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Swiss Cooperation Strategy Republic of Moldova 2014–2017



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List of Abbreviations

ADA	Austrian Development Agency
AEI	Alliance for European Integration
CHF	Swiss francs
CIS	Commonwealth of Independent States
DCFTA	Deep and Comprehensive Free Trade Agreement
EBRD	European Bank for Reconstruction and Development
EU	European Union
EUR	Euros
GDP	Gross Domestic Product
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
GPMD	SDC Global Programme Migration and Development
ICS	Internal Control System
MDG	Millennium Development Goals
MERV	Monitoring System for Development-Related Changes
MIS	Management information system
NCDs	Non-communicable diseases
NHIF	National Health Insurance Fund
ODA	Official development assistance
OMR	Office Management Report
OSCE	Organization for Security and Co-operation in Europe
SCO	Swiss Cooperation Office
SDC	Swiss Agency for Development and Cooperation
UNDP	United Nations Development Programme
USSR	Union of Soviet Socialist Republics
WHO	World Health Organization
WSS	Water Supply and Sanitation

Foreword

Since the Republic of Moldova gained independence in 1991, the country has pursued a political, economic and social transition towards establishing democratic institutions, introducing a market economy and building a nation. However, more than twenty years after the break-up of the Soviet Union, the Republic of Moldova is still facing considerable challenges and remains the poorest country in Europe. The transition has so far been slowed down by Moldova's unresolved political conflict with its breakaway region of Transnistria, stalled social and economic reforms, and political turmoil. However, since Romania's accession to the European Union in 2007, the Republic of Moldova has become a direct EU neighbour with the potential to further develop its institutions and markets in order to set the basis for a prosperous future for its citizens.

Thanks to its long-standing engagement in the region, Switzerland has built up a solid relationship based on trust with both the government and the population of the Republic of Moldova. The cooperation programmes initiated by Switzerland have contributed, over the past thirteen years, to the improvement of people's living conditions and to the functioning of the country's institutions. Since the beginning, the Swiss Agency for Development and Cooperation (SDC) has focused its support to Moldova on sectors where Switzerland has specific knowledge and expertise, while coordinating with the Moldovan government and other donors.

Switzerland is ready to continue assisting the Republic of Moldova in its pursuit of political, economic and social transition. The 2014–2017 Cooperation Strategy is therefore an expression of Switzerland's renewed commitment to contribute to prosperity, democracy and peace in the region. The Swiss chairmanship of the Organization for Security and Cooperation in Europe (OSCE) in 2014 is an additional opportunity to support progress in these fields.

Switzerland will continue to provide technical assistance in the domains of Health, and Water and Sanitation, and will explore a new field – Migration and Development. These three aspects shall complement each other and are mutually reinforcing. In total, Switzerland plans to invest around CHF 55 million in Moldova for the years 2014 to 2017.

I am confident that the strategic goals and priorities set out in this strategy are key elements for the sustainable development of the Republic of Moldova and for the wellbeing of its people.



Martin Dahinden

Ambassador
SDC Director General

Executive Summary



Switzerland has been supporting the Republic of Moldova since 2000 as an expression of solidarity, but also with a view to enhancing security and stability in Europe. During its initial phase, Swiss support focused on humanitarian relief activities and on rehabilitating social institutions to provide better living conditions for the Moldovan people. In recent years, the SDC has concentrated on the two domains of Health, and Water and Sanitation, with a clear objective of developing these two sectors in line with European standards.

In the health domain, the Swiss programme contributed to the improvement of the quality of perinatal and paediatric emergency care nationwide. These results have ensured that Moldova has attained its Millennium Development Goal (MDG) for mortality for children under 5 years. In the water domain, an important achievement has been the recognition and acceptance by local stakeholders of the decentralised drinking water supply and sanitation models introduced and developed by Switzerland since 2001. By 2013 and thanks to direct Swiss support, access to safe drinking water was improved for more than 40,000 people in Moldova.

Switzerland's know-how and its complementarities with other international assistance programmes proved to be significant factors in this success, and Swiss support was appreciated by the Moldovan and international community alike. Switzerland welcomes the Republic of Moldova's endeavours in its transition towards a stable democracy and a market-based economy.

Priorities and objectives for 2014–2017

The 2014–2017 Swiss Cooperation Strategy focuses on a limited number of domains where Swiss expertise is available, effective and a useful contribution can be made. It builds on continuity with and capitalises on past experience, but it also incorporates innovations.

The overall goal of this Strategy is to support the Republic of Moldova in its transition process by ensuring equitable access to good quality public services and improved institutional capacities with a special focus on the health and water sectors.

Taking into consideration the important impact that the migration phenomenon has had on Moldova during the last two decades, the two core domains of Switzerland's interventions in the country – health, and water and sanitation – will be complemented by a migration and development programme. All areas of intervention are in line with the 2013–2016 Message on Switzerland's International Cooperation and offer potential for synergies.

- Within the health domain, Switzerland will contribute to enhancing access to improved, essential health services for the rural population and vulnerable groups, particularly in primary health care, mental health, paediatric emergency services and youth friendly services.
- Within the water and sanitation domain, Switzerland will contribute to improving the access of the Moldovan population to safe drinking water and proper sanitation services through sustainable, affordable and replicable models, especially in rural areas and in small towns.
- Within the migration and development programme, Switzerland will contribute to identifying and developing innovative interventions aimed at enhancing the positive effects of migration and diminishing its negative impact.

The SDC plans to disburse an approximate total of CHF 55 million during the period 2014–2017.

1. Context Analysis

After the collapse of the Soviet Union in 1991, the Republic of Moldova became an independent state. Moldova has since pursued a political, economic and social transition towards establishing democratic institutions, introducing a market economy and building a nation, but two decades after its independence, it still remains the poorest country in Europe. The transition has been slowed down by the unresolved internal conflict with the breakaway region of Transnistria, stalled social and economic reforms, and political turmoil.

1.1 Political context – democratic transition

In 2009, following disputed parliamentary elections and civil unrest, the Moldovan political scene was reshaped. A coalition government, the Alliance for European Integration (AEI), came to power replacing the Communist Party. This coalition went through a turbulent period which resulted in a rebooted pro-European coalition and a new government voted in the spring of 2013, thus avoiding early parliamentary elections. Despite these political tensions, Moldova has made progress under the European Union (EU) Eastern Partnership. The country advanced in the Visa Liberalisation Action Plan and registered progress in aligning the domestic legal framework with EU standards. Negotiations on an Association Agreement and Deep and Comprehensive Free Trade Agreement (DCFTA) were also concluded. Both agreements have been initialled at the Eastern Partnership Summit in Vilnius in November 2013. However, Moldova still needs to undertake important reforms, particularly in relation to the judicial system, the de-politicisation of state institutions, and the fight against corruption. In order to advance with the implementation of reforms, Moldova needs to overcome a number of core impediments linked to political in-fighting, limited capacity of public and private institutions and lack of coordination between ministries.

Finally, the political conflict over the Transnistrian region within Moldova remains frozen. Transnistria declared its independence in September 1990, when the Republic of Moldova was still part of the USSR. An armed conflict between Moldova and Transnistria followed in 1992, after the fall of the Soviet Union. The Transnistrian region has developed separately de-facto from Moldova ever since, but has never been recognised as an independent state. Transnistria's location in Europe's borderlands has made it a coveted area. The resumed negotiations in the "5+2" format¹ under the auspices of the Organization for Security and Co-operation in Europe (OSCE) and the deployment of confidence-building measures through the EU and the United Nations Development Programme (UNDP) managed to bring some positive dynamics in the long-standing dispute.

1.2 Transition to market economy and migration

Moldova has performed rather well during the global economic and financial crises since 2008. It succeeded in maintaining a hard-won macroeconomic stability and in completing fiscal adjustments. These policies helped Moldova recover from the 2009 recession and achieve an average 4.7% growth rate in 2010–2012. Moldova, as a small open economy, is considerably dependent on its agriculture sector and on external factors. After achieving impressive growth rates in 2010 (7.1%) and 2011 (6.4%), the economy slowed down to only a 0.5% growth rate in 2012 due to bad weather conditions in the country and the recession in Europe. Little progress has been registered in structural reforms towards a market-based economy or in improving the investment climate. Moreover, Moldova has a constantly decreasing labour force, mostly due to international labour migration.

¹ Moldova, Transnistrian region, OSCE (playing the role of mediator), Russia, Ukraine, USA and EU.

The demographic pattern of the country has not changed much since 2005. Despite a slight increase in the birth rate and decrease in mortality rates, the population is still decreasing. In the last two decades Moldova witnessed massive emigration which is likely to continue in the near future. According to the 2005–2010 Extended Migration Profile of the Republic of Moldova², it is estimated that at least 300,000 people (about 25% of the economically active population) are abroad on a temporary and often illegal basis, compared to the 100,000 officially registered. More than two-thirds of emigrants are from the rural areas, with the younger, less educated, going to Russia and the Commonwealth of Independent States (CIS), and the middle-aged, more educated, to Italy and other EU countries. 10% of Moldovan children have one or both parents abroad. Many of these children and the elderly are left behind without much social support. Brain- and skills-drain/waste affects both the public and the private sector.

On the positive side, migration brings remittances into the country, improves peoples' wellbeing and facilitates the introduction of new skills. Moldova is among the world's top recipients of remittances (equivalent to about 30% of the GDP). However, these financial resources support the economy mostly through consumption-led growth, their productive investment being below 10%. Long-term emigrants aspiring to return to Moldova (60%) accumulate a total of about EUR 400–450 million annually which is kept in cash, investments and banking systems abroad³.

² Extended Migration Profile of the Republic of Moldova 2005-2010, IOM / EU / Government of the Republic of Moldova.

³ For comparison, the total net ODA received by Moldova in 2012 constituted 465 million Euro (according to data from the State Chancellery).

The human, social and financial capital generated by migrants is still vastly underexplored, although it offers a sizeable potential for the development of the Moldovan economy. Therefore, addressing migration-related issues is high on the political agenda of the government and all major political parties.

1.3 Social developments and access to services

Although the poverty level for the total population decreased from 30.2% of the population in 2006 to 16.6% in 2012, poverty pockets are widening in rural areas, thus adversely affecting more elderly and disabled people, female-headed households, and the Roma community, especially in the south (Gagauzia⁴ in particular), and Transnistria. The situation of children has worsened, especially in rural areas where 38% of children live below the poverty line, compared to 13% in urban areas. Disparities between the rural and urban populations are increasing.

Provision of safe water and improved sanitation services is one of the greatest challenges for Moldova. Only 62% of the population has access to safe drinking water. Rural areas are especially deprived because they rely on groundwater/shallow wells which are prone to pollution. Moreover, the lack of rudimentary sanitary facilities in rural areas leads to arbitrary discharges and, subsequently, to pollution of the ecosystem. The persistent economic and financial difficulties worsens the general living conditions of the population, especially its most vulnerable groups. The health, education, and social protection systems in Moldova have suffered from economic troubles and stalled policy reforms. Efforts to reform the Moldovan medical system began before 2000 and continue to this day with varied success.

However, a number of successes have been observed under the Millennium Development Goals (MDGs) for Moldova with an estimated 21 of the 27 MDG targets to be achieved by 2015. The Republic of Moldova has made tangible progress in reducing poverty and infant mortality, and in ensuring access to compulsory education. Nevertheless, the share of the population with permanent access to improved water sources does not correspond to the intermediary target set by the MDGs. It is also estimated that the targets linked to combating HIV/AIDS, tuberculosis and other diseases are unlikely to be reached by 2015.

Finally, it is important to acknowledge that both in health and access to water and sanitation, indicators continue to lag far behind those of other European countries.

⁴ Gagauzia is a Turkic-speaking Autonomous Territory in the south of Moldova.



2. Rationale for Cooperation between Switzerland and the Republic of Moldova

2.1 History and rationale of cooperation

Switzerland's cooperation with the Republic of Moldova dates back to the year 2000. At that time, the SDC initiated its intervention in Moldova through humanitarian aid assistance, focusing on the rehabilitation of rural water supplies and the physical infrastructure of social institutions. In 2003, SDC support was extended to include Technical Cooperation, while maintaining thematic interventions in the fields of water and health/social protection. In 2008, the humanitarian aid assistance phased out and the programme focused on two domains: Water and Sanitation, and Health.

Sharing its border with the European Union, Moldova is still the poorest European country today. Switzerland is committed to further supporting the Republic of Moldova in its transition process as cooperation with Eastern Europe is an integral part of Swiss foreign policy and foreign economic policy. The aim is to promote prosperity and stability in Europe by strengthening human rights and a pluralistic democracy that ensures the rule of law, as well as by fostering economic and social development based on free-market principles. Given the considerable needs which still exist in Moldova, Swiss expertise continues to be relevant. Switzerland can make a meaningful contribution to the achievement of Moldova's objectives for its transition in the coming years, and to the improvement of living conditions for the population.

The SDC's Cooperation with Eastern Europe is the only arm of the Swiss government with in-country representation and bilateral cooperation projects. Under this strategy, the Republic of Moldova may however also benefit from regional and global initiatives financed by Switzerland.

The Message on Switzerland's International Cooperation in 2013–2016 provides the overall framework for this new Cooperation Strategy. Cooperation beyond this timeframe will depend on the Swiss parliament's decision whether or not to continue cooperation with

Eastern Europe after the current Federal Law on Cooperation with Eastern Europe — valid until 2017 — expires. In addition, any headway made by Moldova in its economic and democratic transition by the end of 2016 will also influence how the Cooperation Strategy between Switzerland and the Republic of Moldova is considered after the current period.

As this Cooperation Strategy coincides with Switzerland's chairmanship of the OSCE in 2014, synergies between the Swiss cooperation programme and OSCE initiatives in Moldova, including Transnistria, will be sought.

2.2 Development policy context

Since 2010, the EU has become the major development partner⁵ of Moldova, while bilateral assistance from EU member states is declining. Key development partners remain the USA, Sweden, Romania, Austria, Germany, the UN, and the Bretton Woods institutions, with Switzerland being the fourth largest bilateral donor. Total ODA received by Moldova in 2012 represented 8.26% of its GDP.

Switzerland's comparative advantage in Moldova lies mostly in the expertise and competencies it has developed – also recognised by other stakeholders – in the two main fields of activity: health, and water and sanitation. In addition, the SDC's flexibility in responding to the relevant needs and demands of the country makes it a reliable partner for the Moldovan government. Swiss assistance is complementary to that provided by important multilateral donors and covers domains where bilateral partners are needed. The SDC has developed a solid partnership with the government and other actors in Moldova through policy dialogue based on concrete local evidence, good project results and useful technical assistance.

⁵ Moldova is the top recipient of EU aid per capita in the Eastern European area.

3. Results of the Swiss Cooperation with the Republic of Moldova in 2010–2013

Swiss interventions were focused on two domains: Water and Sanitation, and Health. In addition, the SDC funded one migration and two anti-trafficking initiatives in Moldova.

3.1 Water and sanitation

The decentralised drinking water and sanitation models introduced, developed and promoted by Switzerland are now recognised, accepted and highly appreciated by the sector stakeholders. The proposed new technology and management solutions have been institutionalised and incorporated in the updated Water Supply and Sanitation (WSS) sector strategy approved in 2013, aimed at improving the situation in rural areas. Thanks to Swiss support, more than 40,000 people from 30 villages acquired better access to safe drinking water by the end of 2013. Through the active involvement of district public authorities and better geographical targeting (clustered communities) it was possible to improve local ownership and the efficiency of investments. Local actors have been empowered to independently manage and operate their water systems.



In the field of sanitation, further improvement and optimisation of the Ecosan technology (waterless dry toilets) made it more affordable (40% cost reduction) and was better accepted by authorities and people. This new ecological sanitation model is operational in public buildings and private households in 8 districts, mostly in the central part of Moldova, benefitting over 11,000 people. Its geographical coverage is being further expanded. First steps towards regulating the use of Ecosan by-products as fertilisers have been mentioned in the sector policy documents. In addition, ecological water treatment technologies are being piloted and will serve as the basis for incorporating new sanitation models into the local context. The involvement of the private sector (local entrepreneurs) in water supply and sanitation infrastructure projects, especially in the commercialisation of Ecosan technologies, remains a challenge. More generally, the lack of appropriate design and operational capacities within the national and local authorities leads to absorption bottlenecks and is a major issue.

Beginning in 2005, the Austrian Development Agency (ADA) joined Switzerland's efforts in the water and sanitation sector in Moldova by co-funding several important projects. This cooperation between the SDC and ADA developed into a strategic partnership to promote decentralisation and participation in water provision and sanitation.

As lead donor in the water sector, Switzerland has been heavily involved in policy dialogue and was able to influence systemic transformations, including improvement of the regulatory framework and dissemination of best practices. The SDC has also supported the establishment of the Sector Cooperation Council for the environment, water and sanitation sectors, which is a joint coordination body of the Moldovan Ministry of Environment and the development partners. As a result of policy dialogue, the water sector has been placed higher on the governmental policy agenda.



The health status of teenagers and young adults is being gradually improved thanks to the introduction of appropriate youth friendly health services, including counselling on sexual and reproductive health, pre- and post-natal education, and provision of qualified medical, psychological and social assistance. Further efforts will be pursued to increase the demand, access to and use of quality youth friendly health services and health-related education programmes.

The results obtained in the provision of mental health services have been less satisfactory. Indeed, the efforts made under the 2010–2013 Cooperation Strategy provided good lessons for possible models of care, but they were too small-scale to have a real impact on the use of mental health services at the national level. In order to develop an approach for the reform of this sub-domain, Switzerland supported a national task force to draft a strategic plan for the implementation of the mental health reform, which was subsequently approved by the Ministry of Health in 2012. Switzerland is committed to supporting the implementation of this strategy aimed at modernising mental health services.

3.2 Health

In the field of mother and child health, the quality of perinatal and paediatric emergency care has improved nationwide. Switzerland supported the domain by modernising equipment and ambulances, providing technical support for updating regulations and guidelines, training local staff and improving the referral system. Despite reducing the minimum weight to register a live birth to 500 grams during this period, early neonatal mortality has decreased from 5.4‰ in 2006 to 4.9‰ in 2012. The survival rates of new-borns weighing 1,000–1,500 grams improved from 60% in 2005 to over 80% in 2012. Innovations introduced with Swiss support, such as telemedicine and quality management, will be optimised for the whole sector to learn from, in addition to health technology management which is already being scaled up.

Children have access to better paediatric emergency and intensive care services, with specialised departments now functional in all three regions (north, centre and south) of Moldova. In the northern region, where services have been fully functional since 2011, patient inflow in the paediatric emergency department of the regional hospital increased by 18% in 2012 compared to 2011, and transfers from other district hospitals tripled. The regionalisation of hospitals in this sub-domain is a successful model for a general hospital restructuring reform programme. Knowledge, attitudes and practices regarding prevention of domestic and traffic accidents involving children have also changed for the better, following the wide campaigns carried out via the mass media and by family doctors.

3.3 Anti-trafficking and migration

The Swiss regional programme on anti-trafficking in CIS countries provided support to Moldova for the development of a national referral system for victims of trafficking, ensuring that victims and potential victims of trafficking are referred to the appropriate specialists and specialised services. Standardised repatriation and reintegration procedures for children were improved between Moldova, Ukraine and the Russian Federation. Thanks to these activities, the child's best interest is taken into account when making a final decision about their repatriation, which results in better reintegration.

To date, Switzerland has also been active in Moldova in the area of migration through an initiative funded by the SDC Global Programme Migration and Development (GPMD). This initiative, launched in 2011, provides support to government agencies in the comprehensive process of integrating migration into development planning and specific sector policies.

4. Implications for the 2014–2017 Cooperation Strategy



The allocation for the SDC programme in Moldova will increase substantially, from CHF 30 million (for the period 2010–2013) to CHF 55 million for the 2014–2017 period (see Annex 3).

Switzerland will continue to support reforms both in the water supply and sanitation, as well as the health sector. Both are areas where needs are still evident and where Switzerland's know-how and experience lie. In both sectors, there is a steady commitment for reforms across the political factions. Irrespective of the political configuration, the main direction of the reforms is expected to stay the same due to the broad support amongst stakeholders, and in view of Moldova's international commitments.

Within the timeframe of this Cooperation Strategy, the SDC is planning to continue its work aimed at institutional changes. With its long-term partnership approach, Switzerland positions itself as a valuable partner in contributing to policy reform processes. The SDC works together with line ministries and civil society, and develops alliances with other international donor agencies. Switzerland is well placed to strengthen an even more systemic and systematic transformation approach due to on-going close cooperation, the results it has achieved, and its experience in policy dialogue.

The SDC decided to deepen its engagement in the field of migration given the scale of the phenomenon in Moldova and its potential impact on the country's transition capacity, as well as on request by the Moldovan government and in line with the SDC Global Programme Migration and Development's initiative to mainstream migration into development planning in Moldova. Thus, this Cooperation Strategy will include a programme aimed at exploring the development opportunities provided by migration and at reducing its negative consequences.

The SDC will explore possibilities to support/extend projects in the Transnistrian region in light of Switzerland's chairmanship of the OSCE in 2014 and the organisation's role in negotiations on the conflict. This will be done by considering the confidence-building measures that have been agreed, as well as the vast needs. As a first step, Switzerland will contribute to confidence-building measures in the domain of mother and child health implemented by UN agencies. The possibility to extend activities in the field of water and sanitation will be explored at a later stage. Any intervention in the Transnistrian region will be coordinated with the Moldovan authorities and other key international actors, such as the OSCE and EU.

Geographical coverage

Switzerland will continue to pay particular attention to the comprehensive inclusion of disadvantaged areas and groups. The most vulnerable parts of the population in Moldova are generally found in rural areas. Consequently, the SDC aims to cover the entire territory of Moldova with its health projects, since these interventions support the national reform processes in this domain. In Water and Sanitation, the programme will continue working at the national level in terms of strengthening institutions, as well as on the legal and regulatory framework. In both domains, activities will be upscaled to additional districts whenever possible, with a particular focus on the south of the country, including Gagauzia. Special efforts will also be made in all programmes to take into consideration the needs of minorities, including the Roma.

5. Priorities, Objectives and Impact Hypothesis

The overall goal of this Cooperation Strategy is to support the Republic of Moldova in the process of transition, by ensuring equitable access to good quality public services and improved institutional capacities, with a special focus on the health and water sectors.

The proposed strategy builds on continuity with and capitalises on past experience, as well as on innovations, while offering the potential for synergies between envisaged interventions, based on geography as well as content.

5.1 Domain “Health”

Within this domain, Switzerland contributes to enhancing access to improved essential health services for the rural population and vulnerable groups, particularly in primary health care, mental health, paediatric emergency services and youth friendly services.

Over the last decade, Moldova has made some improvements in the health sector, including significant reductions in infant mortality rates. The burden of non-communicable diseases (NCDs) and child mortality is, however, still very heavy. NCDs are responsible for 88% of the total number of deaths, with more than half of them being caused by cardio-vascular diseases and about 15% by tumours. The probability of a child dying before the age of 5 is 13.44‰ in Moldova compared to 8.79‰ in Europe and 4.78‰ in the EU⁶. Therefore, Switzerland will provide support for the reforms in primary health care in rural areas, with a focus on NCDs and child mortality (mainly linked to accidents, injuries, poisoning), through prevention and health promotion, professionalisation of health workers, improved access and quality of services. Interventions related to youth friendly health services will be continued. In paediatric emergencies

special attention will be given to improving the referral system (connecting different service providers and ensuring safe transfer of accident victims to the appropriate level of care). The deficit of family doctors, as well as the financial barriers and discrimination faced by disadvantaged groups, will be addressed. The approaches will take into consideration the different needs of men and women.

In the mental health sub-domain, the overall goal will be to improve the wellbeing of mental health service users through access to functional primary mental health care services at the community level. This intervention will rely on the existing policies and strategies of the Ministry of Health, which clearly focus on the integration of these types of services into the primary health care level; on the deployment of mobile assistance; on the creation of mental-profile beds within general hospitals; and on the de-institutionalisation of mental health patients.

Being the largest bilateral donor in the health sector, Switzerland will also strengthen policy dialogue and provide assistance to ensure better management and governance of the system. This will be done in close cooperation with the major donors, particularly WHO and the World Bank. This includes institutional strengthening, capacity building of analytical skills for monitoring and evaluation, reinforcing donor co-



⁶ Source: WHO Health for all database 2012.

ordination and strengthening evidence-based policy-making. Particular attention will be paid to transparency of the information and access to it, through publishing the results of the monitoring and evaluation systems.

5.2 Domain “Water and Sanitation”

Within this domain, Switzerland contributes to improving the access of the Moldovan population to safe drinking water and proper sanitation services through sustainable, affordable and replicable decentralised models, in rural areas and small towns.

Providing sustainable access to safe drinking water and appropriate sanitation is still a challenge for Moldova. Despite improvements in the legal framework, promotion of public-private partnership models, and being mentioned in the investment programming, the overall situation remains difficult. The water sector is institutionally fragmented, operationally weak and has a dilapidated infrastructure. Only half of the population is connected to piped water, rural communities being deprived the most because they rely on shallow wells which are prone to pollution. In terms of sanitation, the situation is equally dismal with no more than 5% of the rural population having functioning sewage infrastructure.

Switzerland intends to pursue its current approach of scaling up decentralised water supply systems and sanitation solutions by adjusting and optimising the existing models and piloting new options. As an essential element to scaling up, more consideration will be given to cost effectiveness, aimed at reducing the cost of water supply and sanitation. At the same time, new models of local water management and community partnerships will be explored in line with

the regionalisation/consolidation of local and regional water infrastructure operators. The SDC will expand its geographical coverage to the whole territory and give special attention to the south/Gagauzia. The feasibility of interventions in the Transnistrian region will also be examined. Special efforts will be made to take into account the needs of minorities, including the Roma communities. Infrastructure investment plans and selection of new partner sites will be coordinated with the Moldovan authorities to ensure correlation with sector/country development objectives. The SDC will continue to work with the local private sector by building capacity and facilitating its involvement in the promotion of on-site sanitation systems (e.g. Ecosan facilities).

Along with the consolidation and geographical expansion of the current models of decentralised water supply systems and sanitation solutions, the SDC intends to also contribute to sector-wide interventions which will have a national impact. Switzerland therefore plans to increase its support for institutional reform and capacity building (both for the public and private sector). Further efforts will be made to support the transfer of knowledge/technologies and to increase professional vocational skills in the water and sanitation sector. The SDC will look for further cooperation and alliances with development partners, mainly by reinforcing its strategic partnership with ADA and by exploring potential new long-term partnerships (i.e. GIZ, Sweden, EU, EBRD, etc.).

Switzerland will pursue its involvement in policy dialogue with a view to linking concrete experience to policy development, e.g. in improving the legal framework and regulating tariffs. Synergies between the health and water domains will be further promoted, in particular through the implementation of the Protocol on Water and Health⁷. In addition to the existing SDC instruments and implementation modalities, the potential for greater involvement by the private sector in infrastructure projects, alongside use of the country system, will be considered. This shall ensure better absorption of the substantially increased budget allocated to the water and sanitation domain. With a view to the future, entry points for the Integrated Water Resources Management approach will be considered. The river-basin approach in district master planning will serve as the departing point to address the multipurpose use of water.



⁷ Protocol on Water and Health (PWH) to the 1992 Convention on the Protection and Use of Trans-boundary Watercourses and International Lakes was signed in London on 17 June 1999. The PWH is the first international legal agreement on water management and the prevention, control and reduction of water-related diseases. Moldova ratified this document in 2005.



5.3 Non-core programme on Migration and Development

With this programme, Switzerland will contribute to the identification and development of innovative interventions aimed at enhancing the positive effects of migration and diminishing its negative impact.

Moldova has achieved important results in monitoring and managing migration processes, developing policies aimed at enhancing the development impact of migration and reducing its negative consequences. The National Development Strategy “Moldova 2020” approaches migration policies from the point of view of human capital retention and shifts from an economic growth model based on remittances-fed consumption to one based on investments and innovations. The 2011–2020 Migration and Asylum Strategy provides for further improvement of data collection and analysis, promoting the return of migrants and temporary return schemes for highly-qualified nationals. The Diaspora Relations Bureau was established within the State Chancellery of the Republic of Moldova at the end of 2012.

Considering that the interlinking of migration and development is a new concept in Moldova, the SDC will test different approaches which will later be adjusted depending on the progress achieved and existing needs. The following options have been identified:

- Exploring ways to strengthen ties with the Moldovan diaspora/migrants and to promote mechanisms facilitating their human, social and financial commitment in the development of their home county and communities, through cooperation between the public and private sectors in line

with the new strategic vision defined by “Moldova 2020”.

- Providing support to build the capacity of Moldovan national and local authorities to manage migration processes, to develop and implement adequate migration policies, and to establish a fair and friendly business environment, secure saving and investment opportunities for migrants, etc.
- Fostering synergies between this programme and the health and water domains and supporting the Moldovan authorities in minimising the negative consequences of migration, in particular with regard to social fraction. In health, potential interventions include the support of psycho-social/mental health services for adolescents and the elderly left behind by migrants. In the water domain, special attention will be paid to exploring possibilities for mobilising migrants’ resources (financial, knowledge, skills, experience, connections, etc.), especially through hometown associations and existing local private-public partnership schemes.

Synergies will be sought with relevant ongoing governmental initiatives and projects supported by international organisations and donor agencies, as well as by other relevant stakeholders.

5.4 Other programmes

About 1% of the cooperation budget has been earmarked to support local art and cultural initiatives. The main objective is to support initiatives promoting creativity within the Moldovan cultural sector.

6. Management of the 2014–2017 Swiss Cooperation Strategy



6.1 Synergies between domains of intervention

There is a significant potential for connection and synergy between the three areas of intervention under the Swiss Cooperation Strategy for the Republic of Moldova. Synergies between the water and health domains are already promoted through the Protocol on Water and Health. Moreover, the water infrastructure projects pay particular attention to safe water supply and sanitation in health facilities. Synergies with the migration and development programme will be identified in the early stages of implementing the Cooperation Strategy.

6.2 Aid modalities and partners

The Swiss programme in Moldova is defined in close coordination with the relevant Moldovan authorities, taking into account the expertise and track record of Switzerland in the selected domains. The priorities specified in the 2014–2017 Cooperation Strategy are aligned to the relevant sector strategies of the Moldovan government. Switzerland is committed to building capacities on the ground and transferring knowledge to local actors to ensure ownership and the sustainability of its activities in the long term. In order to achieve this, the programme will be composed of both 'soft' (knowledge transfer) and 'hard' (investment) components. The volume and duration of project phases will be increased.

Switzerland will continue working with several partners with whom good relationships based on trust have been built over the past years. This includes partners in Moldova, in particular state institutions, and other development partners (multilateral and bilateral organisations). Where appropriate, memoranda of understanding will be signed with the corresponding line ministries or other relevant authorities to stipulate mutual contributions. In terms of policy development and dialogue, Switzerland is further committed to strengthening alliances and lobbying of joint donors positions especially in the field of water and sanitation as lead donor for the sector, and will also pursue its strategic partnership in this field with ADA. For the health domain, the SDC will be more involved in policy dialogue in close coordination with the lead donor WHO.

6.3 Governance and gender as transversal themes

Aimed primarily at supporting the transition process, SDC programmes are designed to secure an equitable distribution of benefits among diverse groups of society and the reduction of an unequal balance of power, notably between men and women. In the context of its thematic priorities, the SDC will adopt a strategic and focused approach to gender equality based on the baseline analysis provided by the SDC gender assessment of the water and health domains in Moldova, conducted in 2013.

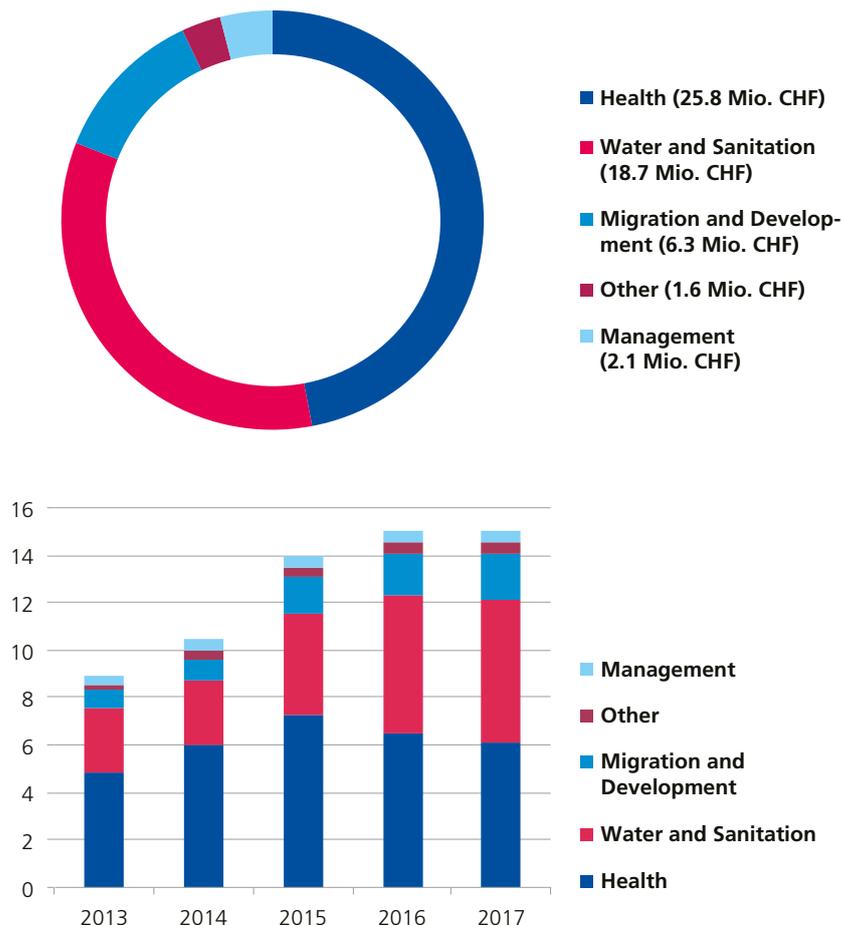
Non-discrimination will be promoted in the water and health sectors to secure improved access to public services for all, including for the disadvantaged population groups. Transparency and accountability will sustain an effective process of institutional reform and the advancement in participatory management of public services.

6.4 Financial and human resources

It is envisaged that the annual allocation for the Moldovan programme will be increased incrementally from CHF 10.5 million in 2014 to CHF 15.0 million in 2017. About 40–50% of the budget will be allocated for the health domain, 30–40% for the water and sanitation domain, while activities under the migration and development programme will receive 10–20%.

The Swiss programme will be managed by the SCO in Chisinau. In view of the planned increase of financial resources over the coming years, the staff will be reinforced with an additional expatriate position.

Budget 2014–2017



7. Strategic Steering



Continuous and systematic monitoring of how the Cooperation Strategy 2014–2017 is being implemented will strengthen the result-oriented management of Swiss interventions in Moldova and will provide key data for: (a) assessing and reporting on the progress towards achieving expected results (*accountability*); (b) keeping the effectiveness and relevance of the Swiss programme portfolio on track and making informed, evidence-based decisions regarding necessary adjustments (*steering*); (c) capitalising on and exchanging best practices within the SDC and with external partners (*learning*).

Monitoring will be conducted on three levels of observation using a number of tools:

1. The overall country context and the most important political, economic, social, health and environmental developments in Moldova are observed using the “Monitoring System for Development-Related Changes” (MERV) – a yearly document prepared by the SCO prior to the annual report.

2. The Swiss portfolio results are observed using the monitoring matrix, which consists of indicators on outcomes and outputs of Swiss activities in Moldova, as well as on transversal themes (gender and good governance). The data on the indicators included in the matrix are used for the SCO annual reports, end of phase project reports, etc. The matrix is developed together with the implementing partners who are the main source of information provided in their regular operational reports, as well as within the annual review meetings. The matrix also includes a number of national and international standard indicators on the country development outcomes directly related to Swiss activities. The main sources of information on these indicators are the MDG reports, the reports by the National Bureau of Statistics and relevant international organisations.

3. Management of the portfolio by the SCO is monitored using the internal control system (ICS) compliance report and the office management report (OMR) that are submitted every year. These instruments allow key aspects relating to business processes, finances, risk control and prevention, portfolio management, aid modalities, human resources development and knowledge management to be assessed.

Annex 1: Monitoring System

Monitoring system of the 2014–2017 Swiss Cooperation Strategy with the Republic of Moldova

Dimension	Monitoring area	Instrument	Periodicity
Country context	Overall country context relevant for the Swiss CS	MERV	Annually: September–November
Swiss portfolio results	<ul style="list-style-type: none"> Swiss portfolio outcomes Country development outcomes Transversal themes: gender and good governance 	Monitoring matrix	Annually: September–October
		Annual programme (detailed work-plan) and its mid-year review	Annually: developed January–February; reviewed June–July
		Annual review meeting with project implementing partners (per domain)	Annually: September–October
		Annual report	Annually: October–November
Management	SCO efficiency and compliance	ICS compliance report	Annually: June
		OMR	Annually: September
		External audit report	Annually: March–May



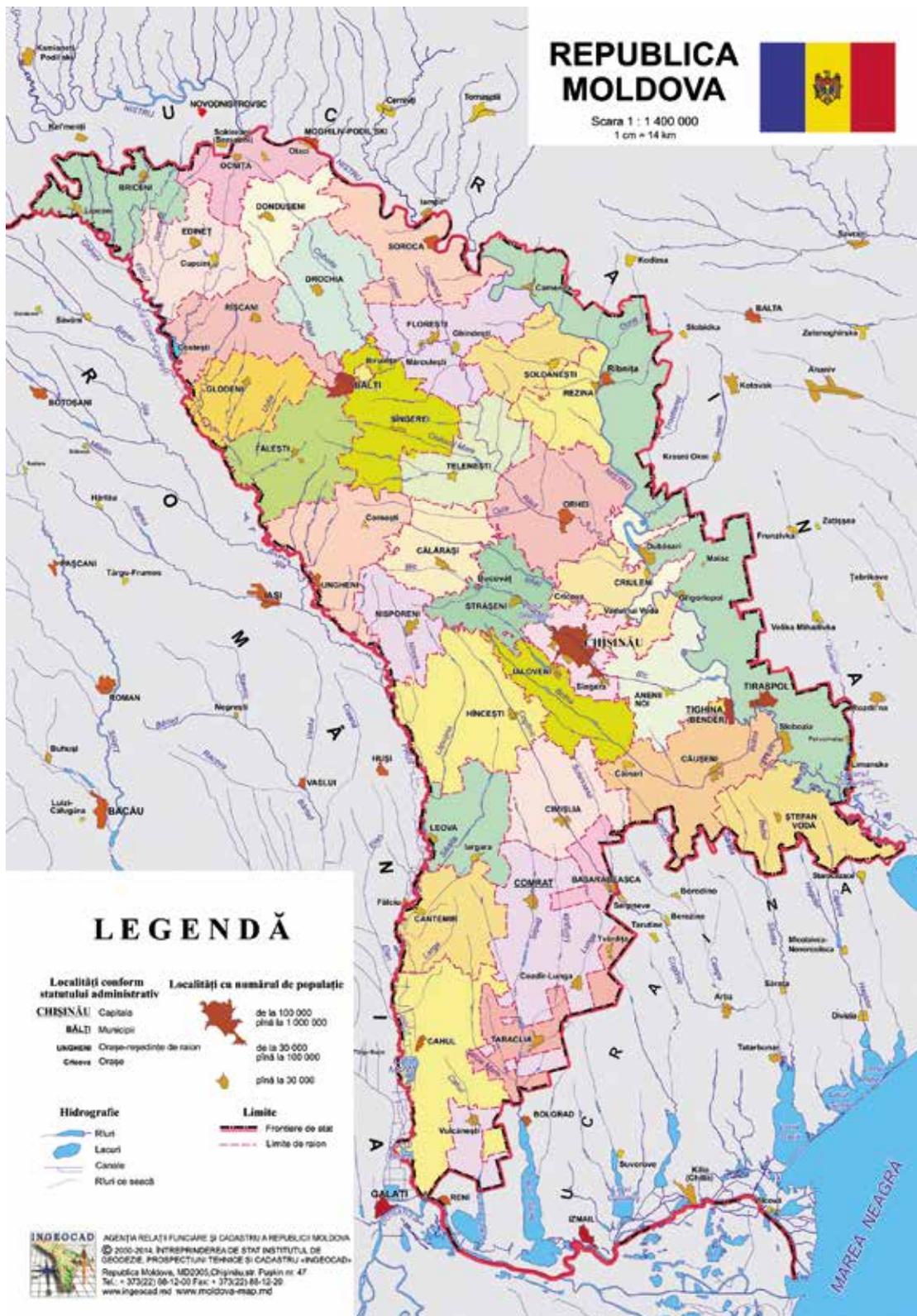
Annex 2: Financial Planning

Planned disbursements during 2014–2017

(in CHF million; incl. disbursements committed before 2014)

Financial Year:	2014	2015	2016	2017	Total 2014-17	in %
Domain of Intervention 1:						
Health	6'000'000	7'260'000	6'500'000	6'060'000	25'820'000	47%
Domain of Intervention 2:						
Water and Sanitation	2'700'000	4'200'000	5'760'000	6'000'000	18'660'000	34%
Domain of Intervention 3:						
Migration and development Programme None-core programme	900'000	1'600'000	1'800'000	2'000'000	6'300'000	12%
Other Interventions:						
Other	400'000	400'000	400'000	400'000	1'600'000	3%
Management:						
Management	500'000	540'000	540'000	540'000	2'120'000	4%
Total SDC Budget Allocation	10'500'000	14'000'000	15'000'000	15'000'000	54'500'000	100%

Annex 3: Map of Moldova



Annex 4: Synopsis of Results Framework

Overall Goal

Switzerland supports the Republic of Moldova in its transition process by ensuring equitable access to good quality public services and improved institutional capacities with a special focus on the health and water sectors.

Switzerland's Domain/Programme Objectives

Health	Water and Sanitation	Migration and Development
<p>The rural population and vulnerable groups have better access to improved essential health services, in particular, family medicine, mental health, paediatric emergency services and youth friendly services.</p> <p>The population plays an active role in health promotion and prevention in the areas of adolescent health, mental health, NCDs and injuries and is empowered to demand better health services in dialogue with local and national authorities.</p> <p>The steering and governance of the health system is strengthened with better evidence-based policy analysis and management.</p>	<p>The Moldovan population has improved access to safe drinking water and proper sanitation services through sustainable, affordable and replicable decentralised models, in rural areas and small towns.</p> <p>Key sector stakeholders (national and local, public and private) plan, build and operate water and sanitation services in a sustainable, efficient and equitable manner.</p>	<p>Innovative interventions aimed at enhancing positive effects of migration and diminishing its negative impact are identified / developed and show first tangible results.</p>
Total Domain Budget		Programme Budget
CHF 26 million	CHF 19 million	CHF 6 million

Transversal Themes and Approaches

Gender, Good Governance

Country Priorities (key policy documents)

Health:

2008–2017 Healthcare System Development Strategy; 2007–2021 National Health Policy

Water and Sanitation:

Revised 2012-2027 National Water Supply and Sanitation Strategy

Migration and Development:

National Development Strategy "Moldova 2020"; 2011–2020 Strategy on Migration and Asylum Management

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