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INTERNATIONAL DEVELOPMENT ASSOCIATION

RESTRUCTURING PAPER

ON A

PROPOSED PROGRAM RESTRUCTURING  
OF  
MOLDOVA HEALTH TRANSFORMATION PROJECT  
APPROVED ON MAY 22, 2014  
IN THE AMOUNT OF SDR 20 MILLION  
(US \$30.8 MILLION EQUIVALENT)

TO THE

REPUBLIC OF MOLDOVA

DECEMBER 17, 2020

Health, Nutrition & Population Global Practice  
Europe And Central Asia Region

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ABBREVIATIONS AND ACRONYMS

BFP	Bank-facilitated procurement
CNAM	National Health Insurance Company (Compania Națională de Asigurări în Medicină)
COVID-19	Coronavirus disease
CPF	Country Partnership Framework
CVD	Cardiovascular disease
DA	Designated Account
DLI	Disbursement-linked indicator
DLR	Disbursement-linked result
DRG	Diagnosis-related group
ESCP	Environmental and Social Commitment Plan
ESMF	Environmental and Social Management Framework
ESSA	Environment and Social System Assessment
EU	European Union
F&C	Fraud and corruption
FM	Financial management
FTCF	Fast Track COVID-19 Facility
GDP	Gross Domestic Product
GMI	Guaranteed minimum income
GRS	Grievance Redress Service
HEIS	Hands-on Expedited Implementation Support
HTP	Health Transformation Program
IBRD	International Bank for Reconstruction and Development
ICU	Intensive Care Unit
IDA	International Development Association
IFRs	Interim Financial Reports
IHR	International Health Regulations
IMF	International Monetary Fund
INN	International non-proprietary names
IPF	Investment Project Financing
JEE	Joint External Evaluation
MoHLSP	Ministry of Health, Labor and Social Protection
MPA	Multiphase Programmatic Approach
NAPH	National Agency for Public Health
NCDs	Non-communicable diseases
NSIH	National Social Insurance House
OECD	Organization for Economic Cooperation and Development
PAD	Project Appraisal Document
PAP	Program Action Plan
PDO	Project Development Objective
PForR	Program-for-Results
PHC	Primary health care
PIU	Project Implementation Unit



PPE	Personal protective equipment
PPSD	Project Procurement Strategy for Development
P4P	Projects for Policy
RF	Results framework
SDC	Swiss Agency for Development and Cooperation
SDGs	Sustainable Development Goals
SPRP	COVID-19 Strategic Preparedness and Response Program
STEP	Systematic Tracking of Exchanges in Procurement
TA	Technical Assistance
UNFPA	United Nations Population Fund
UNICEF	United Nations Children’s Fund
VRAF	Vaccine readiness assessment tool
WBG	World Bank Group
WHO	World Health Organization



**DATA SHEET (Moldova Health Transformation Project - P144892)**

Project ID P144892	Financing Instrument Program-for-Results Financing	IPF Component No
Approval Date 22-May-2014	Current Closing Date 31-Dec-2020	

**Organizations**

Borrower Ministry of Health, Labour and Social Protection (MoHLSP)	Responsible Agency National Health Insurance Company (CNAM)
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**Program Development Objective(s)**

The Program Development Objective is to contribute to reducing key risks for non-communicable diseases and improving efficiency of health services in Moldova.

**Summary Status of Financing (US\$, Millions)**

Ln/Cr/TF	Approval Date	Signing Date	Effectiveness Date	Closing Date	Net Commitment	Disbursed	Undisbursed
IDA-54690	22-May-2014	11-Jul-2014	08-Apr-2015	31-Dec-2020	28.70	14.24	11.44
IDA-54700	22-May-2014	11-Jul-2014	08-Apr-2015	31-Dec-2020	2.10	1.71	.24

**Policy Waiver(s)**

Does the Program require any waivers of Bank policies applicable to Program-for-Results operations?

No



## I. PROGRAM STATUS AND RATIONALE FOR RESTRUCTURING

### Program Status

1. The Health Transformation Project (HTP) Program-for-Results (PForR) was approved on May 22, 2014, in the amount of SDR 20 million (US\$30.8 million equivalent) and became effective on April 8, 2015. The Project Development Objective (PDO) is to contribute to reducing key risks for non-communicable diseases and improving efficiency of health services in Moldova. To achieve the PDO, the Project employs a mix of result-oriented and investment-oriented activities financed by two credits: (i) SDR 18.6 million (US\$28.7 million equivalent) to address part of health system challenges through the use of disbursement-linked indicators (DLIs) (Program Credit No. 5469-MD); and (ii) SDR 1.4 million (US\$2.1 million equivalent) in investment project financing (IPF) to provide technical assistance (TA) and institutional capacity building activities to support attainment of Program objectives and ensure sustainability (Project Credit No. 5470-MD).
2. A Level II restructuring was approved on October 23, 2018 to: (i) adjust the Program scope to evolving circumstances in the country and health sector; (ii) revise the results framework commensurate with the change in Program scope; (iii) reallocate funds between DLIs and the IPF component; and (iv) extend the closing date of the Project by 21 months to December 31, 2020, the current closing date.
3. As of December 15, 2020, the amounts disbursed under the HTP are as follows: (i) Program, Credit 5469-MD: SDR 10.3 million have been disbursed, representing 55.2 percent of the total credit of SDR 18.6 million; and (ii) IPF component, Credit 5470-MD: SDR 1.2 million have been disbursed, representing 88.0 percent of the total credit of SDR 1.4 million.
4. Although both implementation progress and progress toward achieving the PDO had been rated Moderately Satisfactory since June 2016, the rating for the implementation progress and PDO was recently downgraded to Moderately Unsatisfactory in June 2020 due to delays associated with COVID-19; all other aspects of project implementation are rated Moderately Satisfactory. A state of emergency was declared in March 2020, followed by the introduction of important containment measures aimed at slowing the spread of the virus. For example, educational institutions and many public venues were closed, strict transportation restrictions were introduced, and border crossings were closed. During this time, Government-mandated containment measures limited in-person project implementation support and day-to-day functions were delayed, as several key government officials and the Project Implementation Unit coordinator were infected with COVID-19. In addition, the Project Implementation Unit (PIU) of the Project is also serving as the PIU for the Emergency COVID-19 Response Project. In this context, and in the context of broader health system needs, the MoHLSP took the decision to delay the procurement of e-health modules by nine months while refocusing procurement efforts on critical COVID-19 response materials like personal protective equipment (PPE) and medical equipment, such as mechanical ventilators, under the Emergency COVID-19 Response Project. Lastly, WHO took the decision to postpone the STEP Survey (initially planned for March 2020) by 12 months, which was intended to be a critical data input for DLI 1 and results indicators including PDO Indicators 1 and 2, and the Intermediate Indicator 3.
5. Nevertheless, the Project has made progress towards key indicators and has fully disbursed against 6 out of the 10 DLIs, while the remaining DLIs have been partially achieved. Overall, most of the actions identified in the Program Action Plan (PAP) have been completed. The Project includes an IPF component with procurement activities, for which the Bank procurement procedures apply. Although technical specifications for e-health modules, including e-prescription, e-medical leave certificates, birth and death registrations, diabetes and renal registers, were completed in January 2020, the launching of the procurement process for these modules has been halted as a result of the



pandemic. The procurement process is expected to start on December 23, 2020. To complete the key project activities, implementation time lost due the pandemic needs to be compensated. Once the Project is restructured and project implementation resumes, ratings are expected to be upgraded. Although the COVID-19 pandemic still pose potential implementation risks, the extension of the closing date will provide additional time for achievement of DLIs and implementation of activities under the IPF component including procurement processes for e-health modules. Implementation of the e-health modules will allow uniform and comprehensive patient data to inform health care service providers by integrating records from different systems. It will also improve decision making and better planning and distribution of medicine across the country, improve efficiency by helping to identify improper provision of services or use of medicines and medical supplies, and facilitate better communications with population regarding health risks and preventive measures.

6. The Project is in compliance with financial management (FM) covenants, interim financial reports and audits are up to date, and there have been no issues noted by the auditors. The opinion with modifications has been issued on the Program audits in 2019. The audit qualifications under the Program related to the National Health Insurance Company (CNAM)<sup>1</sup> resulted from two observations: (i) the current diagnosis-related group online system does not clearly distinguish between reported and paid hospital care services; thus, for the auditors it was difficult to accurately assess the amount paid to the hospitals for services provided; and (ii) there are small errors incurred in medical prescriptions for compensated drugs. The audit qualification under the Program related to the Ministry of Health, Labor, and Social Protection (MoHLSP) resulted from misstatements noted in the value of fixed assets and depreciation. Some progress has been made in establishing the functional internal audit function at MoHLSP, which now has qualified staff in place who are benefitting from capacity building technical assistance provided by the Delegation of the European Union (EU) to Moldova. The Program-related expenditures are captured in the individual budgets of the MoHLSP and CNAM, which are part of the consolidated state budget. So far, there have been sufficient budget allocations provided for Program implementation.
7. The Project's rating on safeguards compliance is Moderately Satisfactory. A practical guide for health care waste management was developed by an internal working group in collaboration with representatives from the World Health Organization (WHO) (PAP, action 9). The guide was discussed and approved by the Scientific Council of the National Agency for Public Health (NAPH) on January 15, 2019. In addition, close cooperation among the key institutions dealing with health care waste management continues to be functional (PAP, action 10). The Environment and Social System Assessment (ESSA) prepared for the Project was slightly revised to adequately address the health care waste management risks within the Program boundary and includes appropriate recommendations to improve health care waste management in Moldova. The ESSA was re-disclosed at the time of the first restructuring (March 2018). Since there are no changes proposed on safeguards application, the ESSA guidelines and suggested action plan are applicable to this restructuring.

### **Rationale for Restructuring**

8. In light of the changing overall health context as a result of COVID-19, the Project, as originally planned, requires some modifications, including to a number of disbursement-linked results (DLRs). First, WHO's 12 months postponement of the STEPS survey due to the COVID-19 pandemic means that there will not be a timely, quality source of data to verify the decline in smoking prevalence (DLR 1.2, SDR 1.9 million). Similarly, the high demand for hospital beds associated with the COVID-19 pandemic is refocusing the country's discussions regarding the role of hospitals and the previously planned national strategy for hospital consolidation, including the planned consolidation of three hospitals into one (DLRs 9.2 and 9.3, SRD 678,000 each). In this context, this restructuring

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<sup>1</sup> Compania Națională de Asigurări în Medicină



proposes to reallocate resources from DLRs that are no longer relevant or achievable and to rechannel these funds to support the country's response to the COVID-19 pandemic.

9. An outbreak of COVID-19 caused by the 2019 novel coronavirus, SARS-CoV-2, has been spreading rapidly across the world since December 2019, following the diagnosis of the initial cases in Wuhan, Hubei Province, China. Since the beginning of March 2020, the number of cases outside China has increased rapidly and the number of affected countries continues to grow. On March 11, 2020, the WHO declared a global pandemic. Current pandemic trends indicate that some population sub-groups are at higher risk of increased COVID-19 related morbidity and mortality, including older adults, and people who have serious chronic medical conditions like heart disease, diabetes, and lung disease. Underlying chronic disease risk factors such as smoking and high blood pressure also are associated with worse outcomes. The first case of coronavirus in Moldova was reported on March 8, 2020. As of December 16, 2020, Moldova has 130,329 confirmed cases and 2,650 deaths from COVID-19.
10. Even nine months after first reported case, Moldova is still struggling to control the outbreak and local transmission of the virus. Potential drivers of the continued spread are insufficient testing, poor discipline of the general population, lack of enforcement, limited political will to tighten restrictions, and poor contact tracing, all of which are influenced by a weak communication strategy. As shown in the recent World Bank publication by Curtis et al.,<sup>2</sup> recent research, analysis of existing initiatives, and examples from projects across the world show that behavior change is critical to tackling COVID-19 and goes beyond providing information. To achieve this, behavior change communications need to cause a re-evaluation of the behavior so that individuals are motivated to act. Though challenging amidst a pandemic, roll out of behavior change communication can hugely impact program effectiveness. While the Government has initiated efforts to ramp up communications through use of TV and other communication channels, revision and strengthening of the communication strategy is critical in face of the continuous rise in the number of cases.
11. Building on the need for improved communications with the population, improvements in communication between information systems is also more critical than ever. As part of the broader public sector e-governance reform, the MoHLSP is working to improve the Primary Health Care Information System and the Hospital Medical Assistance Information System and to ensure the interconnectivity of these systems with one another and other public information systems. In the context of COVID-19, harnessing the power of health and other information systems has significant power to impact the country's ability to respond in times of crisis. Countries around the world have accelerated innovation and development of e-health solutions to manage their COVID-19 response to provide necessary services, push critical alerts and information, and engage with citizens to answer questions and understand their concerns. While the technical specifications for additional functionalities of the Primary Health Care Information System and the Hospital Medical Assistance Information System and requirements for their interoperability with other information systems was completed in January 2020, time and efforts were diverted in the subsequent months to respond to COVID-19. As a result, procurements to support the roll out of other digital e-health modules has been stalled.
12. In light of several global and regional initiatives related to COVID-19 vaccines, preparation for deployment of vaccines is also critical. Moldova is eligible to procure vaccines under the donor-subsidized COVAX Advance Market Commitment mechanism, and the Government of Moldova is committed to procure an adequate number of vaccines to cover its population. However, purchasing vaccines is just one step in a multi-dimensional effort that

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<sup>2</sup> <http://documents1.worldbank.org/curated/en/477521592407646414/pdf/How-to-Set-Up-Government-Leg-National-Hygiene-Communication-Campaigns-to-Combat-COVID-19-A-Strategic-Blueprint.pdf>



involves detailed planning and implementation of a vaccine deployment program. This includes a variety of issues, such as effective microplanning, safe and appropriate transportation, storage, training, ancillary materials, registration, and a suitable information management system. The Vaccine Readiness Assessment Framework (VRAF) aims to help countries assess their readiness to deliver COVID-19 vaccines when they become available by helping countries identify their COVID-19 vaccination needs and gaps. The World Bank is in a unique position to support Moldova in its readiness for COVID-19 vaccines given its expertise and history of supporting health systems' strengthening and the ongoing projects in the country. The VRAF contains the core activities and indicators taken from the currently developed COVAX readiness and delivery tools and guides, which provide a good working assessment of Moldova's readiness to deploy the COVID-19 vaccine. When completed, it will provide a checklist of all administrative and organizational actions as well as a list of material and human resource needs, all with associated price tags, to get to a high level of readiness for vaccine delivery.

13. In this context, this restructuring will reallocate SDR3.3 million to a new DLI to support: (i) behavior change communication related to COVID-19 response; and (ii) preparedness for COVID-19 vaccine deployment. In addition, activities related to improving the e-health system functionality and interoperability with other systems will be undertaken to support the country's COVID-19 response. In view of the ongoing COVID-19 pandemic, and to enhance the effectiveness of the Government's response, some changes are proposed to the Program, necessitating this restructuring, which will include: (i) extension of the closing date by 12 months, (ii) revision of DLIs to reallocate undisbursed funds to a new DLI, and (iii) revision of PDO and the results framework. In addition, the restructuring will also ensure that the Project DLIs and results framework remain appropriate for measuring the scope of impact towards achieving the PDOs.
14. These proposed changes to the Project are complementary to the Bank's ongoing COVID-19 response in Moldova, which quickly redirected close to US\$85 million (about 14 percent of current portfolio).<sup>3</sup> Specifically, the proposed activities complement the US\$57.9 million Emergency COVID-19 Response IPF (P173776),<sup>4</sup> the \$3.48 million Emergency COVID-19 Response AF to this project (P174761),<sup>5</sup> and the forthcoming second AF (P175816), which will focus on vaccine deployment.

## II. DESCRIPTION OF PROPOSED CHANGES

15. Change in Program's Development Objectives: The PDO has been revised to read: "The Program Development Objective is to contribute to reducing key risks for non-communicable *and infectious* diseases, *including COVID-19*, and improving efficiency of health services in Moldova." The change is to enable the operation to support communicable disease activities, specifically related to COVID-19.
16. Change in Program Scope: The PforR is based on the Government's program and the scope continues to include recurrent and operating costs, goods, works, incentives for health providers and reimbursement for the drug

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<sup>3</sup> The Bank response included two project restructurings (Moldova Health Transformation Project (P144892) and Moldova Education Reform Project (P127388)); a new COVID-19 Emergency operation (Moldova Emergency COVID-19 Response Project (173776)); and an Additional Financing (AF) (Moldova Pandemic Emergency Financing for COVID-19 (P174761), which is in the negotiations stage.

<sup>4</sup> This project is financed under the Bank's COVID-19 Strategic Preparedness and Response Program from the Bank's Fast Track COVID-19 Facility, with the objectives of preventing, detecting and responding to the threat posed by COVID-19, strengthening the public health system, and providing social assistance to the most vulnerable.

<sup>5</sup> The AF is financed by the Pandemic Emergency Financing Facility insurance window and will complement Moldova's response to the pandemic, mostly by increased testing capacity and procurement and distribution of personal protective equipment.



benefit package. However, in light of the COVID-19 pandemic, the Program scope has been expanded to include critical Government priorities required for effective response to the pandemic, namely: (i) behavior change communication related to COVID-19 response; and (ii) preparedness for COVID-19 vaccine deployment. Informing population about the health risks posed by COVID-19, as well as measures they can take to protect themselves, is key to mitigating spread and reducing the likelihood that people will become infected. The provision of accurate, timely and frequent information via reliable channels, enables populations to make decisions and adopt positive behaviors to protect themselves from COVID-19.

17. Reallocation between and/or Change in DLI: A new DLI (DLI 11) is proposed: “Incorporate lessons learned in population-based behavior change communication campaigns and vaccine readiness assessment.” DLI 11 has three DLRs, outlined below.
  - DLR 11.1: Implementation of a survey to assess people’s knowledge, behaviors and attitudes related to slowing the transmission of COVID-19 (SDR 1,099,000);
  - DLR 11.2: Implementation of a COVID-19 Vaccine Readiness Assessment (SDR 1,099,000); and
  - DLR 11.3: Revision of the National Communication Strategy for COVID-19, based upon the results of the survey and Vaccine Readiness Assessment, and implementation of six (6) activities of the revised National Communication Strategy for COVID-19 (SDR 1,099,000).
18. The MoHLSP and NAPH will conduct the survey to identify: (i) perceptions of risks, knowledge, self-efficacy, trust in institutions, and sources of COVID-19 related information; (ii) awareness of, and compliance with, the recommended specific behaviors; and (iii) patterns—such as changes in risk perceptions. The data will be collected in a questionnaire by the CIVIS Center through computer-assisted telephone interviews twice a month, for two months. It will be analyzed by the WHO Regional Office for Europe and shared directly with MoHLSP, NAPH, and the World Bank. Based on the survey results, the MoHLSP will update the COVID-19 communication strategy. In addition, when completed, the result of the vaccine readiness assessment will assist to provide a checklist of all administrative and organizational actions, as well as a list of material and human resource needs, to be fully prepared for vaccine delivery.
19. The following changes will be made to the PAP:
  - Action 9: “The MoHLSP will revise the technical guidelines and sanitary regulation for health care waste management to address the potential impact of COVID-19.”
  - Action 10: “The MoHLSP will set up an efficient mechanism for close cooperation among the key institutions that have attributions in health care waste management, including, but not limited to, the Ministry of Environment, Academy of Science, and the United Nations Development Programme. The cooperation will include plans for dealing with the medical waste generated by COVID-19.”
20. The Program procurement arrangements will remain unchanged. Although the majority of Program costs are recurrent and operating costs, the Program may finance procurement of goods, works, consulting and non-consulting services. Since the Project includes an IPF component, most procurement activities are included under that component, for which Bank procurement procedures apply. Following approval of the restructuring, the procurement plan will be updated in line with the revised project scope and submitted to the Bank for review and no objection.
21. Change in Results Framework: The Results Framework will be revised to reflect the change in scope of the Project. Specifically, the PDO and intermediate results indicators will be revised to ensure alignment with the modifications of the DLIs and to reflect contextual changes since the operation was approved in 2014.



Table 1: Summary of changes in the Results Framework

Indicator Type	Current Indicator	Change	Comments
PDO Indicator 1	Smoking prevalence among adults	Revised	The data source is revised since the STEPS survey was postponed due to the COVID-19 pandemic. As a result of the change in the data source, the baseline and target values are revised too.
PDO Indicator 2	Adults (age 45-59) with hypertension whose blood pressure is under control because of antihypertensive medications	Dropped	The PDO indicator 2 is dropped since the STEPS survey was postponed due to the COVID-19 pandemic.
PDO Indicator 2	Increase in the number of people with CVDs benefitting from compensated medications for treatment of CVDs	New	This is a new indicator to replace the dropped PDO indicator 2.
PDO Indicator 6	Revise the national communication strategy for COVID-19 (based on the results of the survey and the Vaccines Readiness Assessment) and implement six activities of the revised strategy	New	This is a new indicator to measure reducing key risks for infectious diseases, including COVID-19 via communication activities.
Intermediate Results Indicator 3	Rate of registered patients with hypertension on antihypertensive treatment with value of arterial tension of <140/90 mm Hg	Dropped	This indicator has been dropped due to the delay in the STEPS survey implementation.

22. **Change in Credit Closing Date:** An extension of the closing date of the Program Credit No. 5469-MD and the Project Credit No. 5470-MD by 12 months, from December 31, 2020 to December 31, 2021 is necessary to ensure enough time to implement the COVID-19 related activities and the achievement of the remaining DLIs (including, verification and validation of DLIs). The extension of the closing date will also ensure delivery of the Government’s e-health reform agenda and support the COVID-19 response. If approved, this will be the second extension of the closing date. The extension of the closing date will also provide increased implementation time for activities under the IPF component including procurement processes for e-health modules, including e-prescription, e-medical leave certificates, birth and death registrations, diabetes and renal registers. Successful procurement and implementation of these e-health modules and requires an additional 12-month of implementation.
23. Undisbursed amounts under DLRs 1.2, 9.2, and 9.3 will be reallocated to finance the new DLRs under DLI 11.
- DLR 1.2: The STEPS<sup>6</sup> survey, which was the verification measure of this DLI, has been postponed by one year due to COVID-19. Its implementation requires training by international experts and physical measurement of

<sup>6</sup> The WHO STEPwise approach to Surveillance



the people surveyed. As a result, this DLR will be cancelled and remaining funds (SDR 1.9 million) will be reallocated to DLI 11.

- DLRs 9.2 and 9.3: In light of COVID-19 and the resulting high demand for hospital beds, the role of hospitals is being reconsidered and the previously planned national strategy and master plan for hospital consolidation and rationalization should be reconsidered once the pandemic is under control (or over). These DLRs will be cancelled and remaining funds (SDR 678,000 each) will be reallocated to DLI 11.

24. In addition, two DLIs will be revised, as follows:

- DLI 2 will be modified to use the absolute number of patients benefitting from compensated medications, rather than the share of cardiovascular disease (CVD) patients. The revised DLI definition reads: *“Increase in the number of people with CVDs benefitting from compensated medications for treatment of CVDs.”* CNAM has implemented several policies to improve access to compensated drugs for treatment of CVDs. The number of international non-proprietary names (INN) included in the benefit package increased from 19 in 2017 to 25 in 2018. Better coverage was also introduced, with at least one drug having been fully reimbursed per INN since February 2019. The number of beneficiaries increased from 414,744 in 2017 to 456,173 in 2019, which is higher than the estimation made during the last supervision mission. However, the number of people with CVDs has been increasing at a similar pace. Using CNAM estimates for the prevalence of CVDs for 2019, the increase is estimated at 3.2%. A few factors beyond the control of CNAM explain the changes in the prevalence of CVDs. First, there are factors that, though positive, perversely affect the indicator by increasing its denominator. For instance, the introduction of the package of essential non-communicable disease interventions protocols in 2019 have supported higher rates of detection, and incentives under the pay-for-performance scheme have motivated PHC providers to increase the identification and registration of patients with CVDs. Also, due to migration, some patients registered with CVDs (and, hence, counted in the denominator) do not use health services in Moldova; instead, they receive services in the country where they are currently working. Therefore, the indicator is modified to include the absolute number of patients benefitting from compensated medications, rather than the share of CVD patients.
- DLI 7 will be modified to reflect changes to the pilot of the performance-based incentive scheme. The revised DLI reads: *“Design and piloting of the performance-based incentive scheme for all hospitals.”* While the advance payment (2015) was accounted for upon achievement of DLI 7.1, the piloting of the scheme faced delays and has not yet been launched. The critical bottleneck has been the lack of an IT solution for large dataset processing, simulation and adjustment; therefore, the procurement plan (IPF component) includes development of IT application. In addition, CNAM is in the process of revising hospital performance indicators and plans to develop an index to stimulate and incentivize hospitals to provide higher quality of care. Given the limited number of quality-of-care indicators included in the initial scheme, this is a welcome advancement. Furthermore, CNAM increased the scope to include hospitals at all levels of care (not just large multi-profile hospitals), increasing the size and scope of piloting scheme to include at least seven hospitals (instead of initially planned three). The piloting phase will generate necessary data for future adjustment of the indicators and roll-out of the scheme to every acute care hospital. To this end, DLR 7.4 will be cancelled and remaining funds (SDR 323,500) will be reallocated to DLRs 7.2 and 7.3; DLRs 7.2 and 7.3 will be revised:
  - DLR 7.2: revision of the pay-for-performance scheme, (SDR 485,250); and
  - DLR 7.3: piloting of the revised methodology in at least 7 hospitals, (SDR 485,250).

25. Change in Disbursement Estimates: Disbursement estimates have been revised to reflect the extension of the Project closing date.



26. Change in Implementation Schedule: The implementation schedule has been revised to reflect the extension of the Project closing date.

### III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Program's Development Objectives	✓	
Change in Program Scope	✓	
Change in Results Framework	✓	
Change in Loan Closing Date(s)	✓	
Reallocation between and/or Change in DLI	✓	
Change in Disbursement Estimates	✓	
Change in Implementation Schedule	✓	
Change in Implementing Agency		✓
Change in Cancellations Proposed		✓
Change in Disbursements Arrangements		✓
Change in Systematic Operations Risk-Rating Tool (SORT)		✓
Change in Safeguard Policies Triggered		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Technical Method		✓
Change in Fiduciary		✓
Change in Environmental and Social Aspects		✓
Other Change(s)		✓

**IV. DETAILED CHANGE(S)****PROGRAM DEVELOPMENT OBJECTIVE****Current PDO:**

The Program Development Objective is to contribute to reducing key risks for non-communicable diseases and improving efficiency of health services in Moldova.

**Proposed New PDO:**

The Program Development Objective is to contribute to reducing key risks for non-communicable and infectious diseases, including COVID-19, and improving efficiency of health services in Moldova.

**LOAN CLOSING DATE(S)**

Ln/Cr/TF	Status	Original Closing Date	Revised Closing(s) Date	Proposed Closing Date	Proposed Deadline for Withdrawal Applications
IDA-54690	Effective	30-Mar-2019	31-Dec-2020	31-Dec-2021	29-Apr-2022
IDA-54700	Effective	30-Mar-2019	31-Dec-2020	31-Dec-2021	29-Apr-2022

**DISBURSEMENT ESTIMATES**

Year	Current	Proposed
2014	0.00	0.00
2015	1,721,412.00	0.00
2016	2,735,840.80	0.00
2017	4,640,143.20	0.00
2018	8,479,116.80	0.00
2019	11,296,269.60	0.00
2020	1,927,217.60	455,600.00
2021	0.00	9,800,000.00



**ANNEX 1: RESULTS FRAMEWORK**

**Results framework**

**Program Development Objectives(s)**

The Program Development Objective is to contribute to reducing key risks for non-communicable diseases and improving efficiency of health services in Moldova.

**Program Development Objective Indicators by Objectives/ Outcomes**

Indicator Name	DLI	Baseline	End Target
<b>Reducing key risks for non-communicable and infectious diseases (Action: This Objective has been Revised)</b>			
PDO Indicator 1: Smoking prevalence among adults (Percentage)		16.10	14.10
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>The data source is revised since the STEPS survey was postponed due to the COVID-19 pandemic. The baseline and end target values are revised to reflect the new data source.</i>		
Smoking prevalence among adults, Male (Percentage)		33.00	29.00



Indicator Name	DLI	Baseline	End Target
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>The data source is revised since the STEPS survey was postponed due to the COVID-19 pandemic. The baseline and end target values are revised to reflect the new data source.</i>		
Smoking prevalence among adults, Female (Percentage)		3.40	2.90
<b>Action: This indicator has been Revised</b>	<b>Rationale:</b> <i>The data source is revised since the STEPS survey was postponed due to the COVID-19 pandemic. The baseline and end target values are revised to reflect the new data source.</i>		
PDO Indicator 2: Adults (age 45-59) with hypertension whose blood pressure is under control because of antihypertensive medications (Percentage)		5.10	10.00
<b>Action: This indicator has been Marked for Deletion</b>	<b>Rationale:</b> <i>The PDO indicator is deleted since the STEPS survey was postponed due to the COVID-19 pandemic.</i>		
Adults with hypertension whose blood pressure is under control, Female (Percentage)		7.00	11.30
<b>Action: This indicator has been Marked for Deletion</b>			
Adults with hypertension whose blood pressure is under control, Male (Percentage)		2.90	7.10



Indicator Name	DLI	Baseline	End Target
<b>Action: This indicator has been Marked for Deletion</b>			
PDO Indicator 2: Increase in the number of people with CVDs benefitting from compensated medications for treatment of CVDs (Number)		414,744.00	456,218.00
<b>Action: This indicator is New</b>			
PDO Indicator 6: Revise the national communication strategy for COVID-19 (based on the results of the survey and the Vaccines Readiness Assessment) and implement six activities of the revised strategy (Number)		0.00	6.00
<b>Action: This indicator is New</b>	<b>Rationale:</b> <i>This is a new indicator to measure reducing key risks for infectious diseases, including COVID-19 via communication activities.</i>		
<b>Improving efficiency of health services</b>			
PDO Indicator 3: Annual acute care hospital discharges per 100 persons (Number)		17.60	15.60
PDO Indicator 4: Acute care hospital beds (Number)		17,586.00	15,000.00
PDO Indicator 5: Average length of stay in acute care hospitals (Days)		8.00	7.20



### Intermediate Results Indicators by Result Areas

Indicator Name	DLI	Baseline	End Target
<b>Intermediate Results Area 1: Reducing NCD risks</b>			
Intermediate Results Indicator 1: Approval of the new tobacco control legislation (Yes/No)		No	Yes
Intermediate Results Indicator 2: Revision of the outpatient drug benefit package with regard to antihypertensive drugs (Yes/No)		No	Yes
<b>Action: This indicator has been Revised</b>	<b>Rationale: A typo in the indicator name is fixed.</b>		
Intermediate Results Indicator 3: Rate of registered patients with hypertension on antihypertensive treatment with value of arterial tension of <140/90 mm Hg (Percentage)		32.40	39.00
<b>Action: This indicator has been Marked for Deletion</b>	<b>Rationale: The Intermediate Results Indicator 3 is deleted since the STEPS survey was postponed due to the COVID-19 pandemic.</b>		
Adults with hypertension receiving treatment, Male (Percentage)		15.90	23.00
<b>Action: This indicator has been Marked for Deletion</b>			
Adults with hypertension receiving treatment, Female (Percentage)		32.50	37.60
<b>Action: This indicator has been Marked for Deletion</b>			
<b>Intermediate Results Area 2: Improved efficiency of health services</b>			



Indicator Name	DLI	Baseline	End Target
Intermediate Results Indicator 4: Approval of the revised national health strategy which includes hospital rationalization measures (Yes/No)		No	Yes
Intermediate Results Indicator 5: Annual hospitalizations through referrals by family medicine providers (Percentage)		36.00	44.00
Intermediate Results Indicator 6: Consolidation of departmental hospitals under the MoHLSP authority (Yes/No)		No	Yes
Intermediate Results Indicator 7: Percentage of citizen satisfied with quality of health services (Percentage)		62.60	70.00

#### Disbursement Linked Indicators Matrix

DLI 1	Smoking prevalence among (age between 18 and 69); a) men; b) women			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Percentage	3,941,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	25.40			
2016			0.00	
2017	24.40		2,000,000.00	
2018			0.00	



2019	23.40	1,941,000.00
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**Action: This DLI has been Revised. See below.**

<b>DLI 1</b>	<i>All imported and locally produced cigarettes in the market are in line with the tobacco labelling regulation</i>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Output	No	Text	455,634.00	0.00
<b>Period</b>	<b>Value</b>	<b>Allocated Amount (USD)</b>		<b>Formula</b>
Baseline	N/A.			
2016		0.00		
2017		0.00		
2018		0.00		
2019	<i>Starting in 2018, all imported and locally produced cigarettes in the market are in line with the tobacco labelling regulation</i>	455,634.00		

**Rationale:**

*DLR 1.2 will be canceled, and the amount allocated to DLR 1.2 (SDR 1.9 million) will be reallocated to a new DLI to support the Government's efforts against the COVID-19 pandemic.*

*DLR 1.1 (Starting in 2018, all imported and locally produced cigarettes in the market are in line with the tobacco labeling regulation) is still valid and in progress. Therefore, the DLI 1 is renamed accordingly.*



<b>DLI 2</b>				
Increase in the percentage of people with CVDs benefitting from compensated medications for treatment of CVDs				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	No	Percentage	3,217,500.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	48.50			
2016			0.00	
2017	7.10		1,600,000.00	
2018			0.00	
2019	58.50		1,617,500.00	

*Action: This DLI has been Revised. See below.*

<b>DLI 2</b>				
Increase in the number of people with CVDs benefitting from compensated medications for treatment of CVDs				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Number	4,100,704.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	414,744.00			
2016			0.00	
2017			0.00	



2018		0.00	
2019	456,218.00	4,100,704.00	

**Rationale:**

*The DLI is modified to include the absolute number of patients benefiting from compensated medications, rather than the share of CVD patients. Since the amounts allocated to each DLI can only be reported in USD, the amounts in SDR are converted to USD.*

<b>DLI 3</b>	Annual acute care hospital discharges per 100 persons			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Outcome	No	Number	3,000,000.00	91.33
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	17.60			
2016	17.00		900,000.00	
2017	16.50		750,000.00	
2018	16.00		750,000.00	
2019	15.60		600,000.00	

<b>DLI 4</b>	Acute care hospital beds			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Output	No	Number	4,700,000.00	91.49
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>



Baseline	17,586.00			
2016	17,000.00		1,100,000.00	
2017	16,500.00		900,000.00	
2018	16,000.00		900,000.00	
2019	15,000.00		1,800,000.00	
<b>DLI 5</b>	<b>Adoption of a revised outpatient drug benefit package for anti-hypertensive drugs</b>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
Process	No	Yes/No	2,000,000.00	91.50
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
Baseline	No			
2016	Yes		2,000,000.00	
2017	Yes		0.00	
2018	Yes		0.00	
2019	Yes		0.00	



<b>DLI 6</b>				
Revision and implementation of performance-based incentive scheme in primary care				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	2,000,000.00	23.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	Revision of the performance-based incentive scheme			
2016	Revision of incentive scheme for family medicine: Yes		500,000.00	
2017	Performance based incentive agreements signed with all primary care centers contracted by CNAM in Year 2: YES		500,000.00	
2018	Performance based incentive agreements signed with all primary care centers contracted by CNAM in Year 3: YES		500,000.00	
2019	Performancebased incentive agreements signed with all primary care centers contracted by CNAM in Year 4: Yes		500,000.00	
<b>DLI 7</b>				
Design, piloting, adoption and implementation of a performance-based incentive scheme for hospitals				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	2,000,000.00	22.83
Period	Value		Allocated Amount (USD)	Formula
Baseline	No incentive scheme for hospitals			
2016	Design of incentive scheme for hospitals		500,000.00	



2017	Pilot of the scheme in at least 3 multiple- profile hospitals	500,000.00	
2018	Evaluation of the pilot and revision of the scheme design	500,000.00	
2019	Performance based contracts signed with all multiple-profile hospitals	500,000.00	

**Action: This DLI has been Revised. See below.**

<b>DLI 7</b>				
<i>Design and piloting of the Performance-Based Incentive Scheme for all hospitals</i>				
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
<i>Process</i>	<i>No</i>	<i>Text</i>	<i>1,866,900.00</i>	<i>24.45</i>
<b>Period</b>	<b>Value</b>		<b>Allocated Amount (USD)</b>	<b>Formula</b>
<i>Baseline</i>	<i>No incentive scheme for hospitals</i>			
<i>2016</i>	<i>Design of incentive scheme for hospitals</i>		<i>500,000.00</i>	
<i>2017</i>	<i>Revision of the pay-for-performance scheme</i>		<i>683,450.00</i>	
<i>2018</i>	<i>Piloting of the revised methodology in at least 7 hospitals</i>		<i>683,450.00</i>	
<i>2019</i>			<i>0.00</i>	



<b>DLI 8</b>				
Implementation and update of DRG prices for public acute care hospitals				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	2,000,000.00	68.16
Period	Value		Allocated Amount (USD)	Formula
Baseline	DRG accounting for less than 40 percent of total payment by CNAM to public hospitals			
2016	DRG accounting for at least 40% of total payment by CNAM to public hospitals		500,000.00	
2017	DRG accounting for at least 50% of total payment by CNAM to public hospitals		500,000.00	
2018	DRG accounting for at least 60% of total payment by CNAM to public hospitals		500,000.00	
2019	DRG updated using country data		500,000.00	
<b>DLI 9</b>				
Consolidation of departmental hospitals under the MoHLSP authority				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Percentage	4,000,000.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
2016	10.00		800,000.00	
2017	20.00		800,000.00	



2018	30.00	800,000.00
2019	50.00	1,600,000.00

**Action: This DLI has been Revised. See below.**

<b>DLI 9</b>	<i>Consolidation of departmental hospitals under the MoHLSP authority</i>			
<b>Type of DLI</b>	<b>Scalability</b>	<b>Unit of Measure</b>	<b>Total Allocated Amount (USD)</b>	<b>As % of Total Financing Amount</b>
<i>Process</i>	<i>No</i>	<i>Text</i>	<i>728,873.00</i>	<i>0.00</i>
<b>Period</b>	<b>Value</b>	<b>Allocated Amount (USD)</b>		<b>Formula</b>
<i>Baseline</i>	<i>N/A</i>			
<i>2016</i>		<i>0.00</i>		
<i>2017</i>		<i>0.00</i>		
<i>2018</i>		<i>0.00</i>		
<i>2019</i>	<i>Three public hospitals in Chisinau are under common management</i>	<i>728,873.00</i>		

**Rationale:**

**DLRs 9.2 and 9.3 are canceled to reallocate their funding to the new DLI to support the Government's efforts against the COVID-19 pandemic.**



<b>DLI 10</b>				
Adoption of the revised National Health System Development Strategy which includes hospital rationalization measures				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Process	No	Text	1,000,000.00	95.68
Period	Value		Allocated Amount (USD)	Formula
Baseline	Strategy has not been revised and approved			
2016	Revised strategy approved		1,000,000.00	
2017			0.00	
2018			0.00	
2019			0.00	
<b>DLI 11</b>				
Incorporate lessons learned in population-based behavior change communication campaigns and vaccine readiness assessment				
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	No	Text	4,643,661.00	0.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	N/A.			
2016			0.00	
2017	The Borrower has implemented a survey to assess people's knowledge, behaviors and attitudes related to slowing the transmission of COVID-19		1,547,887.00	



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2018	The Borrower has implemented a COVID-19 Vaccine Readiness Assessment.	1,547,887.00	
2019	The Borrower has revised the National Communication strategy for COVID-19, based upon the results of the survey and vaccine readiness assessment, and has implemented 6 activities of the revised strategy.	1,547,887.00	
<b>Action: This DLI is New</b>	<b>Rationale:</b> <b>The undisbursed amounts allocated to DLRs 1.2, 9.2, and 9.3 will be allocated to DLI 11 to provide additional support for dealing with the COVID-19 pandemic in Moldova</b>		

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ANNEX 2: PROGRAM ACTION PLAN

Action Description	Source	DLI#	Responsibility	Timing		Completion Measurement
1. Provision of sufficient Program annual budget	Fiduciary Systems		Client	Recurrent	Yearly	At the time of monitoring, there was no information on the lack of budget allocated to PforR-related activities.
2. Annual tobacco excise duty increase as per the roadmap in the tobacco control legislation	Technical		Client	Recurrent	Yearly	The GoM adopts 3-year (rolling) fiscal policy framework based on which tobacco excise taxes are being defined. In 2018 the 3% ad valorem tax was added to the non-filter cigarettes, however a greater tax unification is needed.
3. Filling the vacancies in the MOH Policy Analysis and Monitoring Unit	Technical		Client	Other	2016	Completed early during project implementation (2016) and maintained since then.
4. Completion of stakeholder analysis related to key health reforms supported by the Program	Technical		Client	Other	2016	Completed early during project implementation (2016).
5. Annual public awareness and communication campaigns on health reforms on the basis of the completed stakeholder analysis under Action 4	Technical		Client	Due Date	31-Dec-2020	For 2019, the Mass Media Information and Communication Service has proposed to include several actions related to the communication campaigns. Above mentioned Service is going to develop the Communication Strategy of the MoHLSP for 2021-2023.
6. Adoption of sanction mechanisms against hospitals with confirmed informal payment cases	Technical		Client	Recurrent	Continuous	There is a regulatory framework in place that allows non-payment by CNAM of inpatient case treated by hospital if there is a proof of out-of-pocket payments for drugs or medical services. The number of such cases decreasing.
7. Implementation of	Technical		Client	Recurrent	Yearly	CNAM is conducting verification of DRG coding by means of IT



annual audit of Diagnosis Related Group (DRG) payment for hospitals						application which helps cross-check and identify suspicious cases, after which more detailed verification takes place. The DRG audit report is submitted to the Bank by April each year.
8. Training conducted by hospital management consultants for all managers of hospitals under common management structures on reengineered business processes and workflows	Technical		Client	Due Date	31-Dec-2020	Firm responsible for the assignment is revising the content of the report in light with MoHLSP's comments.
9. Development of technical guidelines and sanitary regulation for Healthcare Waste Management (HCWM)	Environmental and Social Systems		Client	Due Date	31-Dec-2020	This action was reformulated as part of restructuring completed in November, 2018.
10. Setting up of an efficient mechanism for close cooperation among key institutions that have attributions in HCWM, including, but not limited to, the Ministry of Environment, Academy of Science, UNDP	Environmental and Social Systems		Client	Due Date	31-Dec-2020	This action was reformulated as noted below.



### **ANNEX 3: COUNTRY PROGRAM ADJUSTMENT TO COVID-19**

**The World Bank Group’s engagement in Moldova is guided by the Country Partnership Framework (CPF, July 2017) for the period FY18–FY21.** The CPF is built on three focus areas: (a) *Strengthening the rule of law and accountability in economic institutions*; (b) *Improving inclusive access to and the efficiency and quality of public services*; and (c) *Enhancing the quality and relevance of education and training for job-relevant skills* – with *Climate Change* mainstreamed across the entire program. The ongoing Performance and Learning Review validates these focus areas, shapes the program for the remaining part of the CPF – originally unprogrammed to provide flexibility for the evolving country context – and proposes adjustments considering the changing operational environment, priorities and COVID-19.

#### **Impact of the COVID-19 pandemic on the country and Government response**

The first COVID-19 case in Moldova was confirmed on March 8, 2020. By November 23, 2020 about 97,971 cases had been confirmed, with 2,149 fatalities. Moldova entered the COVID-19 crisis with relatively strong fiscal, financial and external buffers. Yet, strict restrictions to mobility, commercial and public activities aimed at containing the pandemic, as well as the severe drought, have had significant adverse impacts on economic activity. In the first half of the year, with the pandemic unfolding in Moldova’s main economic partners, remittances declined by 4.6 percent, while exports of goods plunged by 14 percent, y/y. As a result, the Moldovan economy is in recession. GDP is projected to contract by 5.2 percent in 2020 (compared to a pre-crisis growth projection of 3.6 percent). The 2020 fiscal deficit is expected to reach around 4 percent of GDP (compared to historical averages of 1 percent) mainly due to a decline in revenues and increase in goods and services and social spending. Public and publicly guaranteed debt is expected to increase from 27.4 percent of GDP in 2019 to 33.2 percent in 2020 and further widen in 2021. Poverty (11.8 percent in 2019) is expected to increase by one percentage point in 2020, bringing it back to 2018 level.

Following declaration of a state of emergency in mid-March 2020, authorities adopted a package of emergency measures to shield businesses and households, focused on expanding unemployment benefits and social assistance, granting tax relief and delaying tax payments, providing guarantees for mortgage programs and possibility to deduct Covid-19 testing for tax purposes, and increasing health and social spending. While Moldova entered the COVID-19 crisis with relatively strong fiscal, financial, and external buffers, financing needs are mounting, particularly over the medium term. Moldova



did not apply for the Debt Service Suspension Initiative with potential savings of around US\$59.7 million (0.5 percent of GDP) in 2021. Following disbursement of US\$236 million (2 percent of GDP) of the Rapid Financing Instrument, the IMF reached a staff-level agreement for a new US\$550 million program, with Board approval targeted for December 2021 subject to sufficient progress with reforms, including in the financial sector. This will fill most of Moldova's remaining financing needs for 2020, but authorities will seek complementary budget financing in 2021, including from the Bank. The EU has disbursed EUR30 million in macro-financing assistance and is providing a EUR100 million in emergency budget support. With a low level of debt distress the country does not fall under the guidance of preparing Performance and Policy Actions. Moldova graduated from IDA at the end of FY20 but got access to a limited IDA Crisis Response Window financing for FY21 only.

In the medium term, growth in Moldova is expected to stabilize below the potential of 3.8 percent. Beyond 2020, high uncertainty regarding the duration of the pandemic and its economic and social ramifications could further constrain firms, workers and households, hampering recovery. If downside risks materialize, reduced fiscal space may limit the capacity for further countercyclical measures.

### **WBG support for responding to the crisis**

While the preparation of the next CPF is delayed by the COVID-19 crisis, discussions with the authorities point to an indicative lending program for FY21-22 of approximately US\$150-200 million. The program seeks to support economic recovery based on structural reforms, enhanced provision of, and access to, public services, improved business environment and private sector growth. The crisis has made these priorities more urgent and brought forward the human development agenda, including via emergency support and investment choices, and intensified attention to governance and digitization. The new CPF – which will likely highlight these priorities – will be prepared as soon as conditions permit.

WBG is supporting Moldova's COVID-19 emergency response and post-crisis recovery and resilience through: (i) new lending projects; (ii) repurposing of the existing portfolio; and (iii) advisory services and analytics (ASAs). In the initial response to the economic crisis arising from the pandemic, WBG redirected close to US\$85 million (about 14% percent of current portfolio) through two project restructurings, one Additional Financing (AF) and a new COVID-19 Emergency operation.

Adjustment to the program are being made in close collaboration with the Government and other development partners, and in line with the three focus areas of the CPF and the WBG Approach Paper "*Saving Lives, Scaling-up Impact and Getting Back on Track*", with a focus on human capital and resilience:

- *To save lives* and as immediate relief the Bank delivered a US\$57.9 million *Emergency COVID-19 Response IPF* (P173776), financed under the Bank's *COVID-19 Strategic Preparedness and Response Program* from the Bank's *Fast Track COVID-19 Facility*, with the objectives of preventing, detecting and responding to the threat posed by COVID-19, strengthening the public health system, and providing social assistance to the most vulnerable. The *Pandemic Emergency Financing Facility* insurance window also made available an allocation of US\$3.48 million as a grant (P174761) for Moldova to complement this response to the pandemic, mostly by increased testing capacity and procurement and distribution of personal protective equipment. Further, another AF is foreseen for COVID-19 vaccine deployment (P175816). Under the *Health Transformation PforR* (P144892) a restructuring is in process to reallocate SDR3.3 million to include critical Government priorities, namely: (i) behavior change communication related to COVID-19 response; and (ii) preparedness for COVID-19 vaccine deployment. In addition, the *Health Transformation PforR* has a small IPF component that includes funding for improving the e-health system functionality and interoperability with other systems to support the country's COVID-19 response. Ongoing Swiss-funded TA (P171130) on health system financing, governance and service delivery may be refocused to build health sector resilience. An assessment of health sector information systems will be supported through UK's Good Governance Fund to enhance the efficiency of digital solutions in health, which are ever more important and urgent in the context of the pandemic.



- *To protect the poor and vulnerable*, US\$24 million under the *Emergency COVID-19 Response IPF* (P173776) supported a substantial expansion of support during the emergency period through cash transfers to the most vulnerable and permanent increase of benefit for families with children reaching 54,002 of beneficiaries. The ongoing *Moldova Education Reform Project* (P127388) has repurposed US\$3.5 million to address immediate needs for equipment with a focus on enabling digital access, remote learning and teaching for students and teachers. Under its Macro Monitoring TA, the Bank has developed a COVID Impact Note with policy options to mitigate COVID impacts and ensure post-crisis recovery. Some ASAs are also repurposed around the welfare impacts of COVID-19, e.g., work on migration and COVID-19 impacts, as well as development of a COVID-19 module for Household Budget Survey in partnership with the National Bureau of Statistics part of the programmatic poverty work, or addressing of COVID-19 impacts under the ongoing ASA on Access to Justice for Victims of Domestic Violence.
- *To save livelihoods, preserve jobs, and ensure more sustainable business growth and job creation*, the Bank has repurposed US\$15 million under the *Tax Administration Reform Project* (P127734) for implementing critical tax relief measures that will support business operations, sustain employment levels, and continue to improve taxpayer services by supporting the government's two conditional subsidy programs: payroll and VAT grants. The Bank is discussing with authorities an AF for COVID-19 response and recovery in FY21 through additional support to SME sector recovery under the *Competitiveness Enhancement II Project* (P144103). The *Modernization of Government Services Project* (P148537) will fast track reengineering of critical public services with focus on social services, as the share of people accessing e-services has grown and will present an even bigger priority in the wake of the pandemic. In addition, under its programmatic macro work, the Bank has conducted follow-up Enterprise Surveys to assess the impact of COVID-19 on firms. The Bank is also supporting analytical and macro-forecasting capacity building to assess the impact on the economy as a whole and on job losses in particular.
- *To strengthen policies, institutions and investments for resilient, inclusive, and sustainable growth*, the Bank is focusing on building resilient service provision in the energy sector under the *2<sup>nd</sup> District Heating Efficiency Improvement Project* (P172668). The recently approved *3<sup>rd</sup> AF for Agriculture Competitiveness* (US\$15 million) supports post-COVID economic recovery and enhances resilience to food-borne disease outbreaks in the future. The pipeline *Water Security and Sanitation Project* (P173076) will improve access to critical services in small towns outside the capital city and will advance the WASH agenda. Financing is also discussed to further develop *disaster risk management and crisis preparedness capacity* (P175199). As mentioned above, an assessment of health sector information systems will enhance the efficiency of digital solutions in health, further contributing to sector resilience. A possible DPO to support revenue mobilization, service delivery and institutional reforms could be considered when and if conditions allow.

### **Selectivity, Complementarity, Partnerships**

Current plans for portfolio restructuring and new lending have been discussed with the Government and shared with other development partners through ongoing dialogue and consultations. This collaboration prioritizes macro-fiscal stability, with focus on possible budget support, effective health and social response to the COVID-19 pandemic, and building the foundation for a dynamic, sustainable and inclusive post-crisis recovery.