Completion and Learning Review Review

The Republic of Moldova

FY18-FY22 Country Partnership Framework

November 18, 2022

Ratings

	CLR Rating	CLRR (IEG) Rating
Development Outcome:	Satisfactory	Satisfactory
WBG Performance:	Good	Good

I. Executive Summary

i. This review of the World Bank Group's (WBG) Completion and Learning Review (CLR) covers the period of the Country Partnership Framework (CPF) FY18-21, including its update in the Performance and Learning Review (PLR) dated April 22, 2021, which extended the CPF period by one year to FY22. (The PLR was thus prepared towards the very end of the original CPF period.)

ii. **The main purpose of the 2018 CPF was to support Moldova's transition towards a new, more sustainable and inclusive development and growth model**. This purpose was appropriate and fully in line with the previous SCD analysis. The CPF program underpinned this overall objective, with additional pandemic-related considerations at PLR stage. Consequently, the program did not address directly the twin goals (poverty reduction and the lower 40 percent), but it was implicit that the expected transition would benefit these two targets. The CPF program was consistent with the government's stated priorities and the analysis of the SCD, and reflected lessons learned from the previous country program. During much of the CPF period Moldova suffered from an unstable political environment with shifting government priorities that affected negatively policy development and decision-making, which in turn affected WBG program implementation. In the last years of the CPF period, the country has been affected by multiple challenges – a severe drought in 2020, COVID-19, and Russia's invasion of Ukraine with related political and security uncertainties, a refugee stream, and dramatic increases in gas prices.

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iii. **IEG rates the CPF development outcome as Satisfactory**. Of the seven objectives, four were Achieved, two Mostly Achieved, and one Partially Achieved. For Focus Area I (Economic governance – Strengthening the rule of law and accountability in economic institutions) there was progress on investment climate regulations and accountability in the management of public sector assets, and – after the target date – for regulatory framework for insurance sector, but only partial progress for registry of asset declarations. Focus Area II (Service governance – Improving efficiency, quality and inclusive access to public services) showed progress for climate services and for inclusive access to public services, but more mixed progress for quality and efficiency of public services. Focus Area III (Human capital development – Investing in people to build human capital) with only one objective had improvement for the quality of education.

iv. **On balance, IEG rates the WBG performance as Good.** The overall priority was appropriate. The CPS objectives and the lending and ASA helped underpin this overall priority, but there are few stated linkages between the ASA and the objectives in the results framework. The program activities were well aligned with the government's stated preferences, as well as with the development priorities identified in the 2016 SCD, and thus addressed important issues. However, some indicators in the results framework were unclear regarding meaning, measurement and timing. The framework could have been more helpful for program implementation. Key risks - Political and governance, Macroeconomic, Institutional capacity for implementation, and Fiduciary - were all well identified in the CPF and PLR. The CPF and PLR risk mitigating measures were adequate. They included reducing the reliance of investment lending on policy reforms, and making active use of ASAs to support the policy dialogue. Prior lessons were reasonably well reflected in the CPF. The Bank demonstrated flexibility in program implementation, in response to shifting governments and their shifting priorities, changing emphasis on borrowing priorities, and implementation delays. The Bank also adjusted the program to accommodate support related to the COVID-19 pandemic. The substantial knowledge program provided for consistently good collaboration with the authorities at the technical level.

v. **The program made some progress towards the overall priority, but the country still has long to go to reach a robust new growth model**. The many recent challenges including the invasion of Ukraine are making this more difficult. It is likely that going forward the WBG will need to remain flexible in the design and implementation of its country programs.

vi. **IEG notes that the nine lessons presented in the CLR** are a mixture of conclusions, lessons, and recommendations. The most pertinent lessons include (a) the need to realistically assess capacity constraints and to embed institutional/capacity strengthening activities in project designs, (b) that DPOs need to recognize the importance of minimizing ex-ante the risk of policy reversals or partial implementation of reforms, and (c) the need to consider carefully local capacity to minimize the risk of implementation delays.

vii. **In addition, IEG emphasizes the following lessons**:

- Programs in countries with shifting government priorities need to be managed flexibly, and in such circumstances active use of ASA can help maintain working relationships as was done in the case of the Moldova program.
- Results indicators need to be precise regarding definition, content, and timing of targets, which was not the case consistently for this program.
- IEG's FY19 ICRR for the earlier DPO operation (approved prior to the CPF period) noted the importance of considering carefully political economy dimensions at the design stage, and to consider the possibility of addressing sectors presenting especially difficult challenges in separate, dedicated operations.

II. Strategic Focus

Relevance of the CPF

1. ***Country Context***. Moldova is a small upper middle-income country with a GNI per capita (Atlas methodology) of US$5,460 (2021). At the time of the SCD (August 2016) the country's economy had grown rapidly (although unevenly) over the previous decade, a growth that had been accompanied by significant progress in reducing poverty and in boosting the welfare of the bottom 40 percent. Since then, the country had several years of real GDP growth of close to six percent per annum, followed by a sharp COVID-related reduction in 2020 (-5.8 percent) and a recovery in 2021 estimated at 7.5 percent. During much of the CPF period Moldova suffered from an unstable political environment with shifting government priorities that affected negatively policy development and decision-making (as well as the World Bank Group program). However, since mid-2021 the current reform-minded president and her government has enjoyed a majority in Moldova's parliament. During the period 2020-22 the country has been affected by multiple special challenges – a severe drought in 2020, COVID-19 (2020-21), and Russia's invasion of Ukraine (2022) with related political and security uncertainties, a refugee stream, and dramatic increases in gas prices. On the other hand, in June 2022 the EU granted Moldova candidate country status.

2. **The 2016 SCD** noted that the positive trends (up to that time) in the drivers of poverty reduction and shared prosperity were probably not likely to continue, in particular that the inflow of remittances was likely to slow and become a much smaller contributor to growth and welfare enhancement, the pension system was unsustainable with the aging of the population, and increased volatility was likely of the climate[1] and in the economy and politics. The SCD identified two pathways to growth (a) promote private sector–led job creation and higher productivity, and (b) ensure that individuals have the human capital stock and ability to take on the new jobs and that they are protected from shocks that could affect their living standards. On this basis the SCD also listed six priorities: (a) strengthening the rule of law and the accountability of institutions, (b) improving the efficiency of and equity in service delivery. (c)

[1] The SCD referred to the Notre Dame methodology that ranked Moldova as the most climate vulnerable country in Europe based on a range of social and economic indicators, including low adaptation capacity. Expected changes include greater climate volatility.

increasing the quality, equity, and relevance of education and training systems so firms might increase productivity and households might increase economic opportunities, (d) improving the business regulatory framework, (e) ensuring sound macroeconomic and fiscal management, and (f) reforming the social protection systems, in particular pensions.

3. ***Government Strategy and CPF***. The CPF straddled two government strategies. The government's current long-term strategy, *Moldova 2030*, was approved in 2019 and 2020. It followed on the earlier *Moldova 2020* that covered the period 2012-2020. Both strategies reflected an underlying recognition that the main drivers of earlier economic growth and poverty reduction (consumption, remittances and pensions) were no longer sustainable, as emphasized in the SCD. *Moldova 2030* set out ten dimensions under four broad headings: Sustainable and inclusive economy; Robust human and social capital; Integral and efficient institutions; and Sound environment. The main purpose of the 2018 CPF was to support Moldova's transition towards a new, more sustainable and inclusive development and growth model, while recognizing systemic governance issues as binding constraints to development. However, as described in the PLR, some initial assumptions for the CPF program came to be challenged shortly after its endorsement, with shifting governments, changing emphasis on borrowing priorities, and implementation delays on ongoing operations. However, the PLR also reported that while CPF implementation had shown mixed progress, a high degree of collaboration with the authorities at the technical level had helped generate important outcomes and enabled swift program adjustments**.**

4. ***Relevance of Design***. The CPF was well aligned with the findings of the SCD and supported key aspects of the *Moldova 2030* strategy, focusing on economic governance, service governance, and human capital development. Its main purpose was appropriate. The initial design reflected lessons from the previous program period, including the need for caution in moving rapidly to focus on budget support operations. However, IEG's CLRR (dated July 14, 2017) for the previous country program had noted that results frameworks would need outcome indicators that clearly measured the achievement of the stated objectives. The results framework for the current CPE also had indicators that did not measure well their related objectives – a design weakness of the framework. The CPF had noted as a lesson from the previous program that politically difficult structural reforms should be supported mainly through DPOs and/or ASA, reducing the risk of delayed investment projects. In line with this lesson the CLR for the current program notes that ASAs had helped maintain the policy dialogue and informed decision-making at sector level, even in the absence of lending engagements, had advocated for important structural reforms, and had paved the way for expanding the lending pipeline. The initial program design was maintained through the PLR, which introduced a number of changes to the results framework to reflect shifting priorities, delays, scope adjustments, and the need to support responses to the COVID-19 pandemic. These changes were appropriate. In the CPF, the outer years of the program had been left unprogrammed in light of country uncertainties – this turned out to be reasonable in this case as demonstrated by some government priorities changing shortly after the CPF endorsement. In the PLR FY20-22 lending was shaped, within the CPF context, to respond to, and help recover from, COVID-19, and to accommodate new government priorities. On the whole, the WBG choice of instruments, including the use of ASA to support the policy

dialogue and use of budget support for COVID issues, was appropriate, but there were weaknesses and lack of clarity in the results framework.

Alignment

5. **The CPF program expected that the transition to a new development model would benefit the two target groups (poverty reduction and the lower 40 percent).** Several objectives would benefit them more directly, including Objective 4 (Increased quality and efficiency of selected public services), Objective 5 (Increased inclusive access to selected public services), and Objective 7 (Improved quality and relevance of education). There were however no indicators for these objectives for beneficiaries among the poor and the bottom 40 percent. There were two gender-related indicators (maintaining e-services access parity and measuring by gender percentage of population vaccinated against COVID-19), both with unclear relevance. For the former there was already parity, and for the latter the reasoning was not clear for targeting much higher vaccination rates for women (45%) than for men (25%). There was however only one objective concerning climate change ("Improved climate services and adaptation"), originally a cross-cutting theme (with indicators), but moved to the service governance pillar during PLR. The government's reluctance to borrow for climate adaption interventions led to this objective being informed only by ASAs. This was a quite modest attention in view of Moldova's high vulnerability to climate change.

Results Framework

6. **The original results framework in the CPF included three focus areas**: Economic governance – strengthening rule of law and accountability in economic institutions; Service governance – improving efficiency, quality and inclusive access to public services; and Skills development – enhancing quality and relevance of education and training institutions to enable acquisition of job-related skills. In addition, there was a cross-cutting theme – Greater adaptation, resilience and response to climate change. The CPF program had seven objectives and 20 indicators. The PLR dropped the cross-cutting theme (Greater adaptation, resilience, and response to climate change), modified its one underlying objective, and moved it under the focus area for service governance. Despite modifications to three objectives (including climate change), the structure and broad direction of the program remained the same. There were however more substantial changes at the indicator level: Seven indicators were dropped, four indicators were added, and many were revised and/or moved to reflect changes on the ground including project delays. Overall, these changes made the framework less ambitious and more realistic. Weaknesses of the results framework included some vaguely formulated baselines and targets, missing target dates in some cases, unclear line of sight between some objectives and indicators, and questionable gender indicators.

III. CPF Description and Performance Data

Advisory Services and Analytics

7. **The program was supported by a substantial ASA program**. A total of 48 ASAs were completed during the CPF period; half of these in FY19 and 20 and only five in FY22. By number, the most

important areas of ASA support were governance (8), social protection and jobs (7), macro-economics, trade and investment (6), with four each for energy and extractives; urban, resilience and land; and finance, competitiveness and innovation. The program provided a broad underpinning of the CPF overall priority and the related policy dialogue. As one example, the FY18 Public Expenditure Review was timely to help the client advance its thinking about the continuation of health sector reform and to link better the restructuring (of the Health Project) to the needs of country and to identify areas for additional assessments and development. The FY18 ASA for Improving Efficiency of Moldova's Anti-Poverty Program developed several methodological resources to improve the efficiency of the Ajutor Social – the main anti-poverty program in Moldova. However, there were few direct linkages to specific objectives or indicators in the CPF results framework.

8. **During the CPF period IFC carried out two advisory service (AS) projects**: (a) For Investment Climate Reform (ICR, initiated in FY16 and still ongoing) and (b) part of a Regional Infrastructure Program (completed during the CPF period).

Lending and Investments

9. **The Bank undertook a substantial lending program during the CPF period**. The incoming (outstanding) portfolio at the beginning of the period was US$122.7 million (IBRD) and US$280.8 million (IDA) for a total of US$403.5 million for 12 projects, including one development policy operation (DPO) and one Program-for-Results (PforR). During the period, the Bank approved 13 new projects for US$166.6 million (IBRD) and US$490.7 million (IDA) for a total of US$657.3 million. This new lending included two DPOs at a total of US$180 million that represented 27% of total new lending by amount. The new lending during the CPF period was almost double the amount for the previous CPF period (FY14-17), and was consistent with the CPF objectives including support for the pandemic response, for which the Bank extended one DPO (US$150 million) and an IPF with additional financing (total of US$60 million).

10. **The Bank's program was supported by trust funds**. A total of 14 trust funds were active during the CPF period for a total of US$24.9 million, of which five for US$15.3 million for environment and climate adaptation.

11. **The four IEG-validated projects show mostly positive ratings**. As many as 20 out of the 25 projects active during the CPF period are expected to close after FY22. Accordingly, there are only four IEG-validated projects from this period: One project was rated Satisfactory (S), two Moderately Satisfactory (MS) and one Moderately Unsatisfactory (MU).[2] Three quarter of validated projects were rated MS or higher) (69.7 percent by value), below those for the ECA region (86.1 percent and 80 percent respectively) and for the world portfolio (81.4 percent and 85.3 percent, respectively).

12. **IFC did not make any new investments during the CPF period – the latest investment project was committed in FY15.** The incoming portfolio consisted of four projects in the

[2] The latter MU rating was from the earlier DPO operation. IEG's ICRR (from FY19) flagged two important lessons: (a) Unless political economy dimensions are carefully considered at the design stage, achievement of a DPO's objectives is likely to be jeopardized. (b) Sectors presenting especially difficult challenges may be more appropriately addressed by separate, dedicated operations.

information sector, all for the same company, for a total commitment of US$16.6 million. There was ongoing short-term financing for a commercial bank during the period. The CLR reports that during the CPF period, IFC was assessing opportunities in manufacturing, retail, infrastructure, agribusiness and tourism, but notes problems arising from the small size of the Moldovan economy and its private sector base, unsolved banking sector issues, persistent governance gaps, and political turmoil. There were no XPSRs or PCRs for this CPF period**.**

13. **MIGA issued a guarantee in December 2020** for a gross exposure of US$23.3 million for a development-oriented banking group with a primary focus on lending to small and medium-sized enterprises (SMEs).

IV. Development Outcome

A. Overall Assessment and Rating

14. **IEG rates the CPF development outcome as Satisfactory**. Of the seven objectives, four were Achieved, two Mostly Achieved, and one Partially Achieved. For Focus Area I (Economic governance – Strengthening the rule of law and accountability in economic institutions) there was progress on investment climate regulations and accountability in the management of public sector assets, , and – after the target date – for regulatory framework for insurance sector, but only partial progress for registry of asset declarations.. Focus Area II (Service governance – Improving efficiency, quality and inclusive access to public services) showed progress for climate services and for inclusive access to public services, but more mixed progress for quality and efficiency of public services. . Focus Area III (Human capital development – Investing in people to build human capital) with only one objective had improvement for the quality of education.

	CLR Rating	CLRR (IEG) Rating
Focus Area I: Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions	**Mostly Achieved**[3]	**Satisfactory**
Objective 1: Enhanced quality and implementation of investment climate regulation	Achieved	Achieved
Objective 2: Strengthened accountability in the management of public sector assets	Partially Achieved	Achieved
Objective 3: Enhanced financial sector governance and transparency	Mostly Achieved	Mostly Achieved
Focus Area II: Service Governance – Improving Efficiency, Quality and Inclusive Access to Public Services	**Mostly Achieved**	**Moderately Satisfactory**

[3] The CLR used the incorrect rating system for focus areas. Under the Agreed Framework, the focus areas should be rated under the six-point scale, from Highly Satisfactory to Highly Unsatisfactory.

Objective 4: Increased quality and efficiency of selected public services	Partially Achieved	Partially Achieved
Objective 5: Increased inclusive access to selective public services	Mostly Achieved	Mostly Achieved
Objective 6: Improved climate services and adaptation	Achieved	Achieved
Focus Area III: Human Capital Development – Investing in People to Build Human Capital	**Achieved**	**Moderately Satisfactory**
Objective 7: Improved quality and relevance of education	Achieved	Achieved

B. Assessment by Focus Area/Objective

Focus Area I: Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions. This focus area comprised the following three objectives:

15. **Objective 1: Enhanced quality and implementation of investment climate regulation.** This objective was supported by the IFC Advisory Service through its AS Investment Climate Reform Project (FY16), the Second Competitiveness Enhancement Project (FY15) and its additional financing (FY22), and the WB Tax Administration Modernization Project (FY16).

16. The assessment of performance on each of the indicators is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Cost savings from reduced regulatory burden on businesses (annual measurement using compliance cost saving methodology of Trade and Competitiveness GP)	0 (FY17)	US$9 million (FY20)	US$24.3 million (year not stated)	Achieved
2. Percentage of management time spent dealing with regulatory authorities kept below 8%	Below 8% (no base year)	Below 8% (no target year)[4]	6.2% (end of project period FY14-21)	Achieved
3. Maintained employment and business survival in the context of the COVID-19	No government programs to support business continuity and sustain	50% of beneficiary companies that received subsidies under	75% (February 2021 and maintained by June 2022)	Achieved

[4] The objective was to maintain this value below eight percent throughout the CPF period.

pandemic through temporary tax relief	employment in the context of COVID-19 (2020)	the payroll and expanded VAT refund mechanisms continued operation and maintained employment at 60% level compared to April 2020 (no target year)		

17. *Achieved*. All three indicators under Objective 1 were Achieved. However, the third indicator dealt with an emergency situation and did not address any aspects of investment climate regulation. It would also have been useful if the CPF had defined what was meant by quality of investment climate regulations in the formulation of the objective.

18. **Objective 2: Strengthened accountability in the management of public sector assets.** This objective was supported by the District Heating Efficiency Improvement Project (FY15), the Moldova Governance DPO1 (FY19). Also ASAs: Strengthening Auditing and Reporting in Countries in the Eastern Partnership (STAREP) (FY14), Governance Reform Scorecard (UK TF, FY17), and Support to the Reform of SOEs in Moldova (UK TF, FY16).

19. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Effective and independent energy sector regulation	Ad-hoc tariff setting for the District Heating and power network (2013-17)	End-user tariffs for Termoelectrica (TE) and Gas Natural Fenosa (now Premier Energy) customers set on time and in accordance with methodology (through CY 2021)	The last tariff setting methodology for heat and electricity was adopted in 2019 and end-user tariffs were set accordingly through 2021.	Achieved
2. Government (i) mandates the auditing of the annual financial statements of		All three steps to be done by FY19	All three steps done by FY19	Achieved

state/municipal enterprises which are part of the medium, large, or public interest category, (ii) classifies large SOEs as public interest entities and obligates them to prepare financial statements under International Financial Reporting Standards (IFRS), and (iii) establishes improved institutional and funding arrangements for an audit oversight system				

Additional Evidence:

- Regarding indicator 2: By June 2019, 50% (19 out of 38) of state and municipal entities submitted audits, but with no reference to the quality of the audits to ensure accurate assessment of enterprise financial performance (as per ICRR for Economic Governance Performance DPO1).

20. *Achieved*. Both indicators were Achieved.

21. **Objective 3**: Enhanced financial sector governance and transparency. This objective was supported by Financial Sector Advisory Services (FY19), Moldova Economic Governance DPO1 (FY19), the Emergency Response, Resilience, and Competitiveness DPO (FY22), and the Insurance Market Reform project (2017).[5]

22. The assessment of performance on each of the indicators under this objective is as follows:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Enhanced supervision regime	None given	Any undercapitalized banks implementing time-bound recapitalization and/or	All Moldovan banks have prepared Recovery Plans and been reviewed.	Mostly Achieved

[5] The Region also mentions several ASAs: Financial Sector Advisory Center (FinSAC) Project (FY14), Policy Notes: Sustaining Stability and Reviving Growth (FY19), Programmatic Financial Sector Bank TA, Financial Sector Reform and Strengthening Initiative (FIRST) TFs on insolvency, secured transactions, and insurance.

		restructuring plans, or are in process of resolution (FY18 and FY20)		
2. Strengthened legal, regulatory, and supervisory framework for the insurance sector	None given	New insurance law adopted by Parliament, updated regulations issued, and Motor Third Party Liability Law adopted by Parliament updated by Parliament – all by December 2020	New insurance law and Motor Third Party Liability Law adopted in April 2022 – well after the target date), the updating of the regulations did not start in the CPF cycle.	Not Achieved
3. Digital registry of asset declarations online and receiving asset declarations, measured by (1) The number of assets and interest declarations filed electronically; and (ii) The number of asset declarations undergoing automatic cross-checks with public registries.	0 (2016) 0 (2016)	60,000 (2018) 60,000 (2018)	69,107 (2018) 0 (2018)	Partially Achieved

<u>Additional Evidence</u>**:**

- Regarding indicator 1: The WBG advised the National Bank of Moldova (NBM) on addressing governance and issues in banks currently under special supervision. The WBG reviewed the Terms of Reference (ToR) and Review Methodology intended for use in the related party review of the three banks under special supervision. The WBG team determined that the documents were of sufficient scope, but it is unclear which were the three banks under supervision. It's also unclear which were the specific time-bound recapitalization and/or restructuring plans adopted.
- Regarding indicator 3: One of the two targets was achieved, the other not. The ICRR for the Moldova Economic Governance DPO1 concluded that the two parts of this indicator

were not effective to capture the broader objective of strengthening economic governance. The CMU notes that the Bank stopped pursuing automatic cross-checks after the DPO, but did not revise the indicator.

23. *Mostly Achieved.* One indicator was Achieved, one Not Achieved – but with results achieved later in the CPF period – and one Partially Achieved. .

24. **IEG rates the outcome of WBG support under Focus Area I as Satisfactory** based on the discussion above.

Focus Area II: Service Governance – Improving Efficiency, Quality and Inclusive Access to Public Services. This focus area included the following three objectives:

25. **Objective 4: Increased Quality and Efficiency of Selected Public Services:** This objective was supported by the Health Transformation Project (FY14) and the Emergency COVID-19 Response Project (FY20) with its additional financing (FY21).

26. Assessment of performance of each of the indicators under this objective:

Indicator	Baseline (year)	Target (year)	IEG validated result (year)	IEG rating
1. Enhanced quality and efficiency of the hospital sector, as measured by the reduced average length of stay for acute beds (days)	7.6 days (2014)	6.6 days (2021)	7.1 days (December 2021)	Partially Achieved
2. Number of designated hospitals with fully equipped and functional intensive care units (ICUs)	0 (2020)	19 (2021)	14 (October 2021)	Mostly Achieved

27. *Partially Achieved*. One indicator was Partially Achieved (concerning efficiency) and one Mostly Achieved (regarding quality). However, to assess efficiency it would have been preferable also with an indicator regarding costs of the health services.

28. **Objective 5:** Increased inclusive access to selected public services. The objective was supported by the Emergency COVID-19 Response Project (FY20) and its additional financing (FY21), the Modernization of Government Services Project (FY18), and the Local Roads Improvement Project (FY16).

29. Assessment of performance of each of the indicators under this objective:

Indicator	Baseline (Year)	Target (Year)	IEG Validated Result (Year)	IEG Rating
1. Percentage of population vaccinated against COVID-19, which are included in the	(a) 0, (b) 0 (2020)	(a) 25%, (b) 45% (2021)	(a) 22.9% males and (b) 26% females by	Partially Achieved

priority population targeted, defined in the national plan, of which (a) male and (b) female.			September 30, 2021	
2. Increased share of people accessing e-services in the past 12 months, while maintaining parity between men and women	24% (2017), of which 49.5% women and 6% bottom 40%	50% (2021), of which at least 49.5% women and 10% bottom 40%	Reported by October 2021: Share had increased to 49.4%, for women to 52.7%, and for bottom 40% to 37.4%.	Achieved.
3. Increased physical access to rural education and health services, as measured by: Number of schools connected by rehabilitated/upgraded local roads, Number of health facilities connected by rehabilitated/upgraded local roads	0 (2018) 0 (2018)	47 (2021) 22 (2021)	50 (November 2021) 23 (November 2021) Both measures relate to the same local roads	Achieved
4. Number of Ajutor Social recipients during the emergency period	47,659 (FY19)	65,000 (FY20)	71,732 (September 2020)	Achieved

Additional Evidence:

- Re indicator 1: The vaccination coverage increased to 29.3% males and 31.8% females by March 10, 2022.[6]
- Re indicator 2: By October 2021 the share of people with access to e-services had increased to 49.4%, for women to 52.7% (so a modest relative drop) and for the bottom 40% to 37.4% (a very high increase over a short time period).
- Re indicator 4: The number of Ajutor Social recipients reached 71,802 by March 2021.

30. ***Mostly Achieved.*** Three indicators were Achieved, and one Partially Achieved. It is not clear why the targets for indicator 1 should be so much higher for women (45%) than for men

[6] The latest IMF Article IV report for Moldova (January 2022) reported that the country's response to the pandemic had been swift but sub-optimal, noting, inter alia, fragmented support, external financing pressures, under-execution of measures due to inadequate cash management and lengthy procurement processes, and lower than expected local government needs.

(25%) – also since at least some reports have generally shown higher COVID-19 mortality rates for men.

31. **Objective 6. Improved Climate Services and Adaptation:** This objective was supported by the Agriculture Competitiveness Project (FY12) and its three additional financings (FY15, FY16 and FY20), and by the ASA for Enhancing Technical Rescue Capacities in Moldova (FY20*).*

32. Assessment of performance of each of the indicators under this objective:

Indicator	Baseline (year)	Target (year)	IEG validated result (year)	IEG rating
1. Increased on-farm area benefiting from sustainable land management practices supported by the project	46,736 ha (FY17)	57,000 ha (FY21)	57,500 (April 2021)	Achieved
2. Urban rescue standards and methodology adopted by the General Inspectorate for Emergency Situations	No (FY17)	Yes (FY21)	Yes. Standards adopted April 2020	Achieved

33. **Achieved**. Both indicators were achieved.

34. **IEG rates the outcome of WBG support under Focus Area II as Moderately Satisfactory**, based on the discussion above.

35. **Focus Area III: Human Capital Development – Investing in People to Build Human Capital**. This focus area contained the following one objective:

36. **Objective 7**: Improved Quality and Relevance of Education: This objective was supported by the Education Reform Project (FY13) and its additional financing (FY18).

37. Assessment of performance of each of the indicators under this objective:

	Baseline (year)	Target (year)	IEG validated result (year)	IEG rating
1. At least 10,000 students attending schools meeting minimum quality standards (including, inter alia, with respect to school organization, teaching and learning, school infrastructure and equipment, curriculum and evaluation, and school governance), also	0 (FY17)	10,000 (FY21)	10,451 during 2020/21 school year	Achieved

being accessible to people with disabilities				
2. Student-teacher ratio for grades 1-12 of primary and general secondary education	11.89:1 (FY17)	11.9:1 (FY21)	12.4:1 (2021)	Achieved
3. Strengthened Ministry of Education, Culture and Research (MoECR) capacity to respond to the pandemic and increased system resilience for possible future disasters – number of IT equipment provided for online learning	0 (FY20)	10,000 (FY21)	10,000 (August 2021)	Achieved

Additional Evidence:

- Re indicator 1: Three additional schools were rehabilitated by February 2022.
- Re indicator 2: It should be noted that in this case the Bank encouraged an increase in the student: teacher ratio.

38. *Achieved.* All three indicators were achieved. However, it would have been useful for the CPF to have clarified the intention behind the word "relevance" in the objective. The third indicator would have been more relevant for an objective dealing directly with the response to the pandemic.

39 **IEG rates the outcome of WBG support under Focus Area III as Moderately Satisfactory**, based on the discussion above.

V. WBG Performance

Learning and Adaptation

40. **The Bank adapted well to the shifting government priorities.** To this end it adjusted its planned lending operations, used ASAs to maintain dialogue, and made significant adjustments at the time of the PLR – including modifications to reflect slower than expected progress on the ground. Towards the end of the CPF period, and including in the PLR, the Bank responded promptly to the COVID-19 pandemic and then the refugee crisis.

Risk Identification and Mitigation

41. **The CPF recognized the risks to program effectiveness.** The CPF rightly rated the overall risk as Substantial, with the risk from Political and Governance as High and that from Macroeconomic, Institutional capacity for implementation, and Fiduciary as Substantial. In the PLR, the ratings for all risk categories were maintained without any changes, but the overall

risk was reduced to Moderate, due to the short time remaining of the extended CPF period (little more than one year) and the program adjustments in the PLR. As described in the PLR, political and governance risks materialized and political turbulence delayed public sector governance reforms. The CPF and PLR mitigating measures were adequate and worked as intended. These measures included reducing the reliance of investment lending on policy reforms, and making active use of ASAs to support the policy dialogue.

WBG Collaboration

42. **The WBG CPF program has relied overwhelmingly on IBRD and IDA**. IFC focused on the implementation of its advisory Investment Climate Reform Project conducted jointly with the Bank, which has sought to improve the business enabling environment since 2016, with a second phase starting in FY20. MIGA's guarantee project in December 2020 supported a development-oriented commercial bank to provide a continued supply of credit to SMEs. Outside of these activities, there has been little need for any systematic cooperation between the three WBG entities.

Partnerships and Development Partner Coordination

43. **Both the CPF and PLR documents underlined the importance of partnerships** to amplify the WBG's engagement and impact in priority sectors, mentioning engagements on joint advocacy with the IMF, EU, and USA, and that such collaboration would also be crucial for effective coordination of COVID-19 emergency response. Other partnerships were mentioned with the EBRD, EIB and some individual countries. The CLR confirms that such partnerships took place as expected, and notes that the WBG coordinated its policy operations closely with the development partners.

Safeguards and Fiduciary Issues

44. **From FY18 to FY21, INT substantiated one case of fraud**. During the period FY18 to FY21, INT reviewed seven complaints with significant allegations related to Moldova. A case of fraud was investigated and substantiated under the Agriculture and Food global practice. IEG validated four closed projects in the macroeconomics, social protection and labor, and the energy and extractive sectors. The CLR, individual project ICRs, and ICRRs report satisfactory safeguard compliance with adequate application of all environmental and social requirements. No inspection panel cases were registered in the Moldova portfolio during the CLR implementation timeframe.

Overall Assessment and Rating

45. On balance, IEG rates the WBG performance as Good**.**

<u>Design</u>

46. **The overall objective - to support Moldova's transition towards a new, more sustainable and inclusive development and growth model – was appropriate**. The CPS objectives and the lending and ASA helped underpin this overall priority, but there are few stated linkages between the ASA and the objectives in the results framework. The program activities were well aligned with the government's stated preferences, as well as with the

development priorities identified in the 2016 SCD, and thus addressed important issues. However, some indicators in the results framework were unclear regarding meaning, measurement and timing. The framework could have been more helpful for program implementation. Key risks - Political and governance, Macroeconomic, Institutional capacity for implementation, and Fiduciary - were all well identified in the CPF and PLR. The CPF and PLR risk mitigating measures were adequate. They included reducing the reliance of investment lending on policy reforms, and making active use of ASAs to support the policy dialogue. Prior lessons were reasonably well reflected in the CPF.

Implementation

47. **The Bank demonstrated flexibility in program implementation**, in response to shifting governments, changing emphasis on borrowing priorities, and implementation delays on ongoing operations. Subsequently, the Bank adjusted the program to accommodate support related to the COVID-19 pandemic. The substantial knowledge program provided for consistently good collaboration with the authorities at the technical level.

VI. Assessment of CLR

48. **The CLR is well organized, clear and comprehensive.** It describes well the domestic political developments during the CPF period, as well as the achievement of the various objectives. It would however have been useful with a more substantive discussion of the weaknesses in the results framework, and a more comprehensive and specific discussion of the linkages between objectives and ASA activities, and between the achievement of indicator targets and of objectives.

VII. Lessons

49. **IEG notes that the nine lessons presented in the CLR** are a mixture of conclusions, lessons, and recommendations. The most pertinent lessons include (a) the need to realistically assess capacity constraints and to embed institutional/capacity strengthening activities in project designs, (b) that DPOs need to recognize the importance of minimizing ex-ante the risk of policy reversals or partial implementation of reforms, and (c) the need to consider carefully local capacity to minimize the risk of implementation delays.

viii. **In addition, IEG emphasizes the following lessons**:

- Programs in countries with shifting government priorities need to be managed flexibly, and in such circumstances active use of ASA can help maintain working relationships as was done in the case of the Moldova program.
- Results indicators need to be precise regarding definition, content, and timing of targets, which was not the case consistently for this program.
- IEG's FY19 ICRR for the earlier DPO operation (approved prior to the CPF period) noted the importance of considering carefully political economy

dimensions at the design stage, and to consider the possibility of addressing sectors presenting especially difficult challenges in separate, dedicated operations.

Annexes

Annex 1: Achievement of CPF Objectives (Results Framework)

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Annex 1: Summary of Achievements of CPF Objectives – Moldova

CPF FY18-FY22: Focus Area I: Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions	Actual Results	IEG Comments
CPF Objective 1: Enhanced Quality and Implementation of Investment Climate Regulation		
Indicator 1: Cost savings from reduced regulatory burden on businesses (annual measurement using compliance cost saving methodology of Trade and Competitiveness GP) Baseline: 0 (FY17) Target: US$9,000,000 (FY20)	According to the August 24, 2022, Supervision Report of IFC AS #600467, the direct compliance cost savings for the private sector was $24,270,500. No information was provided whether this result was obtained by FY20. **Achieved**	This indicator was supported by IFC Advisory Service on Investment Climate Reform Project (#600467, FY16)
Indicator 2: Percentage of management time spent dealing with regulatory authorities kept below 8% (Cost of Doing Business (CODB) survey under CEP-2), i.e., maintaining reduction from 10.7 percent in 2013.	According to the ICR (p. 12) of P144103, management time spent dealing with regulatory authorities fell from 10.7 percent in 2013 to 6.2 percent during the operation's lifetime from 2014-21. **Achieved**	This indicator was supported by Second Competitiveness Enhancement Project (P144103, FY15); and Second Competitiveness Enhancement Project Additional Financing (P175813, FY22). Target year unavailable. The region stated that the reason the target year was omitted was because the intention was to maintain management time below 8% throughout the CPF cycle.
Indicator 3: Maintained employment and business survival in the context of the COVID-19 pandemic through temporary tax relief. Baseline: No government programs to support business continuity and sustain employment in the context of COVID-19 pandemic (2020) Target: 50% of beneficiary companies that received subsidies under the payroll and expanded VAT refund mechanisms continued operation and maintained employment at 60% level compared to April 2020.	The June 23, 2022 ISR: S of P127734 reports that, by February 1, 2021, 75% of beneficiary companies that received subsidies under the payroll and expanded VAT refund mechanisms continued operation and maintained employment at 60% level compared to April 2020. This result was maintained by June 22, 2022. *Additional information*: According to the Ministry of Finance Report on "*VAT Refund Program Implementation from May 1 – December 31, 2020"* (p. 13) shared with IEG, by December 31, 2020, 657 enterprises which represent 94.6% of beneficiaries continued to operate and maintained an employment level of 85.5% compared to April 2020.	This indicator was supported by Tax Administration Modernization Project (P127734, FY16). Target year unavailable. The region stated this was a one-time support during the period of emergency. Per the PLR, declaration of a state of emergency took place in March 2020.

CPF FY18-FY22: Focus Area I: Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions	Actual Results	IEG Comments
	Achieved	
CPF Objective 2: Strengthened Accountability in the Management of Public Sector Assets		
Indicator 1: Effective and independent energy sector regulation. Baseline: Ad-hoc tariff setting for the District Heating (DH) and power networks (2013-17) Target: End-user tariffs for Termoelectrica (TE) and Gas Natural Fenosa (now Premier Energy) customers set on time and in accordance with methodology through calendar year 2021)	IEG ICRR: S of P132443 (p. 9) reports that the new tariff setting methodologies were approved and adopted by the National Agency for Energy Regulation (ANRE) since 2017 (ICR, p. 11). Hence, the DH Tariff reform was completed resulting in a significant improvement in TE operating profitability and financial capacity, favorable progress in paying back its historical debts, and in retaining consumers and in new connections. According to additional information shared with IEG, the last tariff setting methodology for heat and electricity generation and district heating was adopted in 2019 (ANRE's Decision 396 of November 1, 2019). Thus, through calendar year 2021, end-user tariffs were set in accordance with the methodologies in force. **Achieved**	This indicator was supported by District Heating Efficiency Improvement Project (P132443, FY15). Target year was amended at PLR stage from 2020 to 2021.
Indicator 2: Government: (i) mandates the auditing of the annual financial statements of state/municipal enterprises which are part of the medium, large, or public interest category (FY19); (ii) classifies large SOEs as public interest entities and obligates them to prepare financial statements under International Financial Reporting Standards (IFRS) [FY19]; and (iii) establishes improved institutional and funding arrangements for an audit oversight system (FY19).	IEG ICRR: MS of P156963 reports that all three steps under prior action 3 of the program were completed by the Government by FY19 (Program Document, para 35, p. 14). Additional evidence: This prior action was measured by the percentage of medium and large Municipal Enterprises and medium and large State-Owned Enterprises that have submitted audit reports to the competent national authority. By June 2019, 50% (or 19 of the 38) of state and municipal entities submitted audits. However, there was no reference to the quality of the audits to ensure accurate assessment of enterprise financial performance (ICRR , p. 7). **Achieved**	This indicator was supported by Moldova Economic Governance DPO1 (P156963, FY19); Strengthening Auditing and Reporting in Countries of the Eastern Partnership (STAREP) (FY14, P133467), Governance Reform Scorecard (UK TF, FY17, P158221), Support to the Reform of SOEs in Moldova (UK TF, FY16,P158220)
CPF Objective 3: Enhanced Financial Sector Governance and Transparency		
Indicator 1: Enhanced supervision regime. Target: Any undercapitalized banks implementing time-bound recapitalization and/or restructuring	According to the Financial Sector Advisory Center Annual Report 2020 (p. 31), as a result of FinSac's technical assistance, the National Bank of Moldova issued a new Regulation on Resolution Planning in 2019. By 2020, the following three banks were in	This indicator was supported by Financial Sector Advisory Services (FinSac) (P143745, FY19).

CPF FY18-FY22: Focus Area I: Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions	Actual Results	IEG Comments
plans, or are in process of resolution (FY18 and FY20)	process of liquidation; Banca de Economii, Banca Sociala and Unibank National Bank of Moldova (news bulletin) In addition, per financial sector aide memoires provided to IEG, the WBG supported the objective by advising the National Bank of Moldova (NBM) address governance and other issues in the banks currently under special supervision. The WBG reviewed the Terms of Reference (ToR) and Review Methodology intended for use in the related party review of the three banks under special supervision. The team found that the documents were of sufficient scope. The CLR noted that the WBG provided hands-on technical assistance (TA) on this topic through workshops on recovery plans; the National Bank of Moldova shared with project team the Recovery Plans for all banks dated June 2019; project team reviewed all the plans; prepared and delivered a Methodology for Assessing the Recovery Plans. Therefore, the country team can certify that all Moldovan banks have prepared Recovery Plans and by reviewed under WBG TA. **Mostly Achieved**	No baseline was provided. According to the CPF, the logic for intervention was based on the massive bank fraud in 2013-14 that was enabled by political interference with the supervision function.
Indicator 2: Strengthened legal, regulatory, and supervisory framework for the insurance sector. Targets: New insurance law adopted by Parliament (by December 2020), updated regulations issued (by December 2020), and Motor Third Party Liability Law adopted by Parliament (December 2020)	The Program Document of P175640 reported that target was achieved in 2022, beyond the target year but during the CPF period. Outcomes include the new insurance law that was adopted by Parliament on April 7, 2022. Thus, updating the regulations has not yet started by end of CPF cycle. The Motor Third Party Liability Law was adopted by Parliament on April 21, 2022. In addition, under the Insurance Market Reform project, the WBG provided output recommendations on the following: (a) proposed revisions in the Insurance Law and MTPL Law, (b) recommendations and a draft regulation on fit-and-proper requirements which are in line with the IAIS standards and EU directives, (c) on the minimum set of standards for the insurance audits, (d) how to improve supervision of reinsurance practices	This indicator was supported by Emergency Response, Resilience, and Competitiveness DPO (P175640, FY22); Insurance Market Reform Project (2017, P164776) Target years were amended at PLR stage from 2018 for new insurance law; 2019 for updated regulations; and 2019 for Motor Third Party Liability Law.

CPF FY18-FY22: Focus Area I: Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions	Actual Results	IEG Comments
	in the insurance sector, (e) draft of reinsurance regulation and on a reinsurance supervision manual for the NCFM staff, and (f) on regulating insurers' claims management and reserving, e.g., Claims inspection manual for the NCFM supervision staff. Source: Insurance Market Reform Project (FY17, P164776) activity completion report. Pages 4-5. **Mostly Achieved**	
Indicator 3 Digital registry of asset declarations online and receiving asset declarations (December 2018)	IEG ICRR: MS of P156963 reports that Prior Action (PA) 4 sought to strengthen the asset declaration regime by (a) enacting amendments to the National Integrity Authority (NIA) Law, the Law on Declaration of Assets and Interests, the Criminal Code, and the Contravention Code; (b) adopting a regulation on the methodology for verification of asset declarations and conflicts of interests; and (c) launching the NIA's electronic asset declaration and verification system online. This PA was measured by: i) *The number of assets and interest declarations filed electronically.* Baseline: 0 (2016); Target: 60,000 (2018); Actual: 69,107 (2018) – *Achieved*. ii) the number of asset declarations undergoing automatic cross-checks with public registries. Baseline: 0 (2016); Target: 60,000 (2018); Actual: 0 (2018) – *Not Achieved*. Therefore, one of the two targets for indicator 3 were achieved. The number of assets and interest declarations filed electronically was met with 69,107 by 2018. No number of asset declarations undergoing automatic cross-checks with public registries was achieved by 2018. While these indicators captured growth in asset declarations as a result of the amendments to the laws on asset declaration, the targets were *partially met*. The ICRR concluded that these indicators were deemed ineffective to capture the	This indicator was supported by Moldova Economic Governance DPO1 (P156963, FY19). No baseline was provided.

CPF FY18-FY22: Focus Area I: Economic Governance – Strengthening Rule of Law and Accountability in Economic Institutions	Actual Results	IEG Comments
	objective of strengthening economic governance. **Partially Achieved**	

CPF FY18-FY22: Focus Area II: Service Governance – Improving Efficiency, Quality and Inclusive Access to Public Services	Actual Results	IEG Comments
CPF Objective 4: Increased Quality and Efficiency of Selected Public Services		
Indicator 1: Enhanced quality and efficiency of the hospital sector, as measured by reduced average length of stay for acute beds (days). Baseline: 7.6 (2014) Target: 6.6 (2021)	The March 7, 2022 [ISR: MS] of P144892 reports that the average length of stay in acute care hospital was 7.10 days by December 31, 2021, falling short of the target of 6.6 days. **Partially Achieved**	This indicator was supported by Health Transformation Project (P144892, FY14). The definition of the indicator was revised from "Increased hospitalization referral from family doctors as share of total hospitalizations for selected key NCDs." The baseline and target were amended from 21 percent in FY14 and 35 percent in FY19.
Indicator 10: Number of designated hospitals with fully equipped and functional intensive care units (ICUs). Baseline: 0 (2020) Target: 19 (2021)	The April 29, 2022 [ISR: MS] of P173776 reports that the number of designated hospitals with fully equipped and functional intensive care units (ICUs) increased from 0 in 2020 to 14 by October 1, 2021, falling short of the target of 19. The number of hospitals remains the same by March 21, 2022. **Mostly Achieved**	This indicator was supported by Emergency COVID-19 Response Project (P173776, FY20); Additional Financing-Emergency COVID-19 Response Project (P175816, FY21).
CPF Objective 5: Increased Inclusive Access to Selected Public Services		
Indicator 1: Percentage of population vaccinated against COVID-19, which are included in the priority population targeted, defined in the national plan, of which (a) male, and (b) female. Baseline: (a) 0, (b) 0 (2020)	The April 29, 2022 [ISR: MS] of P173776 reports that the percentage of population vaccinated against COVID-19, which are included in the targeted population (i.e. 810,277) defined in the national plan, reached 23.2% by September 30, 2021, of which, 22.9% were males and 26% were females.	This indicator was supported by Emergency COVID-19 Response Project (P173776, FY20); Additional Financing-Emergency COVID-19 Response Project (P175816, FY21).

CPF FY18-FY22: Focus Area II: Service Governance – Improving Efficiency, Quality and Inclusive Access to Public Services	Actual Results	IEG Comments
Target: (a) 25, (b) 45 (2021)	*Additional information*: The vaccinated coverage increased to 31.62% by March 10, 2022, of these, 29.3% are males and 31.8% are females. **Partially Achieved**	
Indicator 2: Increased share of people accessing e-services in the past 12 months, while maintaining parity between men and women. Baseline: 24% (2017), of which 49.5 percent women and 6 percent – bottom 40 percent. Target: 50 percent (2021), of which at least 49.5 percent women and 10 percent – bottom 40 percent	The May 11, 2022 ISR: MS of P148537 reports that the share of people accessing e-services in the past 12 months, while maintaining parity between men and women, increased from 24% in 2017 to 32% by February 26, 2021, falling short of the 50% target. The coverage for women increased from 49.5% to 53.6%. For the bottom 40%, the coverage increased from 6% to 14%. Additional evidence: By October 29, 2021 (May 11, 2022 ISR: MS), the share of people with access to e-services in the past 12 months, of which: % women; % low income categories (bottom 40%) increased to 49.4% in general. For women, the share increased to 52.7%, and the bottom 40% increased to 37.4%. Source: ISR: MS. Page 2. **Achieved**	This indicator was supported by Modernization of Government Services Project (P148537, FY18). Target year revised from 2020.
Indicator 3: Increased physical access to rural education and health services, as measured by: - Number of schools connected by rehabilitated/upgraded local roads. Baseline: 0 (2018) Target: 47 (2021) - Number of health facilities connected by rehabilitated/upgraded local roads Baseline: 0 (2018) Target: 22 (2021)	The June 6, 2022 ISR: MS of P150357 reports the following achievements to increasing physical access to rural education and health services: • The number of education facilities connected by rehabilitated/upgraded local road corridors reached 50 schools by November 15, 2021, surpassing the target of 47 schools. By May 30, 2022, it reached 53 schools. • The number of health facilities connected by rehabilitated/upgraded local road corridors reached 23 by November 15, 2021. By May 30, 2022, it reached 26 health facilities. Note: Both measures are connected to the same local road. **Achieved**	This indicator was supported by Local Roads Improvement Project (P150357, FY16). Target values were revised from 133 for number of schools connected by rehabilitated local roads, and from 57 for number of health facilities connected by rehabilitated local roads.
Indicator 4: Number of Ajutor Social recipients during the emergency period.	According to ISR P173776 - Sequence No : 03, by 24-Sep-2020 the number of	This indicator was supported by Emergency COVID-19 Response

CPF FY18-FY22: Focus Area II: Service Governance – Improving Efficiency, Quality and Inclusive Access to Public Services	Actual Results	IEG Comments
Baseline: 47,659 (FY19) Target: 65,000 (FY20)	Atjutor Social recipients during the emergency period was 71,732. **Achieved**	Project (P173776, FY20); Additional Financing-Emergency COVID-19 Response Project (P175816, FY21).
CPF Objective 6: Improved Climate Services and Adaptation		
Indicator 1: Increased on-farm area benefitting from sustainable land management practices supported by the project. Baseline: 46,736 ha (FY17) Target: 57,000 ha (FY21)	The June 28, 2022 ISR: S of P118518 reports that the on-farm area benefitting from sustainable land management practices supported by the project increased from 46,736 ha in FY17 to 57,500 ha by April 1, 2021. **Achieved**	This indicator was supported by Agriculture Competitiveness Project (P118518, FY12); Agriculture Competitiveness Project-AF (P154238, FY15); Agriculture Competitiveness Project – Second AF (P157765, FY16); and Agriculture Competitiveness Project – Third AF (P171284, FY20). The baseline and target values were amended from 0 ha and 8,650 ha at PLR stage.
Indicator 2: Urban rescue standards and methodology adopted by the General Inspectorate for Emergency Situations. Baseline: No (FY17) Target: Yes (FY21)	According to the Activity Summary report of P165948, the activity successfully developed the standards for technical rescue operations for the International Search and Rescue Advisory Group (INSARAG) team that could be replicated for other rescue teams in Moldova. The country team shared with IEG the standards that were adopted by Orders number 61 and 62 of the Ministry of Interior's General Inspectorate for Emergency Situations on April 10, 2020. **Achieved**	This indicator was supported by Analytical Services and Advisory (ASA) Enhancing Technical Rescue Capacities in Moldova (P165948, FY20).

CPF FY18-FY22: Focus Area III: Human Capital Development – Investing in People to Build Human Capital	Actual Results	IEG Comments
CPF Objective 7: Improved Quality and Relevance of Education		
Indicator 1: At least 10,000 students attending schools meeting minimum quality standards (including, inter alia, with respect to school	According to the September 10, 2021 ISR: S of P127388, a total of 12 schools were rehabilitated meeting infrastructure requirements under the national quality assurance standard by August 30, 2021.	This indicator was supported by Moldova Education Reform Program (MERP, P127388, FY13)

CPF FY18-FY22: Focus Area III: Human Capital Development – Investing in People to Build Human Capital	Actual Results	IEG Comments
organization, teaching and learning, school infrastructure and equipment, curriculum and evaluation, and school governance), also being accessible to people with disabilities. Baseline: 0 (FY17) Target: 10,000 (FY21)	According to the data on the number of students in targeted schools shared with IEG, the number of students attending rehabilitated schools under the project that met minimum quality standard was 10,451 during 2020/21 school year. Additional information: According to March 6, 2022 ISR: S of P127388, 3 additional schools (totaling 15 schools) were rehabilitated by February 10, 2022. According to the data on the number of students shared with IEG, the number of students attending rehabilitated schools under the project that met minimum quality standard was 13,245 during 2020/21 school year. **Achieved**	Target value was amended at PLR stage from 14,000.
Indicator 2: Student-teacher ratio for Grades 1-12 of primary and general secondary education. Baseline: 11.89:1 (FY17) Target: 11.9:1 (FY21)	According to the March 6, 2022 ISR: S of P127388, the student-teacher ratio for grades 1-12 of primary and general secondary education reached 12.4:1 by August 30, 2021, surpassing the target of 11.9:1. **Achieved**	This indicator was supported by Education Reform Project (P127388, FY13); Education Reform Project-AF (P156657, FY18). The baseline and target values were amended from 0.49 and 0.49 at PLR stage.
Indicator 3: Strengthened Ministry of Education Culture and Research (MoECR) capacity to respond to the pandemic and increased system resilience for possible future disasters – number of IT equipment provided for online learning. Baseline: 0 (FY20) Target: 10,000 (FY21)	According to the March 6, 2022 ISR: S of P127388, 10,000 laptops were provided to primary and secondary education students to access remote learning by August 30, 2021, meeting the target. **Achieved**	This indicator was supported by Education Reform Project (P127388, FY13); Education Reform Project-AF (P156657, FY18).

Annex 2: Comments on Lending Portfolio

IEG's review found no differences in lending portfolio data vs. what is presented in the CLR.

Annex 3: Comments on ASA Portfolio

IEG's review found no differences in the ASAS portfolio data vs. what is presented in the CLR.

Annex 4: Comments on Trust Fund Portfolio

IEG's review found the following trust-funded activities that are not included in the CLR:

Project ID	Project name	TF ID	Approval FY	Closing FY	Approved Amount (US$, Million)
P155968	Climate Adaptation Project	TF A2544	2017	2018	350,000
P148537	Modernization of Government Services in the Republic of Moldova	TF A2299	2016	2018	247,000
P154573	Moldova Skills Data Capacity Building	TF A2984	2016	2019	300,000
P154541	Strengthening capacity - EMIS	TF 19354	2016	2018	365,000
P150873	Implement participatory social accountability for better health in Moldova	TF 18162	2015	2020	730,000
P144618	Integration of Children with Disabilities into Mainstream Schools	TF 14855	2014	2018	2,860,000
P127125	MOLDOVA AGRICULTURE COMPETITIVENESS PROJECT (GEF)	TF 12145	2012	2019	4,435,500
P100597	SOIL CONSERVATION FOLLOW UP PROJECT	TF 99493	2011	2019	2,961,410
P109459	Moldova Community Forestry Project	TF 94358	2009	2021	2,612,500
P100597	SOIL CONSERVATION FOLLOW UP PROJECT	TF 56815	2006	2021	4,952,793

Source: Client Connection as of 7/14/22

Note: Trust Fund Projects are RETF

** IEG Validates RETF that are 5M and above

Annex 5: IEG Project Ratings
IEG Project Ratings for Moldova FY18-22

Exit FY	Proj ID	Project name	Total Evaluated ($M) *	IEG Outcome	IEG Risk to DO	IEG Bank Performance
2018	P120913	Strengthen SSN - Results	33.4	MODERATELY SATISFACTORY	#	MODERATELY SATISFACTORY
2018	P149555	Second Development Policy Operation	44.6	MODERATELY UNSATISFACTORY	HIGH	UNSATISFACTORY
2020	P132443	DIST HEAT EFFIC IMPR	40.3	SATISFACTORY	#	SATISFACTORY
2020	P156963	Moldova Economic Governance DPO1	29.2	MODERATELY SATISFACTORY	#	MODERATELY SATISFACTORY
		Total	**147.5**			

Note: IEG Risk to DO rating was dropped in July 2017 following the reform of the simplified ICRs but a narrative evaluation for Risk to Development Outcome was kept.
Source: Business Intelligence (BI) as of 8/23/22

IEG Project Ratings for Moldova and Comparators, FY18-22

Region	Total Evaluated ($M)	Total Evaluated (No)	Outcome % Sat ($)	Outcome % Sat (No)	RDO % Moderate or Lower Sat ($)	RDO % Moderate or Lower Sat (No)
Moldova	147.5	4	69.7	75.0	-	-
ECA	10,708.3	115	81.9	87.0	34.2	28.6
World	95,533.1	924	85.3	81.5	42.5	36.4

*Source: Business Intelligence (BI) as of 8/24/22; *IEG Calculation*

Annex 6: Portfolio Status for Moldova and Comparators, FY18-22

Fiscal year	2018	2019	2020	2021	2022	Avg FY18-22
Moldova						
# Proj	9	11	12	12	14	12
# Proj At Risk	3	1	5	2	1	2
% Proj At Risk	33.0	9.0	42.0	17.0	7.0	21.6
Net Comm Amt	351.5	461.3	588.1	633.1	831.2	573.0
Comm At Risk	125.2	20.0	185.8	65.8	28.1	85.0
% Commit at Risk	35.6	4.3	31.6	10.4	3.4	17.1
ECA						
# Proj	204	215	228	236	240	225
# Proj At Risk	45	42	28	27	27	34
% Proj At Risk	22.0	20.0	12.0	11.0	11.0	15.2
Net Comm Amt	26,524.9	27,132.1	29,783.5	32,248.9	35,905.7	30,319.0
Comm At Risk	4,138.4	4,379.3	2,728.6	3,038.7	3,773.4	3,611.7
% Commit at Risk	15.6	16.1	9.2	9.4	10.5	12.2

World						
# Proj	1,496	1,570	1,723	1,763	1,814	1,673.2
# Proj At Risk	348	346	311	331	348	337
% Proj At Risk	23.0	22.0	18.0	19.0	19.0	20.2
Net Comm Amt	229,955.6	243,812.2	262,930.6	279,167.9	299,685.3	263,110.3
Comm At Risk	48,148.8	51,949.5	47,640.5	42,668.7	49,959.6	48,073.4
% Commit at Risk	20.9	21.3	18.1	15.3	16.7	18.5

Source: Business Intelligence (BI) as of 8/24/22
Note: Only IBRD and IDA Agreement Type are included

Annex 7: Comments on IFC Investments in Moldova
IEG's review found no differences in IFC Investments vs. what is presented in the CLR**.**

Annex 8: Comments on IFC Advisory Services in Moldova
IEG's review found no differences in IFC Investments vs. what is presented in the CLR.

Annex 9: Comments on MIGA Guarantees
IEG's review found no differences in MIGA guarantees vs. what is presented in the CLR.

Annex 10: Economic and Social Indicators for Moldova, FY18-21

Series Name	2018	2019	2020	2021	Montenegro	ECA	World
					Average 2016-2020		
Growth and Inflation							
GDP growth (annual %)	4.3	3.7	-7.4	13.9	3.6	2.8	2.1
GDP per capita growth (annual %)	6.1	5.4	-5.8	16.0	5.4	2.51	1.1
GNI per capita, PPP (current international $)	13,270.0	14,280.0	13,370.0	16,070.0	14,247.5	23,868.0	17,583.1
GNI per capita, Atlas method (current US$)	3,920.0	4,580.0	4,520.0	5,460.0	4,620.0	8,824.1	11,481.1
Inflation, consumer prices (annual %)	3.0	4.8	3.8	5.1	4.2	3.2	2.5
Composition of GDP (%)							
Agriculture, forestry, and fishing, value added (% of GDP)	10.3	10.2	8.7	10.4	9.9	4.9	4.2
Industry (including construction), value added (% of GDP)	22.7	22.5	22.8	20.6	22.2	29.9	27.1
Services, value added (% of GDP)	53.6	54.3	55.5	54.9	54.5	54.4	64.8
Gross fixed capital formation (% of GDP)	24.3	25.2	25.9	24.2	24.9	21.9	25.7
Gross domestic savings (% of GDP)	0.0	0.6	1.4	1.3	0.8	27.2	27.2
External Accounts							
Exports of goods and services (% of GDP)	30.1	30.6	27.1	30.6	29.6	37.1	28.2
Imports of goods and services (% of GDP)	55.7	55.3	49.9	58.0	54.7	34.0	27.5
Current account balance (% of GDP)	-10.58	-9.29	-7.53	-11.62	-9.8		
External debt stocks (% of GNI)	61.97	59.74	68.43	..	63.4		
Total debt service (% of GNI)	5.1	5.0	5.8	..	5.3	8.8	
Total reserves in months of imports	5.2	5.2	7.1	5.5	5.8	10.8	11.2
Fiscal Accounts /1							
General government revenue (% of GDP)	30.1	29.9	31.4	32.0	30.9		
General government total expenditure (% of GDP)	31.0	31.4	36.7	34.6	33.4		
General government net lending/borrowing (% of GDP)	-0.838	-1.437	-5.317	-2.621	-2.6		
General government gross debt (% of GDP)	31.2	28.3	36.7	33.0	32.3		
Health							
Life expectancy at birth, total (years)	71.8	71.9	72.0	..	71.9	73.9	72.7
Immunization, DPT (% of children ages 12-23 months)	93.0	91.0	86.0	..	90.0		85.0
People using at least basic sanitation services (% of population)	..	..	..	..		68.8	52.9
People using at least basic drinking water services (% of population)	89.8	90.2	90.6	..	90.2	96.6	89.7

Mortality rate, infant (per 1,000 live births)	12.9	12.7	12.5	..	12.7	9.3	28.1
Education							
School enrollment, preprimary (% gross)	94.3	93.9	94.2	..	94.1	63.0	60.7
School enrollment, primary (% gross)	103.2	104.8	106.3	..	104.7	98.9	101.9
School enrollment, secondary (% gross)	109.2	109.1	108.5	..	108.9	99.8	76.3
School enrollment, tertiary (% gross)	55.8	56.3	58.0	..	56.7	73.9	39.4
Population							
Population, total	2,708,214	2,664,974	2,620,495	2,573,928	2,641,903	461,113,865	7,721,771,543
Population growth (annual %)	(1.7)	(1.6)	(1.7)	(1.8)	-1.7	0.3	1.0
Urban population (% of total population)	42.6	42.7	42.8	43.0	42.8	66.6	55.9
Rural population (% of total population)	57.4	57.3	57.2	57.0	57.2	33.4	44.1
Poverty							
Poverty headcount ratio at $1.90 a day (2011 PPP) (% of population)	-	-	..	..	0.0		8.7
Poverty headcount ratio at national poverty lines (% of population)	..	25.2	26.8	..	26.0		
Gini index (World Bank estimate)	25.7	26.0	..	..	25.9		

Source: Worldbank DataBank as of 8/24/22

International Monetary Fund, World Economic Outlook Database, April 2022