), the industry grew from 2,15 billion lei sales in 2015 to 7,38 billion in 2020. More than 80% of the industry revenues will be generated by MITP residents in 2021.
- The market system in ICT is working well in the meantime. In the support part there are 3-5 main players which are well developed. OPTIM supported ATIC and Moldova IT Park in Phase 1. Another important actor not supported by OPTIM is TEKWILL. This organization has been designed as a national public private partnership between the Government of Moldova, USAID, Microsoft, and IBM to meet the needs of the ICT industry to close the gap of the human capital shortage, as well as to support the development of the entrepreneurship. For the regional development hubs in Cahul, Comrat and Balti were opened to train and promote careers in ICT as well as entrepreneurship.
- Government in its function as regulator of the system has started to work well. For this, Government created the Digitization Agency and a separate Ministry.
- In the sector of ICT a lot of projects were started by USAID, UNDP, etc. What is specific for USAID, usually the projects have a budget of 20 USD Millions for 5 years focused per one sector or function (e.g. Future Technologies-FTA) and also applying the MSD model.

OPTIM had a smaller budget than projects of other donors in phase 1. Therefore, the project tried to extend the activities to different areas of the sector (training of individuals, new media, tv etc.). Given the over-crowding of the ICT sector the ER team proposes to discontinue the direct activities in the ICT sector. However, **opportunities in relation with the digitalization of the agri-food sector, taking into consideration the National Plan for Agriculture Digitalization (prepared by FAO experts) shall be part of the activities in phase 2.**

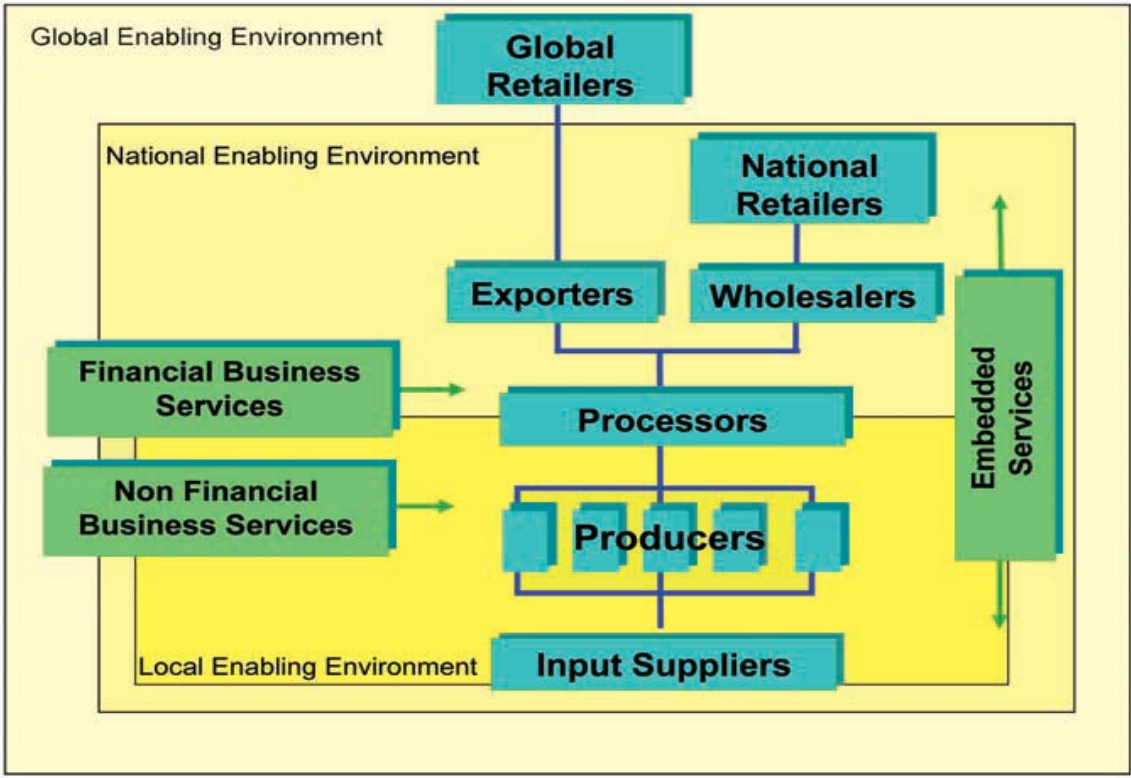
The project strategy proposed focuses on the agro-food system in Moldova (input supply, production, marketing, food processing, exports). The figure below shows the relationships between the different functions of an agro-food system. The external drivers such as climate change, population growth and migration, politics etc. are forming the environment which can partly be influenced (e.g. politics) and partly taken as a challenge to be overcome (e.g. climate change).

Figure 1: Agro-food system



Source: FAO, About Food systems (Global Alliance for improved nutrition), Rome 2020

Figure 2: Actors and enablers in an agro-food system



This approach of the next phase 2 is focusing on relevant institutions and actors for systemic change which means based on Figure 2 to **focus on the enablers** (green boxes). **Services in the ICT area** are considered as non-financial business services. **Financial services** are provided by other organizations such as ADMA, financing partners of IFAD etc. The GiZ-implemented BMZ financed project is supporting ODDIM as financing program. There might be a collaboration with this project, but **no own activities in financing investments**. There should be no direct interventions in actors of the value chain (blue boxes), except they can provide embedded services (e.g. input suppliers) or link smaller producers to the markets (wholesale or export markets). All these relevant actors should be influenced by OPTIM to improve their activities and **contribute to a better market system**.

8.2. Theory of Change in phase 2

The overall objective of MSD projects is to achieve systemic changes in a sustainable way. A change is considered systemic when “it has taken root in the market system, when new and improved behaviors of permanent market players are sustained, independent of project support and manifest themselves beyond the market players the project has partnered with”.

The following key themes have to be considered:

Objectives/vision for the core system: **Understanding what needs to change in the core system so that the poor resp. the target groups benefit**: Realistic, detailed and valid vision of sustainable change; explicit view about the practice and behavior change among players in the market system

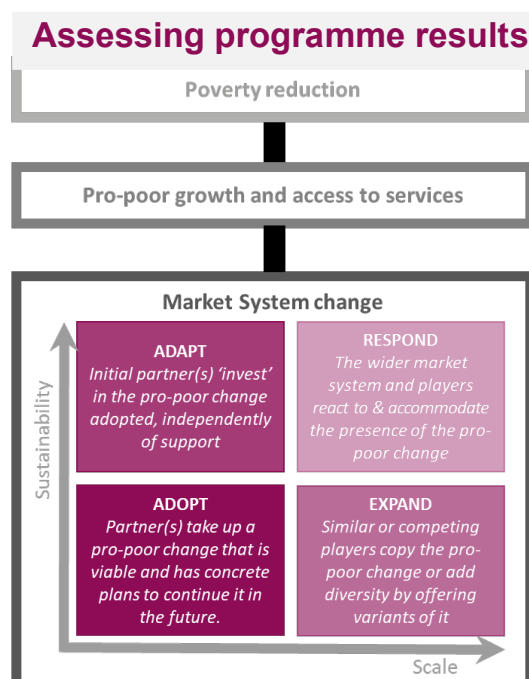
Objectives/vision for interconnected market systems (rules and supporting functions): **Realistic, detailed and valid vision of sustainable change** / explicit view about the practice and behavior change among players in the market system / credible pathway for scaling-up and crowding-in of system change developed

OPTIM has to develop for phase 2 these specific objectives and the vision based on the analysis of the agri-food system. **This analysis has to include the result chains which explain the necessary changes in the system**. This is the first step which is followed by formulating the outcomes. Proposals how outcomes could be formulated are given in chapter 8.4.

Measuring the results achieved can be done on the LogFrame/result chains and through the systemic change framework (AAER)

At the level of output/intermediate outcomes/interventions the adjacent scheme can be used for

- Adopt (e.g. partner contribution / long-term viability and benefit of practice change to partner / partner satisfaction and intent to continue / partner ability to continue)
- Adapt (e.g. independent investment from partner into practice change or other related innovation)
- Expand (e.g. competitors or similar type of organisations crowding-in / ability to accommodate competition or collaboration)



- d) Respond (e.g. responsiveness and receptiveness of non-competing players in system / resilience of 'adopters' to cope with shocks)

The major challenges in the actual Moldovan environment for the agro-food system are the following ones:

- Loss of markets for agricultural goods in Russia and Ukraine
- Climate change mainly noticeable by increased number of droughts
- Lack of competitiveness in most products on EU markets (e.g. fruit varieties)
- Only little transfer of innovations from research to the agro-food system
- Many mini- and small-holders lack perspectives in the agricultural sector

The agro-food system has comparative advantages and a good potential for creating additional incomes if **innovations can be transferred to the system and efficient marketing structures can be established**. Apparently, many women are in food processing activities involved opening good perspectives in the area of gender aspects. Discussions with the organic producers' organization MOVCA revealed the small number of their members (78). They have undergone a reorganization and consider **organic farming as a huge potential for Moldova**. Developing the value chain of organic food and agricultural goods might be one area of activities in phase 2.

Focusing on the agro-food system means less competition from other donors being almost not directly involved in the agro-food system resp. mainly in financing investments structures. The new BMZ-financed project of GiZ is excluding agriculture in its strategy (food processing might be an exception). Strengthening the Moldovan agro-food system is coherent and relevant with the "National Strategy for agricultural and rural development 2022 – 2027" (Ministry of Agriculture 23 December 2021; see Annex 6). This strategy consists of 4 major objectives:

- 1) Strengthen the potential of the climate-resilient agricultural sector
- 2) Promoting smart, efficient and sustainable agricultural practices
- 3) Development of the local market and increase of the export potential
- 4) Supporting sustainable rural socio-economic development

In OPTIM's study on "The market system the project is working in" the following weaknesses in the agro-food system are described (just a selection):

- Meso organizations in Moldova have problems to figure out how to approach, serve and support SMEs
- Technical infrastructure at universities not known to industry, not trusted by industry, but solutions would be needed
- Farmers don't have knowledge to articulate their needs for inputs, equipment or certification
- Lack of knowledge at farmers' level about high-quality seed/seedlings
- Lack of knowledge at farmers' and farmers organizations' level about the impact of climate change and potential technologies to cope with
- Successful ventures of farmers and processors are often done in direct collaboration with foreign countries instead of using local structures
- The potential of digitalized solutions in agriculture is not yet well known, but has a huge potential

8.3. Recommendations for implementing phase 2

Basic aspects

- 1) Clear focus on systemic change
- 2) No Opportunity Fund anymore

- 3) Support activities for an enabling business environment only in relation to the agro-food system; avoid overlapping with the GiZ project focusing on general aspects of improving the business environment
- 4) Stop paying lump-sums to organizations such as Federations, Advocacy organizations etc. and limit the support to action-related payments
- 5) Support actors of the agro-food system in the process of complying with EU standards (incl. organic farming or Geographic Indications) and strengthen public institutions being in charge of control (e.g. ANSA) for a reasonable not too bureaucratic implementation of standards
- 6) Prepare the actors of the agro-food system for resilience to climate change e.g. through improved varieties and adapted management practices
- 7) Support smaller farms in linking them to larger units (e.g. larger farms, marketing structures etc.) and financing institutions (e.g. ADMA)
- 8) Support processes to improve access of SME to innovation from universities and other research institutions (incl. IT services for use in the agro-food system)
- 9) Improve extension services (private and public) based on farmers' needs as embedded services of e.g. input suppliers (seed, fertilizer etc.)
- 10) Management by SCO: Reduce the back-stopping activities and intensive follow-up of the project reviews only semi-annually on the basis of the half-year report, but increase coordination efforts with other donors' and Swiss projects (VET, enabling environment)
- 11) Cross-cutting aspects: define clear objectives for all interventions of the project in figures and collect the necessary data
- 12) Check what other projects are doing in order to avoid overlapping and overcrowding some sectors or organizations

Implementing aspects

- 1) Closer collaboration of research institutions and agricultural production (e.g. State University and NFF as transferring institution) mainly in the area of developing climate-resilient varieties and agricultural practices
- 2) Support innovative companies such as EUROALUN Srl (Vitrohub) or suppliers of drone services in linking them to agricultural structures
- 3) Convince larger producers, traders or associations to integrate smaller farmers into their marketing structure
- 4) Support seed producers to adapt to new varieties
- 5) Support organizations in getting the necessary certifications in the EU export markets
- 6) Develop an efficient non-bureaucratic control mechanism for food security (ANSA)
- 7) Link export promotion activities to Moldovan organizations and check the availability of Swiss institutions such as SIPPO or Swiss Global Enterprise
- 8) Organizations such as AIM and CCI can be strengthened in advocacy activities improving the positions of SMEs with a link to the agro-food system; avoid the overlapping with the BMZ project implemented by GiZ
- 9) Strengthen the major advocacy organizations for agriculture NFF, Moldovafruct or FARM and maybe newly arising structures (e.g. MOVCA)
- 10) Link farmers, associations or larger companies to financing schemes such as ADMA or by IFAD supported financing structures
- 11) Support the establishment of an efficient weather insurance scheme securing the agricultural production under the new reality of environmental changes (e.g. higher frequency of droughts)
- 12) Make use of potential digital innovations for agriculture and food processing

8.4. Possible Goal and outcomes of phase 2

Given the structure of the actual LFA not showing the sectoral performance the ER team proposes to **reformulate the goal, the outcomes and the outputs**. The goal just needs a complement by adding the focus on the agro-food system. The new phase is **moving from the sectoral approach to system change**. This needs to be reflected in the LFA. The following proposals try to show the direction of the new phase. However, the final formulations must be found by the project team and SDC.

Goal: Women and men, in particular excluded groups, benefit from improved economic opportunities **of the agro-food system**

Indicators:

- Number of members of the target group and number of SMEs realizing financial benefits
- Additional net income of the target group
- Net additional jobs created

Outcomes:

1. Smaller actors of the agro-food system are more competitive on the markets of EU countries
2. Digital innovations support actors of the agro-food system in reducing their costs
3. Use of new varieties and better practices turn the actors of the agro-food system more resilient to climate change
4. Improved environment of public services for SME in general and for agro-food system more specifically
5. Functioning MSD platform for donor and Moldovan organizations to increase the understanding of the approach

The ER team proposes indicators for outcome 1 as an example as follows:

- Number of SMEs of the agro-food system newly exporting to the EU market
- Net additional income of exporting SMEs on the EU market compared to 2022
- Exports of new varieties (e.g. apple) in € to the EU market

Outcome 5) could be ideally a **kind of donor coordination** in the area of economic development projects without being called coordination. Several partners and donor organizations (e.g. ILO, GIZ, IFAD) but also governmental structures showed interest in active participation. Such a platform should be financed by several donor organizations and managed by a mandated consultant company.

Increased efficiency

It is suggested to target a **higher efficiency rate in phase 2** compared to phase 1. The rate should be targeted at least at the level of 2.0. This can be achieved by using the net additional income of SMEs being active in export, processing companies, supportive institutions (enablers) etc. These additional incomes and the same level of project costs should result in a higher efficiency rate.

Potential (new) partners

Given the new focus of OPTIM on the agro-food system and the systemic change will lead to an end of the collaboration with some of the actual partners. Some will also play in the next phase an important role, however in some cases in another form of support (less financing of

structures). The following list is not concluding, but should help to define the new set-up of partnerships:

CCI (linked to CC Zurich)

AIM

ADMA

ANSA

Ministry of agriculture

Extension services (private and public)

NFF

State University (Biology Faculty) and Agricultural University (research)

Private seed producers

Etc.

Target group(s)

Since the approach of improving the agro-food system is quite comprehensive the definition of target groups is not limited to small farmers. Other actors such as processors, responsible persons for marketing etc. can also be part of the target groups. In phase 2 the indirect beneficiaries should also be included in the planning. For the GSI activities quantitative objectives have to be formulated for all the outputs related to this issue.

Annexes

1) ToR of the External Review

Terms of Reference

External Review of the “Opportunities through Innovation and Technologies In Moldova Project (OPTIM)” phase I: 01.09.2019 - 31.12.2022

1. Introduction

The present Terms of Reference (ToR) define the purpose, objectives, scope and requirements of an external review of the project “Opportunities through Innovation and Technologies In Moldova Project (OPTIM)” phase I.

Over the past decade, Moldova’s economic growth (4% on average per year) and poverty reduction (from 33% in 2008 to 16.5% in 2016) occurred mostly due to migrant remittances, rather than economic productivity. Hence, growth was jobless: the employment rate dropped from 55% in 2000 to 39% in the first half of 2020, with informal employment scoring high levels (around 35%).

As a result of limited attractive employment opportunities, 25% of Moldova’s economically active population is working abroad or looking for jobs there. The resulting scarcity of labour strongly constrains the capacity of the private sector to develop and advance Moldova’s transition towards a sustainable market economy. Other challenges to economic development include the migration-induced ageing of the population and lack of and adequately qualified workforce, poor access to finance, corruption, weak rule of law, and political instability.

To sustainably support economic growth and poverty reduction, the country needs to boost private sector development, enable companies to enhance competitiveness, create jobs, pay higher wages and thereby offer alternatives to migration. The persistent regional and rural/urban disparities indicate that productive employment opportunities are especially required outside the capital city Chisinau. Effective measures to increase the availability of a skilled workforce are essential.

Political instability characterized Moldova over the past few years and persisted in the first half of 2021. President Maia Sandu was elected end of 2020 and in August 2021, the pro-reform Party of Action (PAS) formed government with a solid majority, seeking alignment with EU standards and focusing on the fight against corruption and justice reform.

Over 2020 and the first half of 2021 the Corona pandemic translated into a contracted economy, reduced output and increased unemployment. Moldova’s tight state budget and lack of access to capital markets did not allow for comprehensive government support measures. The limitations on mobility, decline in global demand, disruptions in supply chains and decrease in FDI led to unprecedented challenges for the private sector, small enterprises in particular.

In 2020, Moldova was also hit by a drought that had a strong impact on agriculture (grain harvest collapsed by 45%, crops export halved). Due to this double shock Moldova’s GDP shrank by 8% in 2020, though it is estimated to rebound to 4.5 percent in 2021.

Surprisingly the employment rate fell only by 1% in 2020. According to Bureau of Statistics. Job losses were reported particularly in the hotel and restaurant sector (-30%), transport sector (-8%), and the manufacturing sector (-8%). This was partly cushioned by growth in other sectors (+19% in other service sectors, +5% in the IT sector, and +13% in construction).

The pandemic has exposed the weaknesses of the Moldovan economic model and highlighted the need for transformation towards a more sustainable and resilient economy.

2. Swiss Cooperation Office Engagement in Economic Development and Employment

The Economic Development and Employment (EDE) portfolio has four projects:

1. Economic Policy Advice to Moldova's Government (MEPA), which supports the Government in attracting foreign investment and improving the business environment.
2. Support to Vocational Education and Training in the Field of Green Economy (dual VET), which is introducing and institutionalizing dual VET, including in the break-away Transnistria region. The MEPA and dual VET projects are part of the Sustainable Economic Development Programme, co-funded by SDC jointly with Germany and implemented by GIZ (duration of current phase: December 2017 – June 2022).
3. Opportunities through Technologies and Innovation (Optim), an SDC mandated project (duration of phase 1: September 2019 – December 2022), which aims at creating employment and increasing incomes through inclusive private sector development.
4. Creating Value for Others (Creativo), co-funded by SDC, jointly with Liechtenstein (duration of phase 1: December 2020 – November 2023), which aims at improving the relevance of vocational training and the financial sustainability of VET schools.

In addition, since 2018 the Swiss Cooperation Office (SCO) has been seconding a Consultant to the VET department of the Ministry of Education and Research (MoER) with the objectives to enhance the VET department's coordination of donor assistance and to promote SCO's VET agenda.

Following the Cooperation Program/Strategy (CS) mid-term review, the CS period was extended by two years and now covers 2018-2023.

3. Opportunities through Technologies and Innovation (Optim)

Project description¹

Optim is implemented by Helvetas/Swiss Intercooperation,(HIS) with support from Mesopartner and the Chamber of Commerce and Industry of the Republic of Moldova (CCI), as a strategic partner. A preparation phase (1.11.18 to 31.8.19) was followed by the current Phase 1, with a budget of CHF 4.6 million, which will be completed by the end of 2023. A second phase is foreseen, depending on the outcome of an External Review for which this is the Terms of Reference.

The project's **goal** is "Women and men, in particular excluded groups, benefit from improved economic opportunities". Two-thousand women and men are expected to benefit directly in terms of (self) employment, and the target for net additional income generated is CHF 5 million.

The project's two outcomes and four outputs are as follows:

Outcome 1: Private enterprises in selected sectors improve their performance and create new economic opportunities.

- **Output 1:** Private sector businesses adopt new or improved business models.
- **Output 2:** Public and private actors on national and regional level collaborate to improve the policy and business enabling environment for businesses in selected sectors.

Outcome 2: Women and men in Moldova, in particular from excluded groups, are able to take up new economic opportunities.

- **Output 3:** Women and men, including those from excluded groups, have access to and make use of new and improved information sources and services to enhance their ability to engage in available economic opportunities.
- **Output 4:** Relevant skills development services are available to women and men including those from excluded groups.

¹The list of documents that will be provided to the hired Evaluation team (Prodoc, Logframe, Operational Plan, Progress Reports) contain a more detailed description of project activities, indicators and implementation progress.

The project uses the **Market System's Development (MSD)** approach to bring these changes about. I.e. it facilitates changes in market systems that are sustainable and reach scale and so benefit large numbers of women and men. Its main partners are in the private sector, i.e. business associations and other service providers. The sectors addressed are agrobusiness and ICT.

Phase 1's first year largely coincided with the pandemic and Optim responded to the resulting crisis in the private sector, e.g. by supporting the digitalisation of training and other services, and development of e-commerce.

Challenges

One of the main challenge the project has had to face is the pandemic. It has not only affected implementation directly (e.g. through lockdowns, change of priorities of partners, delays in the approval by the European Parliament of new directives on organic agriculture), but also shifted the orientation of partners to delivering emergency services that enabled their members or clients to survive. The project has responded to this in particular by support towards digitalisation² and advocacy.

As in any environment where many donors are active and there is just one MSD project, it has not always been easy to identify partners with a genuine vision to become sustainable.

Lessons learnt

The pandemic found Moldova ill-prepared for the digitalisation it required, in terms of skills and services. The focus of the market systems they work in has changed, probably irreversibly, to increased use of digitalisation and technology.

Working with smaller training providers that deliver high quality services compared to larger providers limits potential scale but increases effectiveness in terms of employment.

The pandemic resulted in an increase of freelancing globally and Moldovan entrants in this market were insufficiently skilled to compete. A shift to skills such as web-design partially addressed this.

In a country with a small population like Moldova (2.6³ million) scale is very relative, and a strictly sectoral approach may further reduce the potential for impact at scale. The Innovation Networks intervention area and the Opportunity Fund partially address this limitation.

4. Objectives of the Review and Key Questions to be Addressed

The **overall objectives** of the external review, to be conducted about one year before the end of the first project phase, are as follows:

1. To assess the achievements of Phase 1, reflect on the encountered challenges and highlight key lessons learnt;
2. To support the implementers (HSI and the strategic partners Mesopartner and the CCI with recommendations allowing the project to sustain and increase its achievements for the remainder of the current phase;
3. To support the SCO in Moldova and the implementers with recommendations for the design of a potential second project phase, covering years 2024 to 2028.

The **specific objectives** of the external review are to assess the project based on the Organisation for Economic Co-operation and Development (OECD) evaluation criteria:

1. *Relevance* of the project's MSD approach and strategic orientation in the given development/transition context, including the perception of the implementer by relevant stakeholders;

² The development of direct distribution was supported, the digital part, payment and order, is not the whole thing, neither the real purpose, but support to a new process and way to shop.

³ Without the population of left bank of Nistru and city of Bender

2. *Effectiveness* of project implementation towards reaching the set objectives and the contribution to effectiveness of synergies with other Swiss supported and other donor projects;
3. *Efficiency* of the consortium and the project implementation and steering set-up, and the contribution to efficiency of synergies with other Swiss supported and other projects;
4. *Impact*, i.e. assessment of the likelihood of project interventions contributing to additional income and employment at scale, and continuing to do so beyond Phase 1;
5. *Sustainability* and scale of the results of the interventions, in terms of income and employment generation and changes in market systems;
6. To provide *recommendations* related to the five above-mentioned OECD criteria for both the remainder of the current phase and the design of a potential second phase.

The following guiding questions will be addressed by the review team:

1) **Relevance** of the project's approach and strategic orientation in the given development/transition context, and the use of MSD analytical and implementation framework including the perception of the implementer by relevant stakeholders (public and private market players).

- a) To what extent do the project strategies and interventions respond to the new Government's national and sectoral policies and strategies and identified needs?
- b) How do private and public market players perceive the project team, the MSD approach, project strategies and interventions and the results achieved?
- c) What have been the major challenges and potentials of the chosen sectors in terms of market systems development that were identified? How has the project team addressed them?
- d) To what extent has the project addressed the needs of its target group?
- e) What has been the added-value Switzerland has brought (including Swiss experience, comparative advantages)?
- f) To what extent has the use of the MSD approach contributed to the relevance of project strategies and interventions?

2) **Effectiveness** of project implementation towards realizing the set outputs and outcomes.

- a) What are the main results achieved at output and outcome level that can be attributed to the project? To what extent have targets at these levels been achieved? What are the projections of the project for these targets by the end of Phase 1? Are they realistic, and if not, why?
- b) What have been the challenges faced by the project in achieving its targets? How has the project addressed these and how have they affected results?
- c) To what extent has the project's design, i.e. its partly sectoral focus and the inclusion of the Innovation Networks and training outputs benefitted or limited the project's effectiveness? How?
- d) Are the sectors selected appropriate? Is the Innovation Networks strategy sufficiently clear and actionable?
- e) Has the project's choice of partners been conducive to its effectiveness? What could have been better?
- f) Is the project's strategy for the transversal theme of GSI actionable and effective? How is Gender and Social Inclusion (GSI) mainstreamed in the interventions in practice, particularly through its inclusion in intervention design and implementation? Is this adequate?
- g) To what extent have synergies and cooperation with other Swiss and other donor supported projects contributed to effectiveness?
- h) To what extent SCO contributed to the project's effectiveness and to developing synergies with other Swiss projects?
- i) To what extent is the project's Monitoring and Result Measurement (MRM) system complete and functioning and does it serve its purpose in terms of project management and adaptation of strategies and interventions, continuous monitoring and reporting,

mainstreaming GSI including by setting GSI targets for all interventions, making projections in relation to targets, and learning? Does the MRM include actionable strategies for scaling up?

j) Would a mock-audit of the MRM system against the Standard of the Donor Committee for Enterprise Development serve to improve and validate the system? If so, when should it take place?

k) What are the key lessons learnt that could contribute to further effectiveness?

3) **Efficiency** of the project implementation set-up and project steering.

a) Have the project's financial and human resources been efficiently allocated and have they been sufficient?

b) Are the project set-up adequate for achieving the set objectives and goal?

c) Are project management and steering mechanisms in place and adequate for the efficient implementation of project activities?

d) To what extent have synergies and cooperation with other Swiss and other donor supported projects contributed to efficiency?

4) **Impact**, i.e. assessment of the likelihood of significant impact at scale on income and job creation of the project interventions.

a) What has been the impact on employment and incomes so far, including in terms of GSI? Are the project's projections until the end of Phase 1 realistic? Are targets likely to be achieved? If not, what are the reasons?

b) What is the project's attribution strategy, i.e. its approach to attributing a share of impact to the project rather than to partners, other projects, changes in economic conditions? Is it in line with the DCED Standard, and appropriate?

5) **Sustainability and scale** (systemic change) of the results and impact of interventions, and the outlook for the future.

a) Will the interventions' results, at impact, outcome and output levels, last beyond the completion of Phase 1? What are the indications for this? Are they socially, economically and environmentally sustainable? What are the necessary remaining steps to ensure this?

b) What are the opportunities for further scaling up of the results of the interventions? How does the project plan to make use of these? Are scale strategies realistic and actionable?

c) Which results are likely to be unsustainable? Why? Are there options to increase the chance of sustainability?

6) What are the **recommendations** with regard to the findings under main questions 1-5?

Based on the review of the project, the team shall provide recommendations for the:

1) Remainder of the **current phase**, according to the 5 above mentioned evaluation criteria, allowing the project to sustain and expand its major achievements and carry out the necessary adjustments.

2) Design of a potential **second phase** of the project. These include but are not limited to the following questions:

A) Should the design of the project be changed for greater sustainability and scale of systemic change and impact, and if so how?

B) If a partly sectoral design should be maintained, should sectors be changed or added?

C) How to best address environmental and climate change dimensions?

D) Which interventions can be discontinued and what are potential areas which should be considered for additional interventions?

E) How can current and planned interventions be improved during Phase 2, for greater scale and sustainability?

F) Should the organizational set-up of the project team (size, composition, roles) be changed for greater effectiveness and if so how?

5. Scope and Methods of Work

Conclusions and recommendations will be evidence-based using triangulation of information from different sources. These will include the project, the implementing partners, SCO in Moldova, stakeholders and partners, including other Swiss projects.

The main tasks of the assignment are:

- a) Desk research (information collection and analysis)⁴.
- b) Field work in Moldova:

Briefing with the SCO in Chisinau at the beginning of the field mission.

Interviews with Optim management and key staff in charge of project implementation.

Interviews with backstoppers.

Interviews and/or group discussions with the key project partners and if needed beneficiaries.

Interviews with representatives of other Swiss and other donor supported projects.

Interviews with the Ministry of Economy and if needed other Ministries

- c) Debriefing with the SCO and with the Optim team (separately)

The above list is not exhaustive and the consultants may suggest other activities deemed important for accomplishing this mandate.

6. Deliverables / Reporting

The review team is expected to produce the following deliverables:

- 1) A programme for the field mission, drawn up with Optim, which will consult with the SCO.
- 2) Presentation of preliminary findings and recommendations which will be discussed during debriefing sessions with (i) the Optim team and (ii) the SCO.
- 3) Validation presentation to main stakeholders (could be virtual).
- 4) Draft review report to be submitted electronically to the SCO in Chisinau within 15 working days after the mission to Moldova.
- 5) Final Report, revised based on comments and remarks of the SCO and Optim, to be submitted 10 working days after receipt of the comments. It shall be written in English (Calibri 11) and not exceed 20 pages (excluding annexes and an executive summary of two pages). Electronic copies of the final report will be submitted to the SCO.

Note: Upon request, the results of this evaluation will be made available to any interested third parties.

7. Schedule

The review will take place from February 2022 to May 2022. The tentative review schedule is as follows:

- a) Beginning of February: preparatory activities by the consultants and Optim.
- b) March: field mission.
- c) Beginning of April: submission of the draft report by the consultants.

⁴ SCO will provide the evaluators with all key documents necessary for the preparation of the external evaluation at least 1 month before the field mission, in electronic format. Any other documents will be made available upon request and/or during the mission. Documents will include at the minimum:

- Entry and Credit proposal;
- Project Document;
- Half year and annual reports

- d) End of April: submission of the final report.
- e) May: finalization of the management response by the SCO.

The exact work schedule and time allocation is subject to consultations between the SCO and the selected consultants when concluding the contract.

8. Duration and Implementation Arrangement

The review mission shall be tentatively conducted in Moldova for a period of two weeks in March 2022. A detailed mission programme shall be elaborated by Optim and the consultants, in consultation with the SCO. The timeframe below is tentative and subject to discussion with the evaluators.

The Optim team will provide all logistical support for the mission in Moldova (hotel booking, transport, interpretation services, scheduling meetings etc).

Activities (consultants)	International consultant	Local consultant
<i>Relevant desk review</i>	<i>4 days</i>	<i>4 days</i>
<i>Briefings/debriefings to the SCO</i>	<i>1 day (2 X 0.5 at the beginning and at the end of the mission)</i>	<i>1 day (2 X 0.5 at the beginning and at the end of the mission)</i>
<i>Work with Optim team, interviews in Moldova</i>	<i>11 days</i>	<i>11 days</i>
<i>Report Writing (5 days for the draft report and 3 days to finalize the report)</i>	<i>8 days</i>	<i>8 days</i>
<i>Travel from home to Chisinau and return</i>	<i>Maximum 2 days</i>	
Total	26 days	24 days

9. Review Team / Qualifications

The review team will consist of an international and a local consultant. The international consultant will have the leading role in this mandate. The local consultant is expected to provide expertise in relation to the local knowledge on economic, employment and sectoral trends, Government priorities. He/she is expected to contribute to the report as requested by the international. The local consultant will provide support in organizing and facilitating the interviews with local partners and stakeholders. The present TORs are valid for both the international consultant (team leader) and the local consultant.

The selected international consultant should have extensive evaluation experience with private sector development programmes. This includes:

- a) Extensive experience in forward-looking reviews of private sector development projects.
- b) Extensive experience as team leader of such reviews.
- c) Expertise in assessing project impact, relevance, efficiency, effectiveness and sustainability.
- d) Experience in reviewing Market Systems Development projects.
- e) Excellent analytical expertise, ability to propose recommendations as well as knowledge of the technical aspects of the sectors addressed by the project, i.e. agri-business and ICT.
- f) Outstanding report writing skills, and capacity to write independent and objective analyses.

g) Knowledge of the context in economies in transition is an asset.

10. Budget

See Contracts

11. Application Procedure

Offers will be requested from consultants who meet the qualification requirements.

The following documents are requested for this offer:

- 1) *Technical proposal* (max. 3 pages, excluding annexes), which shall include:
 - Understanding of the consultancy mandate:
 - TORs are critically reviewed
 - Proposed approach and methodology to complete the task
 - Proposed timeframe
 - Annexes:
 - Curriculum vitae of the applicant
 - Relevant reference projects from previous successful mandates
 - *Financial proposal*: the financial proposal shall be submitted using the standard form "8B" that is sent together with these Terms of Reference.

2) Program of the virtual meetings and visits - internal only

3) Evaluation matrix

“Opportunities through Innovation and Technologies In Moldova Project (OPTIM)” phase I: 01.09.2019 - 31.12.2022

Evaluation Matrix

The DAC criteria (relevance, effectiveness, efficiency, impact and sustainability) form the basis of the evaluation methodology. The major aspects of the five criteria are written in bold letters in the following matrix.

The two project outcomes (**Outcome 1**: Private enterprises in selected sectors improve their performance and create new economic opportunities, **Outcome 2**: Women and men in Moldova, in particular from excluded groups, are able to take up new economic opportunities) will be considered in the detailed questions during the interviews.

Impact on target groups (based on the ProDoc)

The expected results of the project on impact level are to directly benefit 2'000 women and men, including those from excluded groups (rural youth, returning migrants, ethnic minorities). The project aims at generating a total of 5 Mio CHF of net additional income for those people. In its first phase, the project will not target indirect beneficiaries (those that benefit from actors other than the project partners changing their behaviour) for two main reasons. Firstly, it generally takes longer for people beyond project partners to benefit, many projects report that this only happens in a second phase. Secondly, indirect beneficiaries are difficult to measure, and more experience is needed to both generate a feasible target for the project and to develop a methodology to reliably assess the number of beneficiaries.

1) Relevance

Main Questions/sub-aspects	Discussion partners	When
Objectives and strategies in line with the priorities of the new Government's national and sectoral policies and strategies?	SDC, respective ministries	tbd

Which aspects positive/negative?	SDC, resp. ministries, project team	tbd
Relevant, valid and consistent with the needs of the target groups?	target groups, actors of the value chain	tbd
What has been the value-added Switzerland has brought?	target groups, actors of the value chain, SDC, resp. ministries, project team	tbd
Swiss experience? Comparative advantage?	target groups, actors of the value chain, SDC, resp. ministries, project team	tbd
Major challenges and potentials of the sectors chosen in terms of MSD?	target groups, actors of the value chain, SDC, resp. ministries, project team	tbd
How addressed the project team the potentials and challenges?	actors of the value chain, SDC	tbd
Changes due to environmental and/or COVID crisis?	actors of the value chain, SDC, project team	tbd
How do private and public actors of the value chains perceive the MSD approach?	target groups, actors of the value chain, resp. ministries, project team	tbd
Outputs consistent with the intended impact, overall goal and the achievement of the project objectives?	Review team	tbd
Relevant for the market actors without disturbing markets?	target groups, actors of the value chain, project team	tbd
Perception of the project team by VC actors?	target groups, actors of the value chain, resp. ministries	tbd
Perception of project strategies, interventions and results achieved?	target groups, actors of the value chain, resp. ministries	tbd
Which influences did/do have projects of other donors?	SDC, project team	tbd
Complementary and coherent with other similar projects?	SDC, respective ministries, other projects	tbd

2) Effectiveness

Main Questions/sub-aspects	Discussion partners	When
Analysis of the quantity and quality of project outputs and results (outcomes) achieved and projected?	Review team, project team	tbd
Which challenges faced by the project and how were they addressed? How did they affect the results?	All interview partners	tbd
Influence of project design, sectoral focus and inclusion of Innovation Networks on effectiveness?	Review team	tbd
Sectors selection appropriate and Innovation Networks strategy sufficiently clear and feasible?	Review team	tbd
Selection of partners supportive to the effectiveness? Improvements possible?	Review team	tbd

To understand partners' motivation and incentives to change practice and their satisfaction with the changes so far	Review team	tbd
GSI strategy feasible and effective? Interventions' design and implementation adequate?	Review team, project team	tbd
Synergies and cooperation with other Swiss projects and other Donor projects contributed do effectiveness?	SCO, review team, other project teams	tbd
Contribution of SCO to effectiveness and synergies with other Swiss projects?	Review team, SCO, project team	tbd
To what extent is the project's Monitoring and Result Measurement (MRM) system complete and functioning and does it serve its purpose in terms of project management and adaptation of strategies and interventions, continuous monitoring and reporting, mainstreaming GSI including by setting GSI targets for all interventions, making projections in relation to targets, and learning? Does the MRM include actionable strategies for scaling up?	Project team, review team	tbd
Would a mock-audit of the MRM improve and validate the system? If yes, when?	Project team, review team	tbd

3) Efficiency

Main Questions/sub-aspects	Discussion partners	When
Efficiency of the project implementation?	Project team, review team	tbd
Staff turnover high?	Project team, review team	tbd
Costs of staff in relation to overall costs and financial means used for activities?	Project team, review team	tbd
Project set-up adequate for achieving objectives?	Project team, review team	tbd
Management and steering processes in place? Adequate for efficient implementation?	Project team, review team	tbd
Synergies and cooperation with other Swiss projects contributed to efficiency?	Project team, review team	tbd

4) Impact

Main Questions/sub-aspects	Discussion partners	When
What tangible positive changes on income and employment have been achieved so far (incl. GSI)?	Target groups, review team	tbd
Observations about the project contribution to changes in the system (and players)	Project team, review team	tbd

How changes in competition and the market in general caused by the partner's practice change?	Project team, review team	tbd
Contribution of the project to the achievements? What is realistic to be achieved by end of phase 1?	Project team, review team	tbd
Contribution strategy of the project? Contributions to impact by partners, other projects, changes in economic conditions?	Project team, review team	tbd
Strategy in line with DCED standard?	Review team	tbd

5) Sustainability

Main Questions/sub-aspects	Discussion partners	When
Will results at all levels last after phase 1?	Review team	tbd
Indications for this? Sustainable in all three dimensions?	Review team	tbd
Remaining necessary steps to ensure sustainability?	Project team, review team	tbd
Opportunities for scaling up?	Review team	tbd
Which are the plans to make use of them? Are these plans realistic and feasible?	Review team	tbd
Unsustainable results? Why and how to increase chances to become sustainable?	Review team	tbd

Urs Egger/Anatol Palade
16/02/2022

4) Logframe indicators

Hierarchy of objectives Strategy of Intervention	Key Indicators	Data Sources Means of Verification	External Factors (Assumptions & Risks)
Impact (Overall Goal)	Impact Indicators		
<p>Women and men, in particular from excluded groups², benefit from improved economic opportunities.</p>	<ul style="list-style-type: none"> Number of people taking up economic opportunities³ and earning net additional income (ARI E1) <i>Baseline (2019): 0 Target (2022): 2000 (out of these, 200 are from excluded groups)</i> Total amount of net additional income <i>Baseline (2019): 0 Target (2022): CHF 5 million (out of these, CHF 500'000 refers to excluded groups)</i> <i>Collected data will be disaggregated by sex, age – youth (15-24 years) and adults (>24 years), rural/urban, returning migrants, ethnicity, other relevant criteria to the degree this information can be obtained.</i> 	<ul style="list-style-type: none"> Own projections and data from MRM system Publicly-available labour market and income statistics Project's commissioned research (data analysis of impact surveys/assessments and case studies) 	<ul style="list-style-type: none"> The project strengthens the partnership with the private sector to enhance growth and competitiveness through its interventions in selected sectors. Businesses are interested to increase their profits and remain committed to grow. Businesses' unwillingness to hire vulnerable and socially excluded groups, even though they are adequately skilled.
Outcomes	Outcome Indicators		External Factors (Assumptions & Risks)
<p>Outcome 1</p> <p>Private enterprises in selected sectors improve their performance and create new economic opportunities.</p>	<ul style="list-style-type: none"> % of private sector enterprises (out of those targeted by the project) that report higher turnover and/or profit <i>Baseline (2019): 0 Target (2022): 60%</i> Additional investment made by private sector enterprises (out of those targeted by the project) <i>Baseline (2019): 0 Target (2022): 15%</i> 	<ul style="list-style-type: none"> Own projections and data from MRM system Partner record Publicly-available trade and investment statistics Enterprise satisfaction survey 	<ul style="list-style-type: none"> The political environment improves or does at least not deteriorate, so businesses are willing to invest and grow. Service providers and meso level organisations are responsive, open to collaboration and motivated to improve their services for businesses. There is openness to discuss issues around gender equality and integration of marginalised groups and the will to change practices around these topics.

¹ All indicators refer to direct results of SDC-supported interventions

² Excluded groups include primarily rural youth, returning migrants, ethnic minorities

³ Creation of economic opportunities means: job creation, filling in vacancies through intermediation, generation of business opportunities such as self-employment, starting a new business, and improving business revenue by taking up new practices.

Hierarchy of objectives Strategy of Intervention		Key Indicators	Data Sources Means of Verification	External Factors (Assumptions & Risks)
Outcome 2 Women and men in Moldova, in particular from excluded groups, are able to take up new economic opportunities.		<ul style="list-style-type: none"> Success rate of job applications of people who have undergone skills development programs (ARI EV3) <i>Baseline: 0 Target: 30%</i> % of direct beneficiaries who report ability to apply/use new economic opportunities <i>Baseline: 0 Target: 50%</i> <p><i>Collected data will be disaggregated by sex, age – youth (15-24 years) and adults (>24 years), rural/urban, returning migrants, ethnicity, other relevant criteria to the degree this information can be obtained.</i></p>	<ul style="list-style-type: none"> Own projections and data from MRM system Partner record Commissioned surveys Tracer reports Beneficiary survey 	<ul style="list-style-type: none"> Service providers and meso level organisations are responsive, open to collaboration and motivated to improve their services for individuals. Service market actors and meso level understand the value of working with marginalised groups and target their services particular in an inclusive way, People are applying for new economic opportunities.
Outputs (per outcome) and costs		Output Indicators		
Outcome 1: Private enterprises in selected sectors improve their performance and create new economic opportunities in a socially inclusive way				
Output 1	Private sector businesses adopt new or improved business models.	<ul style="list-style-type: none"> Number of business service providers that offer new or adapted products and services <i>Baseline (2019): 0 Target (2022): 10</i> Number of private sector actors who use new or adapted products and services offered by business service providers. <i>Baseline (2019): 0 Target (2022): 50</i> % of businesses (out of those targeted by the project) in the selected sectors who report that the inputs and services they receive help them to improve performance <i>Baseline (2019): 0</i> 	<ul style="list-style-type: none"> Service provider reports Own MRM system of the project Business satisfaction survey Project reviews and commissioned research, including data analysis and case studies Reports from other partners Case studies 	<ul style="list-style-type: none"> Economic performance of selected sector stimulates increased investment. There is a direct link between private sector growth and its investment. Private sector enterprises are encouraged by good business climate. Growing investment/cooperation opportunity stimulates businesses competitiveness.

		Target (2022): 20%		
Output 2	Public and private actors on national and regional level collaborate to improve the policy and enabling business environment in selected sectors.	<ul style="list-style-type: none"> Number of national and regional public-private or private-private partnerships that implement common projects or advocate together for the needs of the sector Baseline (2019): 0 Target (2022): 5 Number of reform proposals that address the needs of businesses identified through the discussion with private sector stakeholders Baseline (2019): 0 Target (2022): 10 	<ul style="list-style-type: none"> Own MRM system of the project Stakeholder survey Partner reports Project reviews and commissioned research, including data analysis and case studies Business satisfaction survey Case studies 	<ul style="list-style-type: none"> Political environment is favourable towards public-private collaboration. Public, private and meso organizations are ready to collaborate and work on various advocacy initiatives in a participatory manner.

Hierarchy of objectives Strategy of Intervention		Key Indicators	Data Sources Means of Verification	External Factors (Assumptions & Risks)
		<ul style="list-style-type: none"> % of businesses (out of those targeted by the project) in selected sectors who perceive that advocacy efforts help them to grow and develop Baseline (2019): 0 Target (2022): 10% 		
For Outcome 2 Women and men in Moldova, in particular excluded groups, are able to take up new economic opportunities				

Output 3	Women and men, including those from excluded groups, have access to new and improved information and services to enhance their ability to engage in available economic opportunities.	<ul style="list-style-type: none"> Number of people, including from the excluded groups, reached by organisations that provide information and mediation services. <i>Baseline (2019): 0</i> <i>Target (2022): 5000 (out of these, 500 are from excluded groups)</i> % of people who report usefulness and applicability of the information and services provided by public, private or civil society organisations <i>Baseline (2019): 0</i> <i>Target (2022): 50%</i> <i>Collected data will be disaggregated by sex, age – youth (15-24 years) and adults (>24 years), rural/urban, returning migrants, ethnicity, other relevant criteria to the degree this information can be obtained.</i> 	<ul style="list-style-type: none"> Service provider reports Own MRM system of the project Business/customer satisfaction survey Project reviews and commissioned research, including data analysis Reports from other partners 	<ul style="list-style-type: none"> There is a basic readiness of actors from the private and public sectors and the civil society to collaborate. Public, private and civil society organizations recognize importance and benefits of social inclusion. People, including those from excluded groups, trust and acknowledge the information provided by public, private and civil society organizations.
Output 4	Relevant skills development services are available to women and men, including those from excluded groups.	<ul style="list-style-type: none"> Number of service providers that offer demand-based skills development programmes <i>Baseline (2019): 0</i> <i>Target (2022): 5</i> Number of new or adapted market demand-based skills development programmes <i>Baseline (2019): 0</i> <i>Target (2022): 20</i> Number of people who get trained <i>Baseline (2019): 0</i> <i>Target (2022): 3000 (out of these, 300 are from excluded groups, 1'200 are women/girls)</i> 	<ul style="list-style-type: none"> Data from MRM system Service provider reports Partner reports Data analysis and case studies Service provider reports 	<ul style="list-style-type: none"> There is a basic readiness of actors from the private and public sectors and the civil society to collaborate. There is basic understanding of usefulness and necessity of skills development in pursuit of better economic opportunities. People understand the value of trainings and are ready to pay.

5) References/Documents

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Helvetas, Agriculture Sector Study – IMS Programme Moldova, Chisinau 2019
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ILO, Decent Work Country Program 2021 - 2024, Republic of Moldova, 2021
ILO/British Embassy Moldova, Sweetening the potential for decent work – A market systems analysis of the honey sector in the Republic of Moldova, 2021
Marcus Jenal, Shawn Cunningham, Update of the market systems Optim works in, Draft Study 2022
Optim, Manual Opportunity Fund (OF), Chisinau March 2022
Optim, Opportunity Fund, Investments paid out, March 2022
SDC, Entry Proposal, Creating Job Opportunity through Improved Market Systems, Bern January 2018
SDC, Main Credit Proposal to Opening Credit, Bern 18 July 2019
SDC/SCO Chisinau, EDE Domain Concept Note 2018 - 2021
SDC/SCO Chisinau, Note on the OPTIM project, 6 December 2021
SDC-SCO/Optim/AIM, Framework Agreement and Annexes, 1 March 2021
World Bank/IFC, Moldova – Systematic Country Diagnostic Update, Washington March 2022

6) National Strategy for agricultural and rural development 2022 – 2027

SNDAR Strategy 2022-2027

Competitive agri-food sector, focused on value chains with high potential, developed in harmony with the environment and resilient to climate change, which strengthens food security and safety and provides better welfare and living conditions in rural areas

OG1: Strengthen the potential of the climate-resilient agricultural sector

SO 1.1 Ensuring the quality and availability of inputs in agriculture
SO 1.2 Streamlining the sustainable use of natural resources, reducing risks in agriculture by adapting to climate change in water, soil and energy
SO 1.3 Biodiversity conservation and development
SO 1.4 Promotion and development of organic farming
SO 1.5 Creating the premises and launching the bioeconomy.

OG 2. Promoting smart, efficient and sustainable agricultural practices

SO 2.1 Invigorating strategic agricultural sectors for food security
SO 2.2 Developing food and production chains in agriculture and promoting cooperation

SO 2.3 Promoting business models that generate formal and permanent jobs that ensure sustainable income for farmers

SO 2.4 Stimulating agriculture based on innovation and knowledge

OG 3 Development of the local market and increase of the export potential

SO 3.1 Ensuring food security and self-sufficiency with domestic production

SO 3.2 Strengthening food safety

SO 3.3 Increasing competitiveness and integrating marketing practices into agriculture

GO 4 Supporting sustainable rural socio-economic development

SO 4.1 Increasing investment in rural physical and service infrastructure

SO 4.2 Encouraging non-agricultural business in rural areas

SO 4.3 Involvement of the local community in the implementation of local development strategies

SO 4.4 Stimulating young farmers by facilitating business development in rural areas