



Republic of Moldova

Country Strategy 2016–2020

Imprint

Federal Ministry for Europe, Integration and Foreign Affairs
Directorate-General for Development
Minoritenplatz 8, 1010 Vienna, Austria
Phone: +43 (0)501150-4454
Fax: +43 (0)501159-4454
abtvii4@bmeia.gv.at
www.entwicklung.at

This Country Strategy was written by:

- Federal Ministry for Europe, Integration and Foreign Affairs, Directorate-General for Development
- Coordination Office for Technical Cooperation, Chisinau
- Austrian Development Agency

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Austrian Development Agency (ADA),
the operational unit of the Austrian Development Cooperation
Public Relations
Zelinkagasse 2, 1010 Vienna, Austria
oeza.info@ada.gv.at, www.entwicklung.at

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Abbreviations

3YP	Three-Year Programme on Austrian Development Policy
AA	Association Agreement
ADA	Austrian Development Agency
ADC	Austrian Development Cooperation
BMASK	Federal Ministry of Labour, Social Affairs and Consumer Protection
BMBF	Federal Ministry of Education and Women's Affairs
BMEIA	Federal Ministry for Europe, Integration and Foreign Affairs
BMF	Federal Ministry of Finance
BMI	Federal Ministry of the Interior
BMJ	Federal Ministry of Justice
BMLFUW	Federal Ministry of Agriculture, Forestry, Environment and Water Management
BMLVS	Federal Ministry of Defence and Sports
BMWFW	Federal Ministry of Science, Research and Economy
CEDAW	Convention on the Elimination of All Forms of Discrimination Against Women
CEI	Central European Initiative
CoE	Council of Europe
CSO	Civil Society Organisation
DAC	Development Assistance Committee (of the OECD)
DC	Development Cooperation
DCA	Austrian Federal Act on Development Cooperation
DCFTA	Deep and Comprehensive Free Trade Agreement
EC	European Commission
EP	Eastern Partnership
EU	European Union
EUSDR	EU Strategy for the Danube Region
FDI	Foreign direct investment
GDI	Gross National Income
GoM	Government of the Republic of Moldova
IFI	International financial institutions
HRBA	Human rights based approach
IM	Indirect Management (delegated cooperation)
MD	Republic of Moldova
MSMEs	Micro, small and medium-sized enterprises
NGO	Non-Governmental Organisation
ODA	Official Development Assistance
OECD	Organisation for Economic Co-operation and Development
OeEB	Oesterreichische Entwicklungsbank (Development Bank of Austria)
OeKB	Oesterreichische Kontrollbank
OSCE	Organisation for Security and Cooperation in Europe
PCD	Policy Coherence for Development
PMO	Prime Minister's Office
PPP	Public-Private Partnership
RCC	Regional Cooperation Council
SDG	Sustainable Development Goals
SEE	South East Europe
UBA	Umweltbundesamt (Environment Agency Austria)
UN-CRPD	United Nations Convention on the Rights of Persons with Disabilities

UNDP	United Nations Development Programme
UNICEF	United Nations International Children's Emergency Fund
UN SC	United Nations Security Council
USD	United States Dollar
VET	Vocational education and training
WKÖ	Wirtschaftskammer Österreich (Austrian Federal Economic Chamber)
ZAMG	Zentralanstalt für Meteorologie und Geodynamik (Austrian Central Institute for Meteorology and Geodynamics)

Executive Summary

Austria's foreign policy has focused on the Republic of Moldova (MD) as a bridge between the Danube/Western Balkans and the Black Sea/South Caucasus regions. The new Country Strategy for the period 2016-2020 is to serve as a new strategic framework for the continuation of discretionary development cooperation as agreed with the Government of the Republic of Moldova (GoM).

ODA contributions between 1997 and 2014, totalling EUR 37.61 million, the lessons derived from the results-based implementation of the 2011–2015 Country Strategy and the recommendations of the 2014 OECD-DAC Peer Review are benchmarks in this context.

In view of the challenges involved in the reform process, the country's territorial integrity and its ongoing EU pre-accession activities, Austria's focus over the next few years will increasingly be on capacity development and transfer of knowledge in three areas of thematic priority as follows:

- 1. Equal opportunity in education, focusing on labour market oriented socially inclusive vocational education and training (VET)**
- 2. Water, environment and climate change**
- 3. Governance, rule of law and peace building**

Cross-cutting issues:

- 1. Social inclusion/promotion of social protection**
- 2. Gender equality**

By setting these priorities, Austrian Development Cooperation (ADC) strengthens the case for inclusive growth, both for the Moldovan population and Moldovan citizens returning from abroad (readmission agreement between the EU and MD, effective since 1/1/2008). Against the backdrop of extremism and terrorism rising globally, this cooperation strategy also serves to enhance collaboration with MD, a country of both origin and transit of migrants in the Danube-Black Sea region, on migration policy. The new Whole-of-Government Approach to consultation in the two countries allows fast and flexible response to new developments and humanitarian crises related to migration.

MD's national development strategies, the EU Eastern Partnership Initiative, the EU Strategy for the Danube Region (EUSDR) and the South East Europe (SEE) 2020 Strategy of the Regional Cooperation Council (RCC) form the strategic framework. The Country Strategy takes a whole-of-government approach to Austria's commitment in the field of development cooperation in MD and is aligned to the Three-Year Programme (3YP) on Austrian Development Policy.

It is supplementary to the Regional Strategy for the Danube Region/Western Balkans and complementary to the IFI strategy of the Austrian Ministry of Finance (BMF) and the business strategy of the Development Bank of Austria (Oesterreichische Entwicklungsbank, OeEB) for the region. It is aligned with the National Development Strategy and the relevant sector strategies of the Government of Moldova. The Austrian Federal Government aims to strengthen the coherence of Austrian Development Cooperation, adapting it to new challenges. An increased focus on results in collaboration with Parliament, the line ministries,

the social partners and civil society (CSO) as well as an interested public, in close consultation with the partner country's target groups, shall contribute to sustainably improve MD's living conditions.

The overall coordination of Austrian development policy falls under the responsibility of the **inter-ministerial platform**, which includes Parliament and civil society and has been created for ADC priority countries. According to the EU Policy Coherence for Development (PCD) approach, the platform's members include all Federal Administration and civil society actors with relevant interest in MD. Coordination and coherence requirements are jointly managed by the principal actors of ADC, including those responsible for humanitarian aid. The Austrian actors join forces and meet for regular consultation in the field at least every six months.

As a medium-range donor in MD, Austria is particularly interested in enhancing networking activities and strategic cooperation between all governmental and non-governmental ADC actors in MD, together with effective coordination, cooperation, harmonisation and distribution of tasks with other international actors.

The UN Development Goals provide a common framework for action in development policy. True to the spirit of the "Agenda 2030 for Sustainable Development" (also called Sustainable Development Goals, SDGs), the sustainability principle is to be applied in a balanced way to the following three pillars: social, environmental and economic. The main theme of the Agenda 2030 – "leave no one behind" – is to be accounted for by paying special attention to gender equality and integration of disadvantaged population groups such as people with disabilities, children and ethnic or religious minorities. At the same time, the implementation of the Association Agreement with the EU is supported in the priority sectors of this Country Strategy.

1. Background and Analysis

Despite domestic obstacles to development (Transnistria, Gagauzia¹, migration), foreign policy related issues (Ukrainian crisis, problems with Russia) as well as social and economic challenges (downturn in exports to Russia), MD has made remarkable progress over the last few years. MD ranks 114th out of 187 countries on the 2014 Human Development Index.

The signature and provisional entry into force of the Association Agreement and the Deep and Comprehensive Free Trade Area (DCFTA) with the European Union as well as EU visa liberalisation in 2014 were significant achievements at the international level. However, further steps towards EU accession and future socially, economically and ecologically sustainable development require continued reform, especially in the areas of governance, rule of law, anti-corruption and democratisation.

MD has been considered a priority country for Austrian Development Cooperation since 2004. Between 1997 and 2014, Austria's official development assistance (ODA)² to MD totalled EUR 37.61 million, of which EUR 12.95 million were contributed from ADC funds.

¹ Autonomous Territorial Unit of Gagauzia

² BMF, BMBF, BMWF, BMI, BMEIA and others; Länder, cities and communities

Moldova is one of the poorest countries in Europe. Its gross national income is USD 2,550 (GNI per capita PPP USD 5,580)³ a year.

A considerable portion of the working population is active in the informal sector. It is estimated that approximately twenty percent of the population live below the absolute poverty level. Due to the international economic crisis, internal political crises, increased problems for the country's territorial integrity (Transnistria, Gagauzia) aggravated by the conflict between Ukraine and Russia, as well as massive labour migration, poverty in MD remains a fundamental, multifaceted problem which affects rural regions in particular. MD posts the highest labour migration figures in Europe. During the last decade, more than a third of the workforce has emigrated abroad. Remittances of Moldovan emigrants total up to one quarter of the GDP. However, the country lacks skilled workers at home due to massive migration into the EU and Russia.

One of the main priorities of Moldova's foreign policy is to bring the country as close as possible to the EU. The legal basis for EU-MD relations is the EU Association Agreement, which was signed and ratified in 2014, and the Deep and Comprehensive Free Trade Agreement (DCFTA) for the private sector, which was also signed in 2014. On 28 April 2014, visa-free travel to the EU was made possible for Moldovan citizens.

Corruption remains one of MD's major problems. The Transparency International Index 2013 ranks MD 103rd among 175 countries. The fight against corruption will only succeed through professionalism and transparency of the judicial system, enhanced awareness-raising among the general public, in public administration and the business sector. It is thus one of the priorities of the National Development Strategy ("Moldova 2020") as adopted by Parliament on 11 July 2012. The long-term strategic plan embraces the following priorities: vocational education and training, transport, the financial sector, economic affairs, energy, pension reform, the judicial system, agriculture and rural development.

Based on the goals and principles governing the Austrian Federal Act on Development Cooperation (DCA) and the Three-Year Programme (3YP) on Austrian Development Policy, this Country Strategy – together with the Regional Strategy for the Danube Region/Western Balkans, the IFI Strategy of the BMF and the OeEB business strategy – reflects the strategic priorities for the State-level engagement of all Austrian governmental and non-governmental DC actors in MD as agreed with the partner country.

2. Strategic Development Goals

In addition to peacekeeping, human security, environmental preservation and the protection of natural resources as a basis for sustainable development, poverty alleviation is the ultimate strategic goal for Austria's engagement in the field of development cooperation in MD. In this context the overarching fundamental basis for ADC is the human-rights-based approach (HRBA). Gender equality is consistently taken into consideration as a cross-cutting issue.

The UN Development Goals provide a common framework for action in development cooperation. True to the spirit of the "Agenda 2030 for Sustainable Development" and the Sustainable Development Goals (SDGs), the sustainability principle is to be applied in a balanced way in three pillars as follows: social, environmental and economic issues. The main

³ World Bank: World Development Indicators, as of March 2015: <http://data.worldbank.org/indicator>

theme of the Agenda 2030 – “leave no one behind” – is to be taken into account by paying special attention to gender equality and integration of disadvantaged population groups, including people with disabilities, children and ethnic or religious minorities.

The SEE 2020 Strategy of the Regional Cooperation Council (RCC), the EU Eastern Partnership Initiative (EP) and the EU Strategy for the Danube Region (EUSDR) are the strategic framework of reference for building a partnership for reform with MD in the field of development cooperation. This is complemented by the 3YP, the Regional Strategy for the Danube Region/Western Balkans and the international development policy commitments entered into in Paris, Accra, Busan and Mexico.

Over the next five years, Austria’s foreign and development policy focus in MD is as follows:

1. Supporting MD’s EU pre-accession process
2. Supporting regional cooperation within the RCC, the EUSDR, the Black Sea Region and the Eastern Partnership
3. Supporting the reform process in MD by institutional and human capacity development and promotion of sustainable development and social inclusion as well as strengthening the rule of law, accountability and the application of human rights principles
4. Supporting good governance and strengthening reform as well as capacities of planning and implementation in public administration
5. Supporting MD’s territorial integrity through confidence-building measures in Transnistria and Gagauzia.

The primary goal of the Country Strategy is to reduce poverty by demand-driven development in sectors such as water, environment and education, focusing on vocational education and training. Democratisation and the rule of law are also to be supported by strengthening a proactive and responsible civil society, the trade unions and employer representatives.

Economic growth and sustainable development require competitiveness and innovation as well as support of the private sector by means of increased commitment of MD.

Contributions towards meeting these objectives for modernisation are to derive from increased engagement of the Austrian private sector and its strong and productive SMEs, in synergy with advocacy groups and the wealth of expertise shared by Austria’s governmental and non-governmental DC actors in MD in ADC thematic areas of priority, as described further below. In strengthening planning and implementation capacities in public administration, the regional administrative levels (cities and local communities) as well as strong local self-government – key factors of development in a modern, a modern state aligned to the EU – assume a special role and are of particular importance in this context. Greater attention must also be paid to the social dimension: by supporting the social dialogue, which is successfully practiced in Austria by the social partners, and by promoting equal opportunity in the education system.

3. Thematic Priorities of the Country Strategy

The thematic priorities of the new Country Strategy for MD are as follows:

- 1. Equal opportunity in education, focusing on labour market oriented socially inclusive vocational education and training**
- 2. Water, environment and climate change**
- 3. Governance, rule of law and peace building.**

These thematic priorities were selected in agreement with the GoM in order to meet the agreed strategic goals for development. The priorities are in line with the strategic goals of EU development policy from 2014 to 2020 for MD, which focuses on the following themes: 1) human rights, democracy and good governance and 2) inclusive and sustainable growth for human development. In particular, this includes reducing inequality of opportunity and supporting education – notably vocational education and training – so that people acquire the knowledge and skills required by the job market and enabling them to become active members of a changing society and competitive at national, regional and international level.

3.1 Equal opportunity in education, focusing on labour market oriented socially inclusive vocational education and training (VET).

VET has been a priority for Austrian (ADA, BMBF, BMASK, BMWFW, private sector) engagement in MD for some time. Austria is one of the main actors in MD and contributes significantly to VET reform by providing advice on strategic reform issues, by enhancing the quality of vocational training at schools and encouraging on-the-job learning.

Austria's VET interventions and efforts to promote hands-on, job market oriented and high-quality education and training by including all relevant stakeholders help to reduce the high unemployment rate, especially among young people, making an essential contribution to economic development in MD. Qualified people have better opportunities and are more competitive on the job market. They contribute to their country's economic development, consequently helping to reduce migration. For this reason, the aim is to continue Austria's successful VET engagement and focus on capacity development – teacher training and further training in particular –, modernisation of curricula, increased involvement of the private sector, social inclusion and gender equality, professionalisation of jobs and promotion of entrepreneurship over the next five years, in order to meet the objective of sustainable employment. These measures are particularly effective if synergies can be built with other ADC priority themes, something actively promoted by Austria. The aim is to increase equality of opportunity in career choices by addressing gender-specific stereotypes.

To strengthen employment and decent work, economic development and social cohesion, Austria supports MD in its efforts towards a fundamental VET reform. Based on Austria's high-quality vocational education and training system and experience in policy learning, Austria also provides guidance on strategic issues relating to VET reform. Austria also contributes to enhanced equality of opportunity in the education system by supporting the implementation of inclusive education in MD - by building capacities for relevant guidance and counselling structures, for example.

As far as migration and development cooperation are concerned, and in the light of developments in Transnistria and Gagauzia, including their repercussions at all levels in MD, increased cooperation with MD – a country of both origin and transit of migrants in the Danube-Black Sea Region – is planned on development and migration policy issues (readmission agreement between the EU and MD, effective since 1/1/2008) in order to support security, prosperity and peace.

To reduce poverty and high unemployment in rural areas, Austria supports vocational education and training in the agricultural sector, for example. To enhance both the quality and the practical relevance of vocational education and training, Austria provides guidance to the relevant Moldovan ministries (Education, Agriculture, Finance) on the issue of income generation by VET schools.

These measures are based on previous Austrian activities and lessons learnt in this sector. Another focus is on strengthening women's/girls' access to the labour market as well as social inclusion, particularly of persons with disabilities and elderly people; building on positive experiences with pilot projects, lessons learnt are planned to be transferred to other schools as well.

With its educational coordinator in Chisinau, the Austrian BMBF is a major partner for MD's education sector, notably in the field of VET. To strengthen hands-on vocational training in support of Austria's businesses in the country, the aim is to draw on the expertise of the Federal Ministry of Science, Research and Economy (BMBWF) and the Austrian Economic Chamber (WKÖ).

Together with colleagues from other countries of the Black Sea region, young civil servants from MD regularly attend special courses held by the Diplomatic Academy of Vienna. These courses are financed by ADA and are also planned for the next years.

3.2 Water, Environment and Climate Change

Whereas the Country Strategy 2011 – 2015 focused on infrastructures for clean water supply and wastewater disposal, this Country Strategy - in conformity with the relevant national approaches - aims to develop a long-term, sustainable "water governance" perspective focusing on capacity development and improvement of management capacities at national, regional and local level; another focus will be environmental sustainability of new water projects and their climate change resilience. Moreover, better coordination between all institutions (ministries, agencies etc.) of relevance for Moldova's water sector will be pursued. Integrated and coordinated cooperation in, and among, the national, regional and local levels as well as between institutions must focus on improvement of cooperation and functionality of the system by eliminating fragmentation, overlap of competencies and responsibilities as well as planning problems. The point is not only to work out new laws, directives and standards, including their consistent practical application by improved coordination and cooperation between the central government and local authorities; the point is, above all, more innovation, energy efficiency as well as ownership and management expertise, especially at the levels that are essential for services to citizens and citizens' equal access to improved public services.

The accelerating climate change and its consequences pose enormous challenges to MD. Over the last years, recurring drought, floods and other natural disasters incurred tremendous consequential costs both economically and socially. Environmental damage caused

by erosion and pollution threaten MD's potential for development. Climate change scenarios predict more frequent periods of drought and decreasing water availability for agriculture and hydropower. For this reason, Austria will support appropriate adaptation measures, a strategy for their implementation and funding as well as improved meteorological data for modernised early warning systems.

The general awareness of the importance of **environmental protection and climate change** (climate protection and climate change adaptation) for the sustainable development of the country, notably its agricultural potential, can only be strengthened by increased integration of civil society, trade unions, employer organisations and the private sector as well as transparent, responsible policy at national, regional and local level.

For this purpose, Austria should contribute with its internationally recognised environmental expertise for the sustainable development of MD not only in the priority sector of water, environment and climate change, but also in relation to rural and urban regional development – within the context of the Federal Government's climate finance strategy, for example. The BMF-cofinanced urbanisation programme and the World Bank's "Danube Water Program" as well as rural development programmes could be illustrative examples in this context as they reflect the principles of sustainability and statutory obligatory environmental impact assessments. The Development Bank of Austria (OeEB) and OeKB are other important actors in implementing the focus on water, environment and climate change.

A cooperation agreement between the Austrian Central Institute for Meteorology and Geodynamics (ZAMG) and MD's weather service, financed by the World Bank and UNDP for the purpose of issuing early warning reports, will be an important climate change adaptation measure.

3.3 Good Governance, Rule of Law and Peacebuilding

continue to be a priority also for the EU, the OSCE and the Council of Europe (CoE), calling for close cooperation between these multilateral actors, the European Union Military Staff (EUMS) and the partner country. In implementing this Country Strategy, ADC will focus on the following in relation to this priority area: Strengthening the rule of law and applying human rights principles (equality and non-discrimination, participation and inclusion as well as transparency and accountability) by supporting, inter alia: institution building and capacity development (parliaments, judiciary system and police, supreme audit institutions); strengthening or establishing equal access to justice for all, especially marginalised and vulnerable groups such as elderly people, children, adolescents, persons with disabilities and members of minority groups; supporting advocacy on behalf of disadvantaged groups; supporting transparency and anti-corruption measures by integrating and strengthening civil society, trade unions and employers; as well as supporting the partner country in implementing international human rights commitments, including the recommendations of the Universal Periodic Review process and CEDAW. However, governance also plays an important role in poverty alleviation by continuing and strengthening social protection programmes for elderly people and children, who depend on Austrian NGOs' social assistance programmes because of the high levels of migration, especially in rural areas.

As far as the rule of law is concerned, the Austrian Federal Ministry of the Interior (BMI) assumes a key role in combating crime and corruption, while the Federal Ministry of Justice (BMJ) is active in strengthening an independent, efficient judicial system. In this regard, it is worth mentioning the Austria-MD intergovernmental agreement on police cooperation (Agreement between the Austrian Federal Government and the GoM on Cooperation in

Combating Crime, signed on September 25, 2010, effective February 1, 2011, Federal Legal Gazette III No. 99/2011) and the Europol-MD operational cooperation agreement, which facilitates the exchange of personal data in combating serious and organised international crime and terrorism.

Under a long-term OSCE project, military advice and support of capacity and institution building in the armed forces is undertaken by the Austrian Federal Ministry of Defence and Sports (BMLVS). Its key aspect is critical reduction of risk and application of international standards in storing weapons and ammunition. This issue is extremely sensitive for MD in political terms. In particular, inadequate storage of obsolete ammunition poses a major real threat with regard to unlawful proliferation on the one hand, as well as personnel deployed, the civilian population living nearby and the environment on the other. Cooperation in this field started in 2013.

The European Commission classifies economic governance/competitiveness as a central challenge.

One of the important objectives of **governance** is to strengthen, modernise and digitalise institutions by improving quality and quantity of public services, notably the access to these services for citizens.

This goal is to be reached by combating corruption, reducing the administrative burden and establishing eGovernment. Education and training measures for adults in general, and administrative officers in particular, serve the purpose of professionalising public administration at all levels, eventually democratising society as a whole and modernising the country. Austria will support the GoM's planned implementation of police and pension reforms.

Austria supports MD's integrity through confidence-building measures in Transnistria and Gagauzia. Conflict prevention in the context of the Ukrainian conflict and the problems in EU-Russia relations require close cooperation with the CoE and OSCE and donors involved in MD peace building. It is also possible for MD to engage in cross-border cooperation with neighbouring districts in Western Ukraine (Chernivtsi) and Southern Ukraine (Odessa). Austria is to support such cooperation along the lines of the EU's cross-border programmes. Implementation of UN SC Resolution 1325 and its follow-up resolutions is to be accounted for in this context.

4. Cross-Cutting Issues

This Country Strategy comprises the following cross-cutting issues:

1. **Social inclusion/ promotion of social protection**
2. **Gender equality**

All ADC interventions are based on the following principles: (i) ownership, (ii) do no harm, (iii) equity, equality and non-discrimination, (iv) participation and inclusion, (v) accountability and transparency, (vi) empowerment, (vii) sustainability.

The human rights based approach (HRBA) is the overarching principle underlying ADC. For this reason, the HRBA is reflected in the form of a comprehensive, fundamental approach in all areas of intervention, well beyond specific spheres of action. It is applied in all phases of planning and implementation of programmes and projects and in the political dialogue.

ADC interventions under this Country Strategy focus on **gender equality** and **social inclusion/promotion of social protection** of disadvantaged and marginalised population groups, notably persons with disabilities and the elderly. Even though MD has ratified the UN Convention on the Rights of Persons with Disabilities (UN-CRPD) and even though the GoM recognises the “integration” of persons with disabilities as constituting a challenge, the situation of persons with disabilities remains very difficult in MD. Due to physical barriers, poor infrastructure and health services as well as lack of education and job opportunities, persons with disabilities are often affected by extreme poverty and continue to be exposed to discrimination and social exclusion, particularly in rural areas.

The precarious situation of elderly people also requires particular attention. Especially in rural areas, old people are often the grandchildren’s reference persons as parents emigrate in search of jobs. In this regard, the focus is on social and economic protection as well as development of health and care services in particular. Elderly people should have the same access to prosperity and social participation as all other members of society.

Specific support programmes barely exist; statutory assistance reaches target groups to a very limited extent only. For this reason, Austria will contribute its expertise in the fields of education – vocational education and training (VET) in particular – and social inclusion/social protection through concrete projects and measures related to “inclusive VET”, “work assistance“, young people’s training programmes, “personal assistance at the workplace”, or provision of support to guidance centres for people with special needs, “inclusive workplaces” as well as “support and care delivery to elderly people”, for MD to benefit as best as possible from Austria’s expertise in inclusive education, especially when it comes to the inclusion or integration of disadvantaged young or elderly people with disabilities so that they may find a way into working life.

Together with MD, Austria’s Federal Ministry of Labour, Social Affairs and Consumer Protection (BMASK) and the Federal Ministry of Education and Research (BMBF) act as chairs in the EUSDR’s “investments in people and skills” priority area. The BMASK maintains a social attaché’s office in MD. The social attaché’s activities focus on transfer of knowledge in labour and social affairs, networking with European and international institutions as well as public authorities and NGOs on the ground; support and guidance in selected cases and preparation of social policy reports. Support is also provided in preparing and implementing bilateral, European and international projects managed by the Ministry of Social Affairs, with a view to strengthening the European social model and improving local social standards. Thus the activities undertaken by the BMASK contribute significantly to development in MD and are complementary to strategic goals and measures concerning labour and social matters under the 2016 – 2020 Country Strategy for Moldova.

Greater attention must be paid to supporting the active participation of women in political and socio-economic processes at all levels. In this context, the application of gender-responsive budgeting is supported at national and decentralised level.

Austria provides expertise to the partner country in order to keep social and political tensions under control and safeguard political stability and security in MD. At the same time, the aim is to improve the investment climate and the general business environment and to strengthen people’s confidence into their country’s future in order to avert necessity-driven emigration, brain drain and capital outflows. While experts from the BMLVS/Austrian Armed Forces (ÖBH) help to improve the safety of ammunition depots in MD, they contribute to security in MD at the same time.

Awareness-raising among the population, among policy-makers and the civil service, combined with the protection of human rights and minorities, the rule of law and good governance, are the fundamental requirements for democracy and stability as well as successful social inclusion, gender equality, hence sustainable development in MD.

5. Implementation and Coordination

Subsidiarity is a key principle for ADC interventions to be as close as possible to citizens, i.e. at local municipal and community level. Integration of the local population, notably women, as well as social inclusion must be accounted for already during the project planning and implementation phases and in the course of project monitoring.

More attention must be paid to enhancing active participation by civil society, notably women, in political and socio-economic processes. All ADC activities in cross-cutting areas must be undertaken with a view to complementing cooperation in priority areas, while at the same time complying optimally with EU standards and structures. For this reason, strengthening and integrating civil society is a basic prerequisite for planning, implementing and monitoring DC projects. In connection with socioeconomic projects in the priority sectors of water, environment and climate change as well as VET, integration and strengthening of the private sector and, if possible, an additional focus on public-private partnerships (PPP model) are desirable aspects to ensure sustainable funding, improved public acceptance as well as responsibility for sustainable project management.

All Austrian DC actors are requested to pay increased attention to monitoring, evaluation and follow-up on ADC projects with a view to transparency and accountability. For this purpose, systematic monitoring of the use of funds is required.

The MD Country Strategy acts in line with international commitments (Partnership for Effective Development Cooperation) and follows the main principles of the outcome document from the high-level forum in Busan on Effective Development Cooperation.

Joint collaborative action serves to i) respect the partner country's ownership, ii) document the focus on results, iii) support inclusive development partnerships and iv) achieve the goals of transparency and accountability.

Austria contributes its comparative strengths to these partnerships and aims to specialise in those areas in which it is in a position to add maximum expertise and value to the partner country. In addition to increased development effectiveness in accordance with Busan, Austria will continue to adhere to the Paris Declaration indicators (aid effectiveness), such as increased untying of aid, use of country systems and transparency of funding.

The Busan recommendations for development effectiveness are addressed, inter alia, by consistent capacity development in MD, by contributing to multi-donor initiatives such as the World Bank's and by supporting the know-how exchange programme (KEP) set up by the Central European Initiative (CEI).

The new Country Strategy is inspired by the Europe-2020 Strategy, the RCC's SEE 2020 Strategy (based on EU-2020), the EUSDR and the National Development Strategy as well as the relevant sector strategies of the GoM. In Austria, the Country Strategy is based on the 3YP, the Regional Strategy for the Danube Region/Western Balkans, the IFI Strategy of the BMF and the OeEB's business strategy to end 2017.

Donor coordination in MD is in the hands of the GoM/State Chancellery, on the one hand, whose role must be strengthened in the interest of a permanent dialogue with the donor community, also in sectoral working groups; and the EU Delegation and/or the United Nations on the other. On the Austrian side, coordination of all governmental and non-governmental DC actors in MD is regularly undertaken by their representative offices in Chisinau under the direction of the Coordination Office for Technical Cooperation Chisinau run by ADA. In Austria, ADC in MD is coordinated within the framework of the six-monthly inter-ministerial meetings called by the BMEIA; these meetings are also entrusted with the implementation of the Country Strategy as well as continuous evaluation of DC projects, in addition to the ex-post evaluations jointly managed by BMEIA and ADA.

6. Policy Coherence and ADC Complementary Instruments

To ensure policy coherence as well as the whole-of-government approach to ADC activities in MD, all potential governmental and non-governmental DC actors in the partner country have been requested to join forces developing the Country Strategy from the very beginning – in both Chisinau and Vienna. In this way, continuous coordination and consultation in Austria allow identifying, coordinating and implementing potential synergies for ADC's engagement in MD in a collaborative way.

The Coordination Office for Technical Cooperation Chisinau run by ADA is not only important for Austria's coordination at home but also for project implementation, establishment and continued improvement of relations with government offices, local and regional authorities of the partner country as well as coordination with other bilateral and multilateral donors on the ground.

For ADA to fulfil its role as a Federal Agency for development cooperation, it is imperative for all Austrian DC actors in MD to take active part in Austria's coordination of its DC engagement at whole-of-government level, and to do so in a collaborative and egalitarian way. This includes participation in regular consultations with the partner country's Government, especially with the Prime Minister's Office (PMO), which is responsible for coordination of DC activities, as well as the line ministries responsible for ADC priority areas and cross-cutting matters.

In addition to Austria's bilateral DC engagement in MD under the 2016 – 2020 Country Strategy, ADA also provides funding for cooperations with civil society organisations, business partnerships and cross-border projects including MD as well as regional projects that also benefit Western Balkans countries and MD, thereby fostering regional cooperation. Furthermore, cooperations with ADA are also open to other Austrian DC actors, including the following ministries: BMF, BMWFW, BMBF, BMI, BMJ, BMLVS; UBA (Federal Environmental Agency); the Austrian state governments (*Länder*); NGOs and the private sector.

In accordance with its business strategy to end 2017, MD is a priority country for the Development Bank of Austria (OeEB). By supporting the implementation of economically sustainable and developmentally sound private sector projects – notably in the areas of Renewable Energy and Resource Efficiency as well as support to local MSMEs – OeEB is in a position to contribute to poverty reduction in MD. In particular, by providing funding, OeEB is in a position to contribute to the development of renewable energy sources and

private sector development, notably MSMEs. Available instruments are investment finance and equity as well as funding for project-related measures from advisory programme funds.

All of the above is complemented by projects supported by the BMF in cooperation with IFIs, notably the World Bank, in the following sectors: water/energy, urbanisation, infrastructure, investment climate, stability and management of the financial sector, reform of financial reporting and tax reform. Austria thus contributes significantly to inclusive growth, reduction of social and regional inequality and, generally speaking, to stability in MD. To date, Austria has supported MD by providing soft loans. MD continues to be in a position to receive tied aid credits in accordance with relevant OECD criteria.

This Country Strategy, including its results matrix, is adjustable to any new conditions and developments in MD. Upon consultation with the GoM and the donor community, it can be revised accordingly upon inter-ministerial coordination, following evaluation and consultation with all Austrian DC actors.

Results Matrix – Republic of Moldova

Objective(s)	Result(s)	Indicators	Actors
1. Water, Environment and Climate Change			
Supporting MD to meet the objectives of MD's national water supply and sanitation strategy 2014-2028 and the chapters on environment and climate (chapters 16 & 17) of the Association Agreement (AA) with the EU.	Ministry of Environment and related institutions supported in developing institutional capacities, developing a water information system and preparing management plans for selected water basins.	<p>Improvement of planning processes, water management and exchange of information in the water sector.</p> <p>Integrated water resources management approach applied in MD.</p> <p>Local river basin commissions operational; enabled to plan measures to increase water security and improve water quality autonomously; monitoring the implementation of these measures.</p>	BMEIA, BMLFUW, UBA, ADA
	Water supply and sanitation services in selected rural areas and communities of Central and Southern Moldova improved with Austrian co-funding.	<p>Infrastructure investments increase the number of inhabitants with permanent access to safe drinking water, especially for the poorest.</p> <p>Number of inhabitants with access to proper sanitation including wastewater treatment.</p>	BMEIA, BMF, ADA
	Administrative capacities for local and regional water supply and sanitation infrastructure in target regions as well as performance of waterworks in target communities improved. (Note: target communities and regions are those with Austrian infrastructure investments)	<p>Quality and quantity of water resources continuously monitored by waterworks or relevant authorities according to national standards.</p> <p>Increased customer satisfaction with waterworks services and new regional companies.</p>	BMEIA, ADA

Objective(s)	Result(s)	Indicators	Actors
	Ministry of Environment supported in harmonising environmental legislation with EU and implementing the National Adaptation Plan to Combat Climate Change.	Progress regarding implementation of chapters 16 & 17 of MD-EU Association Agreement. Recommendations for reducing the risk of natural disaster in key sectors of the Moldovan economy in place; pilot projects to combat climate change in selected communities implemented.	BMEIA, BMLFUW, UBA, ADA, ZAMG
2. Equal opportunity in education, focusing on labour market oriented socially inclusive vocational education and training (VET)			
<p>MD has developed a VET system that is more modern and attractive (good quality, flexible, demand-oriented, labour market oriented, skills-based, inclusive and fair).</p> <p>MD has enhanced equal opportunity in its educational system (access by disadvantaged groups and inclusive approach to diversity)</p>	<p>Capacities and cooperation between VET and employment actors strengthened to implement a modernised vocational education and training system.</p>	<p>Legal and institutional frameworks and capacities of VET actors improved;</p> <p>Systematic VET cooperation between national employment service, chamber of commerce, private sector, Ministry of Labour, Social Affairs and Family and other relevant actors;</p> <p>Capacities for long-term labour market analysis developed and in place for VET requirements;</p>	BMEIA, BMBF/KKA, BMASK, ADA
	<p>VET content and teaching/learning approaches developed in accordance with Moldovan and European requirements (competence-based and labour market oriented, in line with Objectives 2 and 4 of the National VET Strategy).</p>	<p>VET facilities offering modern, demand-oriented vocational education and training;</p> <p>As VET schools generate income, they contribute to preserving school infrastructure, i.e. the quality of practical instruction.</p> <p>Career profiles, professional standards, curricula (module-based, including for adult education), learning and teaching materials, methodological guidelines and tests developed and approved; Curricula piloted and implemented;</p>	BMEIA, BMBF/KKA, ADA, BFI

Objective(s)	Result(s)	Indicators	Actors
		<p>Inclusive approach to VET curricula accounted for, especially in relation to persons with disabilities, gender equality and the environment;</p> <p>Work-based learning models implemented and provided;</p> <p>Number of adult students having participated in VET courses (in the context of lifelong learning);</p> <p>Modern equipment and infrastructure for education in place; access for men and women, girls and boys ensured.</p>	
	<p>Quality of teaching staff in VET enhanced through continuous/further training of teachers and instructors (according to Objective 5 of National VET Strategy).</p>	<p>Number of teachers and instructors from VET facilities and firms having taken part in training programmes;</p>	<p>BMEIA, BMBF/KKA, ADA, WIFI, BFI</p>
	<p>Increased attractiveness of and access to VET (in accordance with Objective 6 of the National Training Strategy)</p>	<p>New career/vocational guidance/job counselling system developed and implemented;</p> <p>Gender stereotypes systematically addressed during career guidance/job counselling;</p> <p>Career guidance/job counselling centres in place;</p> <p>VET and employment facilities and actors adapted to the needs of students with disabilities;</p> <p>Guidance services for transition from inclusive VET to the job market in place;</p> <p>System of modular (partial) qualifications in place to improve access of people with special needs to the job market;</p>	<p>BMEIA, BMBF/KKA, ADA</p>

Objective(s)	Result(s)	Indicators	Actors
	Better access to education for people with special learning needs	Teachers/heads of schools trained in implementation of inclusive VET; Guidelines and manuals for implementation of inclusive VET developed; percentages of female and male VET students in total student figures; MD's centres for special needs education offer schools effective guidance relating to inclusion of pupils with special learning needs.	
3. Governance, rule of law and peace building			
A contribution was made to strengthening the rule of law and building peace in MD. Improvement of capacities for storage safety of weapons and ammunition, support and guidance relating to implementation.	Contribution made to MD's integrity through confidence-building and peacekeeping measures.	Quality and intensity of relations between Chisinau and MD's regions (incl. 5+2 meeting(s)); Number and intensity of internal conflicts.	BMEIA, BMLVS, ADA
	Professionalisation of Moldovan police thanks to improved initial and continued training as well as institutional strengthening. Reduction of risk through specialised initial and continued education and training; capacities of national experts enhanced through selective, structured guidance.	Curricula for initial and continuing police training; Training of police officers; Structural reforms in Ministry and police force in place; Creation of a national training cell, elaboration of longer-term training plans, monitoring of implementation.	BMI, BMEIA, ADA BMLVS