



Integrated Local Development Programme
Project Document

Ministry of Local Public Administration

United Nations Development Programme

[other partners]

Integrated Local Development Programme

Drawing upon Moldovan and global expertise in facilitating local self-governance and community-led development, UNDP proposes to implement an Integrated Local Development Programme (ILDLP) that provides knowledge-based policy advice at central and regional levels coupled with a scaled up community-level intervention that aims to integrate local authorities into regional and community level development processes. Not only will ILDP deepen engagement with current targeted communities and local authorities, ILDP will seek to lay a foundation for regional and community-led development in selected rayons and communities in all regions of Moldova.

At the central level and in targeted areas, UNDP will help to strengthen legal and regulatory frameworks and to streamline local administrative procedures and systems. There will be a particular emphasis on a draft framework for the effective delegation of authority to LPAs, fiscal decentralisation to deliver essential services, and promotion of a greater role for women in decision-making bodies. Second, UNDP will build the capacities of targeted LPAs to plan, implement programmes and services and monitor their success, with greater citizen participation. Paired with this, we will support greater community and civil society participation in the development and implementation of local development plans and regional strategies. UNDP will work to develop the capacities of local NGOs to play more influential roles in local and regional development planning, programme implementation and monitoring.

SIGNATURE PAGE

Country: Moldova

UNDAF Outcome(s)/Indicator(s)¹:

(Link to UNDAF outcome., If no UNDAF, leave blank)

By 2011, vulnerable groups in poor rural and urban areas take advantage of sustainable socio-economic development opportunities through adequate regional and local policies implemented by LPA and partners.

Expected Outcome(s)/Indicator (s)²:

(CP outcomes linked to the SRF/MYFF goal and service line)

3.1. LPAs operate in a more effective and transparent manner
3.3. Empowered communities and CSOs participate in local development planning, implementation and monitoring

Expected Output(s)/Annual Targets³:

(CP outputs linked to the above CP outcome)

1. National legal, policy and advisory frameworks to support sustainable processes of development at sub-national level developed.
2. Capacities of LPAs in the target regions improved to plan, implement, and monitor in a participatory manner.
3. Communities and CSOs are empowered to participate in local development planning, implementation and monitoring and local actors are able to deliver services and upgrade the basic infrastructure

Implementing partner:

(designated institution/ executing entity)

Ministry of Local Public Administration

Responsible parties:

(implementing entities)

Programme Period:	2006 - 2011
Programme Component:	
Project Title:	Integrated Local Development Programme
Project ID:	00045255
Project Duration:	2006 - 2011
Management Arrangement:	NEX

Budget	
General Management Support Fee	_____
Total budget:	13,500,000.00
Allocated resources:	_____
• Government	_____
• Regular	2,636,000.00 USD
• Other:	_____
○ Donor	_____
In kind contributions	_____
Unfunded budget:	_____

Agreed by (Government):

Igor Dodon, Minister

Ministry of Economy and Trade

Agreed by (Implementing partner /Executing entity):

Vitalie Vrabie, Minister

Ministry of Local Public Administration

Agreed by (UNDP)

Bruno Pouezat, Resident Representative
UNDP Moldova

¹ For global/regional projects, this is not required

² For global/regional projects, these are outcomes identified in GP/RP

³ For global/regional projects, these are outputs identified in GP/RP

Part I. Situation Analysis

Moldova is committed to achieve the Millennium Development Goals (MDG) and has agreed the Johannesburg Declaration on Sustainable Development (WSSD). In the recent years, through medium term strategic frameworks (PRSP and the EU-Moldova Action Plan), Moldova has indicated its willingness for broad-based participatory development; to engage citizenry and civil society in policy formulation, decision-making and implementation at all levels – from grassroots up to central government – to achieve national development goals.

In order to fulfil its objectives for rapprochement with the European Union (EU), Moldova has committed to approximate its legislation, norms and standards to those of the EU. The EU-Moldova Action Plan provides the necessary platform for Moldova and the European Union to work together to intensify political, security, economic and cultural relations.

There is also demand from Moldovan citizens and civil society for increased participation in decision-making processes, leading to a new kind of relationship between state and citizens; Moldovans want people-centred development and people-centred institutions.

1.1 Outline of key issues

The cumulative effects of Moldova's ongoing transition are most acute in villages and small towns. Research and studies carried out by national institutes conclude that Moldova has huge territorial disparities and clearly identify the gap between the capital and the rest of the country as one of the key development problems to address in supporting development and pro-poor economic growth in Moldova⁴. Latest national strategic policy documents recognize this as well: "The considerable differences in the level of regions' economic development are causing substantial territorial differentiation of economic conditions, and the level and quality of population's life. This phenomenon aggravates the problems related to inequality and poverty, because citizens and families' welfare and opportunities are strongly correlated with their place of residence"⁵.

Poverty is widespread in small towns and in rural areas and income inequality between the capital and small towns and rural areas is growing. Economic growth is concentrated in Chisinau whose regional GDP is 3.2 times larger in comparison to other regions, while the volume of investments is higher by 5.9 times.

One out of five poor people live in small towns, where the rate of unemployment is approximately 12%⁶. There is a trend towards feminisation of the rural population; hence future measurements are likely to show that women are more severely affected by poverty. The process of environmental degradation and contamination affects the standard of living in Moldovan communities; the quality of community public services – such as water, gas, heating, sewage and health – remains weak; due to widespread poverty and limited opportunities, Moldovan youth are increasingly vulnerable to risky/unhealthy lifestyle.

⁴ Dynamics of local public finance within the framework of re-centralising the state power, Institute for Development and Social Initiatives „Viitorul”, Chisinau, 2004; Green Paper on Regional Development in Moldova, Business Consulting Institute, 2002;

⁵ Economic Growth and Poverty Reduction Strategy Paper, June 2004, p.22

⁶ Workforce in Republic of Moldova – employment and unemployment: 2004, DSS, March 2005

The main feature of the economic and social landscape is labour-related out-migration. Some 371,000 people, or 25% of the economically-active population, were estimated to be working abroad at the end of 2004. Taking into account temporary or seasonal migration, this figure reaches an estimated 40%, or nearly 600,000 people. With a majority of migrants coming from small towns or villages where poverty rates are the highest, migration is both a consequence of poverty and a key strategy for coping with it. Migrants' remittances are estimated at 27% of GDP, and are spent mainly on current consumption needs of households. The negative effects of migration may come to overshadow the positive ones: migration reduces the size and quality of the labour force and undermines both family and community structures.

There are many challenges to achieving sustainable local development and democratic local governance in Moldova. Most notably, there remain vestiges of the central command style of Soviet governance, which are manifested by unclear relations between all tiers of government; absent democratic traditions of public involvement in local decision-making and development processes; legal and regulatory barriers to local self-governance; low capacity among civil servants; and widely held attitudes of passivity toward volunteerism and self-initiative to improve local living conditions.

The Government of Moldova and its national and international partners have taken action to achieve social, economic and environmental development. Much has been achieved. The policy and legal framework has been improved. Regional development is one of the strategic objectives of the recently developed *European Union – Republic of Moldova Action Plan*. According to this, measures/actions need to be taken/ implemented to promote balanced regional development and reduce economic and social disparities across the country. The recently created Ministry of Local Public Administration has assumed a leading role in developing and promoting policies for local and regional development. Still, the Ministry has a small team and needs considerable capacity-building investments, to be able to exercise effectively its policy and coordination role. Experience has shown that communities can and will improve their living conditions if granted the authority and means to do so. However, more needs to be done.

There remain policy- and community-level obstacles to local self-governance and community-led development. Policy-level support is needed to accelerate administrative reforms that clarify the role and authority of local government; resolve the complex of financing problems at the core of the concept of local governance and introduce transparency and anti-corruption procedures to government agencies. At the community level, what is needed is a scaled-up approach that develops capacities and partnerships among community members and rayon, municipality authorities as a means to establish a collaborative and coordinated approach to priority setting, strategic planning and management processes; joint decision-making and joint action; improved capacities of politicians and civil servants to support sustainable local development efforts; and strengthened funding allocation mechanisms to ensure objectivity and root out cronyism.

Thus, the challenges to local governance are:

- strengthening the institutional framework and incorporating sustainable development principles into local policy;
- building capacities for policy formulation and implementation;
- building capacities for good service delivery;

1.2 UNDP Response

UNDP Moldova has been active in supporting sustainable local development and promoting democratic local governance primarily through 5 projects in Moldova: Local Agenda 21 (LA21) and Mesmerising Moldova, Sustainable Tourism Development, Better Opportunities for Youth and Women and Civil Society Development. UNDP promotes a bottom-up approach that maximizes community participation in local development planning and decision-making. UNDP ensures the participation of all ethnic groups in community development and local governance processes. Principles of good governance – transparency, accountability, equity and participation – are central to UNDP’s objectives and methodology.

In particular, significant results were achieved by Local Agenda 21 project, which has made a valuable contribution towards creating favourable environment for sustainable local development in 21 localities, 5 of them serving as potential growth poles. Local Agenda 21, Mesmerizing Moldova and Sustainable Tourism Development projects have also contributed to enhancing capacities for participatory and strategic urban and sectoral planning.

These five projects, managed as a Local Development Programme, employ an Area-Based Development (ABD) approach and cover 5 rayons: Cahul, Hincesti, Orhei, Ungheni and Soroca. The ABD approach combines elements of social mobilisation, support to community-led development, support to democratic local governance and support for the implementation of specific interventions and projects in the community (through small grants) – such as creation of social services, creation of income opportunities for community members, partnerships for environmental projects.

The “**Local Agenda 21**” project promotes sustainable development at local level by consolidating the capacity of local actors (public administration, civil society and private sector) and facilitating partnering for strategic planning and implementation of projects deriving from local development plans (Local Agenda) such as development of town and village infrastructure, raising standards of living, facilitate enterprise development, investment attraction, and rational utilization of natural resources.

“**Mesmerizing Moldova**” project assisted the country in fostering sustainable development of human settlements and addresses three of the sustainable development components: living conditions, quality of environment and self-sustainable life activities. It helps build capacity to elaborate human settlements development plans and housing strategy development. Initially implemented in Chisinau, it has already extended its activity in Telenesti town, providing civil society with access to financial assistance projects aimed at urban environmental rehabilitation and job creation for vulnerable groups. The major components of the projects are capacity building, training, job creation and Small Grants Programmes.

The “**Sustainable Tourism Development in Moldova**” project was designed to bring sustainable socio-economic and cultural benefits to the country and its communities. Through this project national authorities’ capacity for strategic planning and implementation is enhanced, and people

from various communities learn to treat tourism as an income-generating activity and develop it. At the local level the project is implemented in Orhei, Glodeni, Rezina and Calarasi rayons.

“Better Opportunities for Youth and Women” project aims at bringing a valuable contribution both to the social development at local level (‘safety nets’) and to the implementation of the National Action Plan to Combat Trafficking in Human Beings through strengthening the in-country capacity to increase the social security of graduates from state boarding schools and orphanages and to support the social-economic reintegration of presumed victims of trafficking. Under the project 10 social services centres are established in the regions where Local Agenda 21 is acting. The project is entirely funded by the US Government.

The **Civil Society Development project** is designed to assist the Government of the Republic of Moldova, Civil Society Organizations and private sector to create an enabling environment – legal and institutional - for increasing financial sustainability of civil society organizations by promoting individual giving, corporate giving, social entrepreneurship and service provision. Providing activities targeted to the CSOs, private sector and central and local authorities the project will contribute to development of their institutional capacity, transparency and effectiveness in mobilizing resources for the poor. The three Community Foundations created will contribute to the sustainability of community initiatives.

1.3 Programme Rationale

UNDP projects have had success in achieving community development results and promoting democratic local governance. However, more needs to be done to build upon and ensure the sustainability of results already achieved.

Community Level

With regard to social mobilisation and community development, UNDP has supported 21 rural and urban Moldovan communities and areas in improving local living conditions. While this figure is impressive, more needs to be done to promote the replication in other Moldovan communities of a self-sustaining approach to local development. If UNDP expands the geographic coverage of community development interventions to target communities, a critical mass of mobilised communities – or ‘champions’ of community-led development – will facilitate the self-initiative of other communities to make sustainable improvements to local living conditions. Thus, it is vital to foster community-led development across Moldova.

Furthermore, it is important to deepen engagement in communities currently targeted by UNDP projects. One reason is that many target communities require significant strengthening of public services and infrastructure, a process which can be achieved only with sustained support over time. Without adequate infrastructure and public services providing access and basic standards of education, healthcare, water supply, sanitation and energy, a community will not have the basis from which to develop local economies, raise living standards and manage the environment in a sustainable manner. Also, as communities continue to make cost-effective, self-sustaining improvements to local living conditions the greater likelihood of full engagement and support of community-led development by local authorities.

Policy Level

To fully harness the potential of community self-initiative and to ensure sustainability of improvements to local living conditions, local authorities – commune, rayon and municipal authorities – need to be fully engaged and supportive of community-led development processes. Local authorities must be supported to establish, or strengthen, mechanisms whereby community members can participate in priority setting, planning and budgeting for local development. Community members are best placed to identify and understand the main development challenges, and so should be engaged by local authorities in participatory, strategic local development planning. Furthermore, UNDP must support the institutionalisation of accountability, transparency and equity in decision-making and public spending needs to be advocated and capacity developed (ie. public administration, infrastructure and public services management) among local authorities.

Many of the challenges for community-led development and democratic local governance can be addressed only through changes to the central policy and legal framework. The Government of Moldova is pursuing additional steps in the reforms for decentralization; the Government must be supported to improve the policy and legal framework so that it empowers local authorities with a clear mandate and adequate, predictable flow of resources to support democratic local governance and community-led development.

1.4 Complementary development interventions

USAID

“Local Government Reform Project” supports the promotion of local governments autonomy through decentralization and democratic governance, particularly by ensuring legal sustainability for effective local government, including the passage of law and amendments and the issuance of implementing regulations; by improving management of municipal services and assets, improve strategic planning (90 communities) and implementation through 150 demonstration projects in 110 partner communities, increase government transparency, increase information on local government operations and responsibilities; by institutionalising citizen participation and access to decision-making forums, and improve NGO and Associations of Mayors infrastructure and management. The project aims to empower local governments to achieve greater fiscal autonomy, efficiency, responsiveness, accountability and transparency.

MSIF

MSIF, a governmental project supported by the World Bank and DFID, aimed at contributing to EGPRSP implementation by empowering poor communities and their institutions to manage their priority development needs. The target groups comprise poor population from deprived rural communities and small towns and persons in difficulty such as orphans, the disabled, people affected by human trafficking, HIV/AIDS. The Social Investment Fund contributes to the development of their organizational capacity and to an increase in the sense of responsibility for their community. It is doing so by involving them directly in the process of their needs identification, implementation of projects and sustainability maintenance. MSIF promotes social

partnership development at the community level and the participatory elaboration of strategic plans for community social-economic development.

The expected results to be achieved by the project are: rehabilitated infrastructure facilities in rural areas and small towns; improved early child education in target communities; improved health services through special health programmes implemented in target communities; temporary jobs created through financing labour intensive civil works; less children at risk of institutionalization; improved self-organisation capacity of participating communities.

SIDA

Swedish International Development Agency (SIDA) is implementing two projects co-financed with the World Bank. One is entitled “**Social Investment Fund II**” and is mostly dealing with development of small towns and rural communities and with development of social care services. The other one, called “**Rural Investment and Services Project (RISP)**” is aiming at increasing rural incomes and living standards by promoting rural entrepreneurship, agricultural production, economic diversification, and trade in rural areas. This project is concentrating on a limited number of areas with extensive programmes, in order to achieve greater impact.

DFID

“**Improvement of social and agricultural statistics**” and “**Assistance to the Department of Statistics and sociology of the Republic of Moldova**” are two DFID-funded projects aimed to assist the national statistics office in the improvement of the collection, processing and use of social and agricultural data and integration of labour force survey and households budget survey at the level of main sample. “**Support for the Medium-Term Expenditures Framework**” provides assistance to the Ministry of Finance to improve the effectiveness of public spending in realising public policy priorities stated in Moldova’s Economic Growth and Poverty Reduction Strategy Paper. In order to achieve this, the project will aim at establishing the Medium-Term Expenditures Framework as the primary decision-making tool for linking government policy objectives with budgetary resource allocations consistent with a sustainable medium-term macroeconomic framework. “**Support to the Rural Investment and Services Project**”. Working in tandem with the World Bank, the project supports increased rural incomes and improved livelihoods by promoting rural entrepreneurship, agricultural production, economic diversification, and trade in rural areas. Specifically, it will facilitate the establishment of effective, self-owned and sustainable business to support the livelihoods of rural citizens and communities. The main objective of the “**Loan Guarantee Fund**” is to support sustainable economic growth by facilitating the access to credit sources for rural inhabitants who wish to start or develop a private business. The Fund will provide partial guarantees to rural businesses applying to participating financial institutions (PFIs) to cover commercial risks associated with the final borrower. Loan guarantees will provide access to PFIs credit sources to a greater number of rural entrepreneurs, who otherwise could not obtain a credit due to the insufficiency of collateral

DFID is intending to finance a regional development project in Moldova. To this end two scoping missions took place this year with the aim of developing a project concept note for the new project on the matter.

WORLD BANK

RISP Rural Investment and Services Project. The main objective of the project is to foster post-privatization growth in the agricultural sector by improving the access of new private farmers and rural businesses to what they need to succeed - legal ownership status, knowledge, know-how, and finance. Specific support will consist of strengthening land and other production assets ownership rights by creating viable legal and organizational business structures in the rural area, establishing a private consulting services system, including support to the development of consulting services, supply with production means and produce distribution, and marketing. Thus an independent rural financing system will be established serving a large number of rural clients living on the territory of the entire Republic.

EBRD

BAS Business Advisory Services programme works with micro, small and medium-sized enterprises to define their business needs and to specify the terms of reference for services to be provided by local consultants. The programmes assist enterprises to develop and grow by enhancing their competitiveness, marketing and financial management, quality management systems and strategic business planning. By using local consultants, BAS combines the dual role of assisting SMEs in their business expansion with contributing to the professional development of local accredited business consultants. These short term projects are designed to remove barriers to growth faced by SMEs whilst also developing the local consultancy capacity.

TICA

TICA is supporting development activities in Gagauzia, especially in the field of education, media and public utilities.

To the extent possible, LDP will seek to coordinate and align its activities with those of complementary programmes. Furthermore, UNDP will engage complementary programmes, stakeholders and beneficiaries in the Local Governance and Development Knowledge Network. Already started – tow meeting held - regular Local and Regional Development Donor’s forum for exchange of information, discussion of issues, sharing best practices.

Part II. Strategy

2.1 The Integrated Local Development Programme

UNDP is well placed to address the policy level and community level challenges to democratic local governance and community-led development in Moldova. In this regard, UNDP will build upon the common approach and experience of four current projects to develop a comprehensive Integrated Local Development Programme (ILDP) to be implemented through policy level and community level interventions.

At the community level, UNDP projects employ very similar approaches to support local development – engaging communities by means of social mobilisation, supporting community-led development processes and facilitating a collaborative relationship between local authorities and community members.

By identifying commonalities, best practices and lessons learned in the projects' support of community-led development, ILDP is able to propose a community-level strategy that deepens UNDP's current engagement of communities and can also be applied by UNDP in all the rayons of Moldova. The ILDP community-level strategy will not represent a new direction for UNDP's approach to community development, but a harmonisation and codification of UNDP experience and best practice in supporting local development in Moldova.

UNDP is also well-placed to address the policy level challenges to community-led development and democratic local governance. As a neutral broker of development services and possessing a vast wealth of national and global expertise in decentralised governance for development, UNDP will enact a comprehensive policy level strategy to complement the community level strategy of ILDP. The policy level strategy of ILDP will be implemented at central and local authority levels through policy advisory services, advocacy and capacity development.

The Integrated Local Development Programme is therefore a comprehensive approach to promoting self-sustained local development and democratic local governance by means of coupling a cost-effective, efficient community development model with central policy advisory services/advocacy and capacity development among local authorities.

2.2 ILDP Expected Outcomes and Outputs

UNDP proposes to continue its support of sustainable local development through a more comprehensive approach, which will advocate an enabling legal and policy framework for sustainable local development, promote and institutionalise partnership among local authorities and communities; establish linkages between community level experiences and policy processes; promote joint planning and joint action among communities, civil society, private sector and all tiers of government; and develop institutional and administrative capacities for self-sustaining community development.

The overall expected outcome of the Integrated Local Development Programme (ILDP) is to create 1) at policy level an enabling environment in Moldova for democratic local governance and community-led development through a facilitative policy, legal framework and institutionalised participatory, accountable, equitable local governance practices and capacities; and 2) at community level self-sustaining processes of social, economic and environmental development.

The programme specific **objectives are:**

- *To upgrade national legal, policy and advisory frameworks to support sustainable processes of development at sub-national level.*

The Programme will document local /national/regional experiences and support relevant central public administration authorities and local public authorities in preparing policies, legislation & implementation mechanisms to accelerate development at local level. The

capacity of central policy making bodies will be strengthened through advisory support and other technical assistance.

- *To support capacity development of local authorities for participatory planning, budgeting, implementation, monitoring and evaluation of development activities*

The programme will support local authorities to elaborate Local Development Strategies emphasizing economic development priorities and linking local-level development to national and regional strategic frameworks (EGPRS, MDGs, Moldova-EU Action Plan). Human, institutional and financial capacities will be developed in the selected rayons and areas, as well as systems and procedures will be developed and adopted by local governments to plan, budget, implement, monitor and evaluate development activities.

- *To empower communities and CSOs to participate in local development planning, implementation and monitoring and support local actors in selected communities and areas to improve the delivery of services and upgrade the basic infrastructure*

This objective will be attained by mobilising communities and providing the selected settlements with access to basic infrastructure and services (such as water and gas supply, social services, waste management, roads, etc.) that are planned, established and managed with maximum involvement of the beneficiaries. This approach not only helps improving living conditions in these settlements, but also sets examples of sustainable community-based management that can be replicated at national scale.

ILDP's expected results are:

Policy Level

- Developed institutional and administrative capacities in all tiers of government to support sustainable local development processes.
- Promoted and institutionalized principles of democratic governance – participation, equity, transparency and accountability – in all tiers of government to support sustainable local development processes.
- Enhanced and institutionalised collaboration among communities, private sector, civil society and all tiers of government in planning, budgeting and implementing sustainable local development initiatives.
- Through a Knowledge Network linking community experience and solution with central policy processes, provided knowledge-driven policy advice/advocated administrative reforms and a central-level policy framework that facilitates local self-governance and community-led sustainable development.

Community Level

- Promoted and supported empowerment of communities, away from passivity toward volunteerism, ownership, active participation and sharing of risks and responsibility in improving local living conditions.
- Created critical mass of communities throughout Moldova, having achieved improved human development indicators, particularly in the following priority areas:

- Sustainable social development. Enhanced quality of life at community level by improving quality and accessibility of basic public services
- Sustainable economic development. Reduced income poverty in targeted oblasts by promoting income, employment creation and improving the local business environment.
- Sustainable environmental development. Reduced negative ecological impact by promoting energy efficiency and improving environmental conditions in targeted communities in Moldova.

ILDP Implementation Strategy

The ILDP will be implemented on two levels: policy level and community level. The experience at local level accumulated by the current Local Development Programme will serve as the basis for the new integrated package of support and will provide knowledge- and experience-driven policy advice for the policy level work. This approach will allow addressing the gaps between policy-making and policy implementation

Information and experience will be channelled through the Local Governance and Development Knowledge Network.

The programme framework comprises three components, each with a package of activities:

Community Development Component

Output:

Communities and CSOs are empowered to participate in local development planning, implementation and monitoring and local actors are able to deliver services and upgrade the basic infrastructure

The Community Development component strategy is derived from the common approaches, experience and best practices of UNDP interventions at community level in Moldova. ILDP, in all current and newly targeted communities, will undertake social mobilisation, formation and support of community organisation mechanisms, and assistance – technical and financial – to community-led development projects. ILDP will develop capacities among community members for sustainable local development processes such as identifying and prioritizing community development needs, developing strategies for addressing identified problems, mobilising resources to implement community development projects and managing and sustaining the outputs. ILDP will seek to facilitate a collaborative relationship between community members, civil society, private sector and representative local authorities.

Small-grant funding

Each target community will identify its own development priorities and its own strategies in response to the identified priorities. To support implementation of community development projects, ILDP could act as a source of small-grant funding. Certain criteria, described below,

must be met in order to secure funding from ILDP.

Small-grant support to local development projects will be provided on the basis of competition, transparent selection procedures and subject to proper technical appraisal. Furthermore, projects to be financed by ILDP must:

- Serve as a pilot/demonstration project that can be replicated by other communities;
- Contribute to strengthening of participatory governance;
- Financed primarily through public-private partnership, a cost-sharing arrangement between beneficiaries, partner municipality/region, CO and other public and private sponsors;
- Feasible (i.e. technically, socially, economically, environmentally);
- Benefit an entire community;
- Foreseeable improve local living conditions;
- Sustainable, in that the beneficiaries can and will maintain the project's continuation;
- Address the actual needs of community (i.e. basic human needs are given priority)

Indicative Activities:

1. Target communities mobilized for community-led development

- 1.1. Community meetings to sensitize communities on community-led development processes and success stories of other communities
- 1.2. Ensure representative membership of CO, including women, minorities, local academia, youth, CSO, private sector
- 1.3. Support 200 communities to form a representative Community Organization (CO) and develop a CO statute
- 1.4. Support the creation of community support centers

2. Provide training, capacity development and transfer of knowledge for community actors

- 2.1. Community experience documented
- 2.2. Capacity development package created – prioritizing development needs, strategizing a response, business planning and budgeting, resource mobilization, project management and implementation and monitoring (including self-assessment, public audit, impact monitoring)
- 2.3. Training workshops for community actors
- 2.4. Support networking of existing COs and advocate formation of region/municipality forums for sustainable local development
- 2.5. Facilitate bi-annual forum meetings
- 2.6. Where possible, process of awarding grants to community initiatives decentralized to the region/municipality forum

3. Support the development of an information, monitoring and evaluation system to be managed locally and based on indicators

- 3.1. Select/elaborate/adjust methodology for community based monitoring and evaluation system

3.2. Implement methodology for community based monitoring and evaluation system, including elaboration of indicators, collection of information, use of results of monitoring and evaluation for decision making.

3.3. Review results and formulate proposals for further capacity development

1. Seed-grant support to Local Development projects

1.1. Technical support provided to local public service delivery, economic, environmental development projects

1.2. 100 local development projects supported per year.

1.3. Proposals evaluated (FCDP: consultants, training, transport). Where possible, grants awarded through competitive grant awards system administered by Rayon Forums and Community Foundations

5. Ensure coordination and coherence in approaches to community development by all partners.

5.1. Support workshops and meetings for decision-makers from different ministries, districts, and partners to develop and update criteria for selection of needy districts and communities.

5.2. Support meetings between national NGOs, UN agencies, concerned ministries and institutions to sustain a network on community-based development.

5.3. Support meetings, workshops, and produce information and communication material on concepts, obstacles, lessons learned, and recommendations on community development.

5.4. Support meetings and workshops to review and harmonize development concepts and develop a Moldovan common approach to community development.

5.5. Support meetings for policy dialogue with decision-makers to develop a national community development policy.

5.6. Produce quarterly newsletter to share experiences, concept and to mobilize decision-makers on community development issues.

Local Self-Governance and Participation Component

Output:

Capacities of LPAs in the target regions improved to plan, implement, and monitor in a participatory manner.

In this component, LDP aims to advocate and build capacity among local authorities to support community-led development, regional development and democratic local governance.

To develop the capacity of local authorities for decentralised governance, ILDP will design a capacity package for local civil servants to effectively and efficiently fulfil their responsibilities in local public administration; managing, operating and maintaining local public service delivery; and attracting investment to public service infrastructure. ILDP will also advocate the institutionalisation of participation, accountability, transparency and equity in decision-making and public spending. To this end, ILDP will facilitate the development of a joint planning and budgeting mechanism in each target rayon that enables community members, civil society, private sector and local authorities to jointly participate in identifying priorities, planning and budgeting for local development. ILDP will seek to ensure a healthy, collaborative relationship among local

authorities, civil society, private sector and community members.

Indicative Activities:

- 1. *Assessment of current capacities, covering planning and decision-making, monitoring and evaluation roles, systems and procedures***
 - 1.1. Functional analysis of LPA current systems and recommendations for improvements.
 - 1.4. Assessment of local public expenditure management in terms of strategic planning, investment programming, budgeting, implementation and procurement, assets management, accounting and financial reporting, internal controls and monitoring, evaluation and audit;
- 2. *Support the development and operationalisation of sound participatory planning, budgeting, monitoring and evaluation systems, financial management procedures (including auditing), procedures for procurements and implementation***
 - 2.1. Elaboration of an internal administrative procedures manual covering fiscal, personnel, administrative, local councillors & citizens/CSOs participation issues.
 - 2.2. Setting up and management of local monitoring and evaluation system
 - 2.3. TA for the preparation of annual budgets (i.e. review existing budget preparation procedures and prepare a budget manual as appropriate; assist the municipality financial staff to prepare an annual budget and amend as necessary)
- 3. *Capacity development of local authorities***
 - 3.1. Based on capacity assessment elaborate the capacity development strategy
 - 3.2. Elaborate training modules and provide training for LPA officials
- 4. *Support local authorities in developing local economic development strategies, linked with national medium term development frameworks and localizing the MDGs***
 - 4.1. Advocate for local authorities to prepare LED strategies
 - 4.2. Provide technical support to strategy development
- 5. *Promote enhanced dialogue among local development actors (communities, local authorities, civil society, private sector)***
 - 5.1. Advocate and support local authorities to facilitate public hearings and forums
 - 5.2. Advocate and support local authorities to make council meetings, financial records accessible to the public
- 6. *Capacity building - among relevant civil servants and officials at rayon/municipal level – to improve local public service delivery, in particular rural water supply and health services***
 - 6.1. Contract international consultant to guide development of capacity package
 - 6.2. Capacity assessment conducted
 - 6.3. Capacity development package designed
 - 6.4. Workshops facilitated to train local authorities
- 7. *Promoted inter-municipal/inter-rayon cooperation for improved service delivery through joint ventures (e.g. solid waste management, health services, transport services, etc)***

- 7.1.Sensitize local authorities to benefits, best practices of inter-municipal/rayon service delivery projects
- 7.2.Support local authorities in identifying and assessing feasibility of potential joint projects
- 7.3.Technical support
- 7.4.Small grant funding

8. *Communication and public relations*

Policy Advisory and Advocacy Component

Output:

National legal, policy and advisory frameworks to support sustainable processes of development at sub-national level developed.

The Policy Advisory and Advocacy component of the ILDP will aim to promote an enabling policy environment for sustainable local development in Moldova, by channelling community experience, challenges and solutions into knowledge-driven policy recommendations at central level.

To link community experience to central policy processes, ILDP will support the establishment of the Local Governance and Development Knowledge Network. The Knowledge Network will be a knowledge-sharing forum for organisations, institutions and individuals relevant to Local Governance and Development. Through virtual and face-to-face interactions, network members will be able exchange experience, knowledge, solutions, challenges and best practices. ILDP will mobilise communities, local authorities, central authorities, academia, private sector, civil society and local development practitioners to regularly participate in the Knowledge Network to ensure a constant, rich flow of community experience into central policy advisory processes. The Knowledge Network will enable the participation of all stakeholders in an open, equal-access dialogue on issues related to local governance and development, including:

- **Devolving powers and resources** from central and state authorities, for ensuring adherence to existing laws, including issues relating to fiscal decentralization
- **Ensuring clarity of accountability lines and relationships**, defining functional boundaries and responsibilities of line agencies vis-à-vis local authorities, transfer of functions and functionaries, and interrelationships between bodies working with similar objectives at various levels
- **Building capacities for decentralized planning** of urban and rural local bodies, including collection of information/data and providing access to information for responsive and effective governance and sound programme implementation and management
- **The impact of decentralization** on achieving the goal of local economic development and poverty reduction, the effectiveness of decentralization interventions in various sectors of economy with special focus on the participation of women and marginalized groups

- **Elections** to local bodies
- **Community experience and best practice** in community-led development interventions.

The ILDP will engage with relevant decision-makers within the Government of Moldova to advocate knowledge- and experience-driven legal and policy reforms.

Issues to be addressed by LDP's Policy Advisory and Advocacy component:

Enabling Policy Environment: Issues addressed will include the division of responsibilities between different levels of government, inter-budgetary relations, legal framework for development and decentralisation of power. To ensure a linkage between community level experience and policy level advocacy and advisory service, Local Development Centres (established within the existing public or private organisations in each target rayon or municipality) will document and channel community level experience to the MLPA Advisory Team.

ILDP will support national media outlets to stimulate democratic dialogue on issues surrounding sustainable local development, in particular participatory, transparent, accountable and anti-corrupt governance. Furthermore, media outlets will be supported to promote basic concepts of sustainable local development, notably community mobilisation, self-initiative and volunteerism.

Local Public Service Delivery: To build on previous successes in delivery of public services, ILDP will support the necessary institutional and policy changes at central level to institutionalise improved public service delivery. ILDP will conduct an assessment of possible UNDP piloted alternative mechanisms for public service delivery; existing mechanisms for service delivery; institutional changes and capacity building required to improve effectiveness and efficiency of public service delivery at local level.

Capacity Building for Local Self-governance: In order to sensitise future generations of civil servants, policy makers, civil society and private sector leaders, ILDP will offer trainings on the concept and processes of sustainable local development and volunteerism to current graduates in selected fields, such as public administration and political science. Furthermore, ILDP together with the Ministry of Education will seek to incorporate sustainable local development and volunteerism into curricula in selected fields.

Indicative Activities:

1. Assess and develop capacity of the MLPA for policy formulation, coordination, implementation, monitoring and evaluation

- 1.1. Functional analysis and capacity assessment of the MLPA
- 1.2. Support for the elaboration of a Capacity Development Plan
- 1.3. Capacity developed among public officials from relevant central institutions to support participatory local development planning and decision-making
 - Ø Design capacity development activities
 - Ø Facilitate training workshops

- Ø Organize exchange visits for participants

2. Policy advice, analysis and research

2.1. Support for creation and activity of the Policy Advice Team

2.2. Policy impact assessments (Fiscal Decentralisation, Regional Development, Public Services etc.)

2.3. Policy recommendations formulated on 1) enabling environment for local self-governance and community-led development; 2) local social, economic and environmental development; and 3) reducing threats to human security

- Ø Analysis of existing policy/legal framework and documented experience

- Ø Formulate policy recommendations

- Ø Propose national decentralization strategy

2.4. Establish national monitoring and impact assessment system for participatory governance and sustainable development is in place

3. Support MLPA to ensure coordination and coherence in approaches to local/regional development by all partners

3.1. Strengthen MLPA capacity to lead aid coordination

3.2. Knowledge Network (KN) established as knowledge management, information sharing and partnership building tool

- Ø Identify KN moderator, research assistant

- Ø Office facilities, furniture, workstations

- Ø Travel, training

- Ø Regular meetings of KN

Sustainability of ILDP

To ensure the sustainability of any development intervention, it must be ensured that appropriate incentives – for stakeholders to carry on utilising the developed capacity – are created. Accordingly, the ILDP strategy proposes to create the necessary incentives to ensure sustainability beyond the conclusion of ILDP implementation.

Communities

During ILDP implementation, communities will be mobilised and their capacity strengthened for community-led development. The incentive to sustain community-led development practices is the combined track record of successful local development projects: established or improved water supply systems, heating systems, waste water management, local health posts, local youth centres, etc. Having accumulated experience and success in improving local living conditions during ILDP implementation, communities will have a strong incentive to continue collaborating to prioritise development needs, strategise responses, initiate engagement with local authorities, mobilise resources and implement local development projects.

Local Authorities

ILDP will also provide incentive for local authorities to uphold the principles of democratic self-

governance – in particular, guaranteeing participation of communities in decision-making processes – and to continue providing financial and technical support to community development projects. By engaging communities in local development planning and decision-making, local authorities position themselves to be more responsive and accountable in addressing local needs. By assuming accountability for and being responsive to local development needs, local authorities gain credibility and the trust of local constituents - political capital to be applied during local elections.

A further incentive for local authorities is ensuring the appropriateness and cost-effectiveness of local development initiatives, when communities are engaged in the planning and implementing of local development initiatives. Engaging local communities in development processes ensures that local government resources are spent efficiently, addressing only priority development challenges. Furthermore, cost-effectiveness is assured in that local communities, to the extent possible, implement local development projects through voluntary action.

A final incentive for local authorities to sustain their engagement with communities is that adequate and reliable local infrastructure is a prerequisite for local economic development. With improved systems for water, gas and electricity supply, a municipality or rayon is much more likely to attract domestic or foreign investment. By sustaining their partnership with communities, local authorities can efficiently and effectively lay the groundwork for local economic development and investment.

Central Policymakers

At the central policy level, there is strong incentive to foster an enabling environment for local self-governance and development. Ensuring a conducive policy and legal framework will result in continued improvements in human development indicators, necessary for closer integration with the European Union.

To create an enabling environment for local self-governance and development, ILDP will advocate a degree of fiscal, political and administrative decentralisation to local authorities. The incentive for implementing and sustaining such changes to Moldova's governance structures is to achieve harmonisation with European norms of democratic governance. To integrate more closely with the EU and potentially pursue EU membership, Moldova will need to show that responsibility and accountability for the functions of government are transferred to the lowest institutional or social level that is capable (or potentially capable) of completing them.

ILDP will also advocate an enabling environment for local economic development. Incentive to implement and sustain the recommended policy and legal framework will be to foster economic growth at local level and increasing, better distributed investment in Moldova.

Part III. ILDP Management Arrangements

Management arrangements for the Integrated Local Development Programme are designed using the PRINCE2 project management methodology. PRINCE2 has been adopted and rolled out globally by UNDP as the standard methodology to be used in managing all UNDP projects. At its

most basic, PRINCE2 is a British Government-developed set of project management processes, components and techniques that serves as a descriptive – not prescriptive – framework for achieving projects’ original objectives, on time and within budget. Below is a diagram of the ILDP management structure.

Management Structures

ILDP Board: The focal point of the ILDP management architecture is the ILDP Board. The Board is the overall authority for ILDP and is responsible for its initiation, direction, review and eventual closure. Within the confines of ILDP, the Board is the highest authority.

The ILDP Board represents at managerial level the interests of UNDP, ILDP partners (such as CIDA, DFID, USAID, EC) and stakeholders (relevant Government ministries, local Governments, CSOs and private sector). Board members will be senior managers and will have authority and responsibility for the commitment of resources to the project, such as personnel, cash and equipment. The ILDP Board will ‘manage by exception’, meaning Board members will be regularly informed of ILDP progress but will only be asked for joint decision making at key points in ILDP implementation.

While joint decision making is required at key points in ILDP implementation, it is important to note the ILDP Board is not a democracy controlled by votes. The ILDP Executive – a UNDP Senior Manager – is the key decision maker because he/she is ultimately responsible for ILDP’s effective and efficient implementation.

The ILDP Board is appointed by UNDP programme management to provide overall direction and management of ILDP. It is responsible for ensuring that the project remains on course to deliver products of the required quality to meet the expected outcomes defined in the ILDP Strategy/ProDoc. Furthermore, the Board is accountable for the success of the Integrated Local Development Programme and has responsibility and authority for ILDP within the instructions set by UNDP programme management.

The ILDP Board approves all major plans and authorizes any major deviation from agreed ILDP work plans. It ensures that required resources are committed and arbitrates on any conflicts within the project or negotiates a solution to any problems between the project and any parties beyond the scope of the project. In addition, it approves the appointment and responsibilities of the ILDP Coordinator.

ILDP Senior Coordinator: It is the responsibility of the ILDP Senior Coordinator to plan, oversee and ensure that ILDP is producing the right outputs, at the right time, to the right standards of quality and within the allotted budget. The main tasks of the ILDP Senior Coordinator include:

- Overall planning for the whole project
- Motivation and leadership of ILDP staff
- Supervise the Local Governance and Development Community of Practice
- Liaison with UNDP Programme Management
- Fund management, allocation, coordination
- Reporting progress to the ILDP Board

- ILDP quality management
- Management of the ILDP Coordination Unit

Coordinators: It is the responsibility of to manage the day-to-day component's activities of ILDP implementation. Coordinators will be guided by the ILDP workplan, which will be developed by the ILDP Senior Coordinator in close consultation with component's coordinators.

Coordinators will be responsible for preparing regular (monthly or bi-monthly) Checkpoint Reports for the ILDP Senior Coordinator. Checkpoint Reports will highlight implementation progress against ILDP workplans. It is on the basis of these Checkpoint Reports that the ILDP Senior Coordinator will provide regular Highlight Reports on implementation progress to the ILDP Board.

Knowledge Network: The Local Governance and Development Knowledge Network, a cutting-edge mechanism for knowledge management, will be chaired by UNDP and co-chaired by a Government Partner (to be identified). The Knowledge Network will be managed by the ILDP Senior Coordinator, while day-to-day functioning overseen by a Knowledge Network Moderator. The moderator will be supported by a research associate.

ILDP Assurance: Assurance is a key element of the PRINCE2 management method, upon which the ILDP Management Arrangements are based. 'Assurance' is essentially an independent audit function, whereby the ILDP Board are able to monitor progress against agreed work plans. Though project managers provide regular progress updates to ILDP Coordination Unit, which in turn provides progress reports to the ILDP Board, it is in the ILDP Board's interest to have an independent Assurance function to verify progress reports and monitor actual progress.

ILDP Assurance is the responsibility of each ILDP Board member, however due to the fact that Board members are Senior Managers – and as a result very busy – will likely result in the delegation of the assurance function. ILDP Assurance work cannot be delegated to the ILDP Senior Coordinator or project managers. It is the responsibility of the ILDP Board to determine who will fulfil the ILDP Assurance role, and also to provide guidance on the method by which the ILDP Assurance will gauge actual progress against ILDP work plans.

A participatory approach will be used in the implementation of this project. Experts from relevant sector ministries and departments, private companies, NGOs, the academia, local communities and key actors from the donor community will be involved in the implementation of the programme. Such an approach will provide the basis for reaching consensus amongst all stakeholders and mobilizing all social efforts and available resources to foster the proper implementation of actions envisaged and hence the mitigation of development gaps. Special attention will be given to implementing the partnership principle in the formulation of local/regional policies, objectives setting and prioritising and to promoting public-private partnerships through specific projects.

Close cooperation between the UN and other donor agencies will help to avoid duplication, reduce transaction costs and maximize synergies. UNDP and donors that will participate in the project will ensure that all necessary arrangements for co-ordination are made in a timely manner to ensure prompt implementation. This will include an agreement on the division of responsibilities among

participating agencies and national partners for the implementation of the activities, management of funds, co-ordination and review of programme results.

To provide overall direction and take decisions on specific aspects of programme implementation a Programme Board will be created, involving senior personnel of all signatories to the programme document with similar level of decision-making authority. It will also include representatives of key ministries, institutions and associations.

Part IV. Monitoring and Evaluation

Monitoring and evaluation will follow the UNDP guidelines on Monitoring and Evaluating for Results. A monitoring and evaluation plan will be developed during the inception phase.

In order to ensure the efficient monitoring and evaluation of programme results, maintain continuous cooperation between all programmes's partners at all stages of Programme implementation, the Programme Board will meet every three months. The members of the Programme Board will provide feedback on lessons learned, propose corrective actions to solve problems, ensure accountability, and make recommendations how to improve the quality of current and future interventions (as per the terms of reference annexed to the programme document)

The Programme Senior Coordinator, under the direction of the National Programme Coordinator and UNDP Moldova programme representatives, will prepare and submit to the members of the Programme Board quarterly work plans and quarterly reports prepared according to UNDP standards.

The programme will be subject to the Annual Programme Review. The Programme Senior Coordinator, in consultation with the National Programme Coordinator and the Programme stakeholders, will be responsible for preparing and submitting to the Annual Programme Review meeting the annual Programme Progress Report in UNDP format. It shall be prepared in draft sufficiently in advance to allow review and technical clearance by the Programme partners, at least one month prior to the Annual Programme Review meeting.

The implementation of the Programme will be coordinated with UNDP. The Programme team is encouraged to seek support from other donors active in the field. During the Programme implementation, the Programme team will continuously assess the risks and seek solutions for their mitigation.

Audits will be performed in the course of the implementation of the Programme , according to UNDP requirements. Given the strategic nature of the Programme , a comprehensive external evaluation is recommended in the last year of Programme implementation.

Part V. Legal Context

This Programme document shall be the instrument referred to as such in Article 1 of the Standard Basic Assistance Agreement between the Government of the Republic of Moldova and the United Nations Development Programme, signed by the parties on October 2, 1992. The host country

executing agency shall, for the purpose of the Standard Basic Assistance Agreement, refer to the government cooperating agency described in that Agreement.

The following types of revisions may be made to this Programme document with the signature of the UNDP Resident Representative only; provided that he/she is assured that the signatories of the Programme Document have no objections to the proposed changes:

- (a) Revisions in, or addition of, any of the annexes to the Programme document,
- (b) Revisions which do not involve significant changes in the results of the Programme , but are caused by the re-arrangement of inputs already agreed to or by increases in costs due to inflation, and
- (c) Mandatory annual revisions which re-phase the delivery of agreed inputs, increase experts cost and other costs due to inflation, or take into account expenditure flexibility.