MINISTRY OF ECONOMY OF THE REPUBLIC OF MOLDOVA

IMPLEMENTATION COMPLETION REPORT

WORLD BANK Competitiveness Enhancement Project II (P144103)

Developed by the Ministry of Economy and Project Implementation Unit

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ABBREVIATIONS AND ACRONYMS

BDS	Business Development Services
BIP	Business Improvement Project
BSPs	Business Service Providers
CEP II	Second Competitiveness Enhancement Project
CLD	Credit Line Directorate
CODB	Cost of Doing Business
CGF	Credit Guarantee Fund
DLI	Disbursement Linked Indicator
EEP	Eligible Expenditure Program
FA	Financing Agreement
FM	Financial Management
GoM	Government of the Republic of Moldova
GD	Governmental Decree
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Financing Corporation
ISO	International Organization for Standardization
IT	Information Technology
LoC	Line of Credit
M&E	Monitoring and Evaluation
MDL	Moldovan Leu
MGF	Matching Grant Facility
MIEPO	Moldovan Investment and Export Promotion Agency
MIA	Moldovan Investment Agency
MoE	Ministry of Economy
MoF	Ministry of Finance
NPL	Nonperforming Loan
ODIMM	Organization for the Development of Small and Medium Enterprises
OMEAP	Office for Managing External Assistance Programs (former CLD)
OM	Operations Manual
OSS	One Stop Shop
PDO	Project Development Objective
PDI	Project Development Indicators
PFI	Participating Financial Intermediary
PIU	Project Implementation Unit
POM	Project Operations Manual
RBF	Results-Based Financing
RIA	Regulatory Impact Assessment
SC	State Chancellery
SME	Small and Medium Enterprise
TA	Technical Assistance
US$	United States Dollar
WB	World Bank

EXECUTIVE SUMMARY

The Government of the Republic of Moldova (GoM) is pursuing a policy agenda to support export-led economic growth. To achieve this goal, the Moldova 2020 national development strategy, approved in 2012, focused on improving the business enabling environment and promoting better access to finance for enterprises, as two of its top priorities.

The Second Competitiveness Enhancement Project (CEP II or "the Project") was closely aligned with GoM's policy priorities as identified in the Moldova 2020 strategy, the Roadmap for Increasing Competitiveness, the Business Roadmap, the Regulatory Reform Strategy 2013-2020 and SME Development Strategy 2012-2015. These strategies highlighted the priorities of improving the business enabling environment, enterprise competitiveness, and access to finance.

Objectives. The CEP II supported the Government of Moldova's efforts to promote economic growth and job creation. In a context of low investment levels, limited productivity and poor export competitiveness, the Project aimed at enhancing Moldova's private sector activity and investment. The Project development objective was to "increase the export competitiveness of Moldovan enterprises and decrease the regulatory burden they face."[1] The PDO was achieved through a set of measures that aim to: (i) improve the business environment through regulatory reforms that reduce the cost of doing business; (ii) help SMEs and exporters to get access to business development services; and (iii) improve access to medium and long term finance for export-oriented enterprises.
All planned Project Development Objectives have been met or exceeded. In addition, Government reforms and Project-supported activities generated 2,079 jobs, more than US$225 million in new exports, an estimated US$15 million in savings for the private sector.

Timeline. The Project was approved by the World Bank Board of Directors in May 2014 and ratified by the Parliament in July 2014[2]. The Project became effective on October 2, 2014, with completion date set initially for January 30, 2020 and extended until December 31, 2021.

Components. The Project included four components, focusing on (i) support to implementation of the regulatory reform to ensure a transparent, predictable, and low-cost business enabling environment for private sector operations; (ii) the development of Small and Medium Enterprise sector through strengthening the institutional capacity of ODIMM and MIEPO[3] and managing a Matching Grant Facility (MGF) to SMEs to implement business improvement projects focused on export competitiveness ; (iii) the facilitation of access to finance through implementing a Line of credit to provide medium to long term financing for working capital and investment purposes to export-oriented enterprises and (iv) Project management and operational support.
A short description and results of each component is summarized below:

- **(i) Regulatory reform**. The component was designed to bring about significant reform in efficiency of government processes and facilitate a business-enabling environment. The activities undertaken under this component aimed to reduce the cost of doing business faced by SMEs, by improving the efficiency of government processes used to regulate of private sector activity, and thereby reducing the cost to businesses of interactions with public agencies. As key activities under this component were (i) building institutional capacity for regulation, and implementing Regulatory Impact Assessment (RIA) in the legislative process of Moldova, (ii) establishing and implementing a system that strengthens accountability and incentives for public authorities that regulate business activities, (iii) streamlining the processes for obtaining permissive documents for Moldovan exporters through implementation of One-Stop Shop electronic platform, as well as legal reforms to reduce overlaps and duplicates (iv) support provided to Competition Council in tackling anti-competitive market conduct and proactively advocating for fair competition in the economy through reviewing the laws and regulations to exclude barriers to competition and in implementing its competition policy through better tools and processes and (vii) support to State Chancellery in upgrading the functionalities of the State Inspection e-Registry and making its use mandatory, as the only way of performing business inspections. All activities under this component were focused on the implementation of

[1] World Bank, *Project Appraisal Document*, June 12, 2014.
[2] Law No.165 and Law No. 166 of July 21,2014 published in the Official Monitor on August 15, 2014.
[4]According to the Government decision No.322/2018 MIEPO has been reorganized and renamed in Investment Agency.

the Regulatory Reform Strategy and its Action Plan 2013-2020, approved by the GoM in 2013; and the Roadmap for Increasing Competitiveness, approved by the government in 2014 and ensure sustainability of their outcomes. Main responsible agency for this component was the Ministry of Economy in collaboration with State Chancellery, Public Service Agency, E-Government Agency, Competition Council.

(ii) Small and Medium Enterprise Development. The objective of the SME Development component was to strengthen Moldovan SMEs' linkages to markets and ability to compete in those markets. The objective was achieved through two closely related aspects: (a) enhancing the institutional capacity of ODIMM and MIEPO[4], so that they can play a more effective role in facilitating SMEs' export growth and (b) providing matching grants to SMEs to implement business improvement projects focused on export competitiveness. As for ODIMM, the goal was to transform the organization *from a start-up-oriented agency, into SME support agency, including export readiness*. In 2015, ODIMM was an agency focusing primarily on start-ups and micro entrepreneurs and has steadily changed the loop, focusing on SMEs, exports and value chains, focusing on green economy, and to smaller extent on startups. New programs on SME competitiveness and export readiness, internationalization, green transition, as well as the Credit Guarantee Fund, are some of the initiatives and programs developed during last years and supported by the Project along with establishing the dedicated internationalization department at ODIMM. The Investment Agency (IA) has built up its export promotion role and is creating an impact on the ground due to focus group and capacity building activities, national-level export promotion in key sectors and provision of export information for more exporters and potential exporters and export missions to selected target markets.

Matching Grants Facility (MGF). Through the MGF, the project helped 272 Moldovan SMEs to get access to business development services (BDS) and equipment. Service providers supported SMEs to, inter alia: (i) improve existing products and services; (ii) create new products and services; (iii) improve production processes; (iv) improve business management; (v) improve business image; (vi) find new customers and markets; and (vii) create and strengthen partnerships within the value chain. MGF with a budget of US$ 2,7 million was fully committed, while by Project completion date a rate of 91% of proceeds or USD 2,5 million have been offered to recipients. A total of US$41 million in new export sales have been realized by MGF recipients so far. This is a significant result of the program.

(iii) Access to finance. This component contributed to improving access to medium and long-term finance for export-oriented enterprises, reducing barriers to finance due to perceived high credit risk in SME finance and high collateral requirements, and promoting suitable models for value chain financing, particularly in the agriculture sector. To achieve the above objective, a Line of credit has been implemented to provide medium to long term financing for working capital and investment purposes, to export-oriented enterprises and technical assistance to revamp the existing credit guarantee scheme. The resources of the CEP II Credit Line in the amount of US $29,4 million have been fully assimilated by the end of November 2020 being approved and financed 157 projects disbursed to 131 private export-oriented companies. About 68% of the total amount was allocated for investment projects cumulated with related working capital and 71,2% of the approved loans were provided to direct exporters and around 75 percent are medium and long-term loans (more than 36 months). According to PFI reports, the bulk of the sub-loans (more than 95%) were provided to agricultural and agri-processing enterprises. In six years of Credit Line implementation period (2015-2020), final borrowers have reported cumulative export revenues totaling US$184 million and 818 new jobs created. The Office for Managing External Assistance Programs (former Credit Line Directorate) is managing the reflow fund and applies the same eligibility criteria for new applications from PFIs.

(iv) Project Management. The project was implemented by the PIU under the MoE with the support of the CLD[5] under the MoF. The Project Management component covered the PIU's cost of managing Component 1 and Component 2 of the project, as well as activities that overlap with Component 3 (e.g. accountant, procurement specialist, environmental specialist, etc.) The key activities under the project management component were related to procurement, financial management, audits and other activities related to overall project management, monitoring and coordination.

[4] According to the Government decision No.322/2018 MIEPO has been reorganized and renamed in Investment Agency.
[5] According to the Government decision No.338/2020 the Credit Line Directorate has been reorganized and renamed in Office for Managing the External Assistance Programs.

Budget. The Project was financed from a IDA credit in the amount of US$15 million[6] for the Regulatory Reform and SME Development components and a IBRD loan in the amount of US$30 million[7] for the Access to Finance component. The major part of the Project budget (65%) was allocated to the Credit Line under the Access to Finance component. More than 35% of the SME Development component was implemented through the Matching Grant Facility. The breakdown of the Project costs by components is illustrated in the Table 1 below.

Table I. Project Costs by Component

Component	Approved amount[8] (US$)	Adjusted amount[7] (US$)	Actual implemented (US$)
#1 – Regulatory reform, *incl.*	**6,240,000**	**5,900,000**	**5,809,132**
Result Based Financing	*1,500,000*	*1,366,480*	*1,254,915*
#2 – SME development, *incl.*	**8,040,000**	**6,910,000**	**6,620,944**
Result Based Financing	*1,500,000*	*1,369,517*	*1,369,517*
Matching Grant Facility	*3,000,000*	*2,715,000*	*2,458,348*
#3 – Access to Finance	**30,000,000**	**30,000,000**	**29,704,238**
#4 - Project Management	**720,000**	**780,000**	**769,376**
TOTAL	**45,000,000**	**43,590,000**	**42,903,690**

Source: Project Implementation Unit

The overall implementation rate of CEP II funds is 98,4% of the adjusted and available budget. Approximately 1,6% of these resources have not been used by the Project closing date, mainly due to the savings under the MGF (91% disbursement) and RBF elements (96% disbursement).
The final audit of the financial statements of the CEP II is in progress and will be submitted to the World Bank by the end of April.

Results-Based Financing (RBF): The project benefited from an innovative RBF intervention (direct budgetary support) in the amount of US$2,7 million to set and publicly report results, encourage accountability and improve performance under the Regulatory reform and SME development components. The disbursement rate of RBF at the project completion date is 96%. RBF has been set aside for compliance with 4 Disbursement Linked Indicators (DLI) that reflect the government's own objectives and are deemed highly relevant to the success of regulatory reform. Only one sub-indicator related to amendments to the competition law was not met under CEP II. Due to the prolonged process of consultations and Government changes, the amendments have not been adopted in due time before Project completion. However, the Government is committed to this reform, and amendments to the Competition Law are considered as a prior action for the new Development Policy Operation currently prepared by the World Bank, thus showing renewed interest and commitment for the reform.

[6] Due to fluctuation of the SDR/USD exchange rate, the IDA financing to the project was reduced by US$1,4 million or 9,3% from the IDA initially approved amount or 3,4% of the total initially approved amount for the Project.
[7] At the request of the Government and according to the notifications of the World Bank of March 7, 2019 and of March 20, 2019, the resources of the IBRD 8400-MD loan were converted into Euro.
[8] The costs are indicated taking into account the SDR/USD exchange rate at the effectiveness date.

PROJECT MAIN RESULTS BY COMPONENTS

REGULATORY REFORM

This component included institution building activities for the relevant departments of the State Chancellery, Ministry of Economy, the Regulatory Reform Secretariat and other entities involved in the regulatory reform implementation, management, monitoring, and impact assessment. It was offered support on technical assistance with review of the regulations and drafting relevant legal documents and amendments. It was built support and understanding among stakeholders in both - the business and government sectors, the project financed public consultation activities and capacity building of civil servants in the field of RIA.

Regulatory Impact Assessment. The project assisted the Government in development of the revised RIA methodology and created one single impact assessment methodology under SC as proposed by the WB by abolishing different methodologies, ex. ex-ante, RIA, policy impact assessment, etc.

The project also supported the Government with the transfer in 2017 of RIA secretariat and its functions from the State commission for entrepreneurial activity (under the MoE) to the State Chancellery.

According to the indicators reported by the State Chancellery (SC), the RIA compliance rate (percentage of all regulations that impact businesses that have been assessed using RIA) was at 82% as of December 2021 vs. the Project end target of 75%.

The above figures suggest that RIA system have been improved continuously, the compliance rate for all regulations increasing form just 37% in 2016 up to 82% in 2021. The improvement was possible mainly due to better enforcement related to regulations initiated in the government, which are more numerous and reached a compliance rate of 97%, compared to 85% in 2018 when the calculation of it began. It is worth mentioning that RIA is not being done at all for the legal initiatives proposed by the Parliament. In 2018, out of 122 published regulations with implications for businesses, 14 were initiated by parliamentarians without any RIA. In 2019 – 7 acts, and in 2020 – 11 acts were initiated by the Parliament without RIA. Other institutions and the Government, even though promoting some acts without RIA, are used to RIA, and their compliance has been improving.

The Project supported SC with building capacity for Impact Assessment through (i) review of the existing RIA set-up and development of a new concept of RIA system, to include legal framework, institutional set-up and process regarding all regulatory bodies (ex. Parliament, Government, etc.) to better fit country needs, based on best practices globally; (ii) review of the normative framework from the point of view of unifying the main documents in the law-making process and strengthening the impact analysis process; (iii) drafting of amendments to the laws and secondary legislation, as needed, based on the concept of IA system and results of review of normative framework, (iv) development of RIA manual; (v) development of RIA Guidelines, to serve as practical support to help understand and use RIA in the decision-making process; (vi) designing and conducting in-depth RIA training course and training of 103 civil servants from central public authorities, consultants from parliamentary committees, representatives of business associations; (vii) conducting short RIA courses for high-level officials and training 46 participants from Government and Parliament; (viii) delivering the train-of-trainer course to 17 trainers from the Academy of Public Administration, RIA secretariat and other selected institutions; (ix) development of a new improved web-based electronic platform to serve as a communication/consultation and informative tool for business society and public authorities, etc. Finally, the Project provided recommendations, inter alia, to further align RIA methodology with international best practices.

One stop shop for issuing permissive documents. The project target the elimination of overlaps and duplications in the requirements for the permissive documents[9], focusing on the documents whose issuance and requirements are most cumbersome for businesses and that affect enterprises in export-oriented value chains. Thus, after a legislative inventory performed with the support of the Investment Climate Reform Project financed by International Finance Corporation (member of the WB) which assisted the Government in conducting a large-scale reform of the permissive documents, the Government amended the legislation decreasing the number of permits from 416 to 150.

Moreover, this activity was aimed at streamlining the processes for obtaining permissive documents, with a focus on those that present problems for Moldovan exporters. Through implementation of one-stop shops, electronic issuance,

[9] The definition of permissive document includes: licenses, certificates, clearances, approvals, coordination, patents, certificates of qualification issued by public authorities or the institutions legally authorized with regulatory and control functions.

and legal reforms to reduce overlaps and duplicates, exporters stand to significantly benefit with increased efficiency, less delays, quicker financial turn-around, and possibly higher revenues. Based on the baseline 2013 Cost of Doing Business survey[10], about 71 percent of the companies in Moldova in 2013 were obliged to hold authorizations to carry out their business activities. Taking into account that exporters usually face more documentation than non-exporters, a reduction in authorizations' processing will yield broad-ranging benefit for SMEs, and in particular for exporting SMEs. Moreover, in 2013, a manager spent on average 6 hours to gather all documents necessary to apply for obtaining a permit, and it took 15 days to obtain it, while the cost of obtaining an authorization was about US$215.

The component has achieved the reduction of both direct and indirect costs of obtaining permissive documents. Direct cost for obtaining a permissive document has decreased from US$215 in 2013 to US$92 per permit in 2020, resulting in savings of approximately US$123 (57% cost reduction) per a single permit. The indirect costs for businesses, meaning the time needed to obtain an authorization from authorities, were reduced by 40% on average, from 15 days in 2013 to 6 days in 2020. Both dimensions indicate, significant improvements for businesses, particularly exporters.

The project continuously provided support in this area of business environment by helping the Government introducing the electronic one-stop shop platform, which increases transparency, reduce cost and time required for the businesses to obtain permits and licenses and save more than USD 2,0 million annually.

Since the inception of the digital OSS in 2018, 25 out of 31 agencies are integrated on the platform, more than 110,000 requests for permit issuance have been submitted through the OSS. 131 permissive documents are in the system, out of which 78 are fully digital. Uptake by businesses is growing as the number of applications is steadily increasing. Out of all submitted applications, 51 percent were submitted online, with notable uptake in online applications since the pandemic started. Online application and processing, reduction in waiting time, costs of collection of documents, are all contributing to a notable reduction in regulatory burdens faced by enterprises. Based on system reports, on average, it takes 7 days to process an application and issue a permit, as compared to 15 days before.

The OSS system is integrated with Government e-services through M-Connect platform, linked to the Government's e-Payment system and commercial banks have mobile applications connected to MPay to enable a fully contactless process for the private sector. Maintenance budget and ownership are properly budgeted and housed in the e-Governance Agency, ensuring long-term sustainability. In addition, over and above what was planned, the Project completed a pilot in the Municipality of Chisinau on improving process and document flows for permits processes on a local level, linking all relevant utilities and decision-makers in one system. This system is then linked with OSS, thus helping to relieve businesses of further burden.

However, some agencies (ex. NBM, NCFM, NCPPD) are still not processing all the cases using the OSS. When the application is submitted in paper form, some agencies might not process a permit using the OSS. The SC and MoE introduced a critical legal requirement in Law no.160 that every permit must have a unique number generated by the OSS, with a QR[11] code which will reference the electronic version of the permit, thus forcing agencies to use the platform.

Competition advocacy and implementation capacity building. To enhance incentives for firms to become more productive in the domestic market and therefore boost their export competitiveness, a framework to ensure competition between firms is critical. The Competition Council has the responsibility of tackling anti-competitive market conduct and proactively advocating for fair competition in the economy. The project supported the Competition Council to: (i) work with the MoE and other public authorities, in its advocacy role, to amend laws and regulations that create barriers to competition and (ii) identify barriers to competition in sectors or markets that have an impact on competitiveness.

The current Competition Law was not substantially reviewed from the time of adoption in July 2012. Thus, after nine years of application of the Law, it was necessary to amend it taking into account international and national judicial practice, including inter alia, the Directive (EU) 2019/1 of the European Parliament and of the Council of December 11, 2018, the aspects that refer to the information of a confidential nature and the assurance of the consumers' rights to benefit from the compensation of the damages in the cases of finding the acts of unfair competition, the new

[10] World Bank, Ministry of Economy, Report on the Cost of Doing Business, May 2013.
[11] Proposed modifications to the Law 160 became effective as of February 2021

administrative code which includes the new administrative contentious proceedings, that refers to the notification of the decisions, the connection and the disjunction of the cases, and the existing shortcomings in the Competition Law, including, but not limited, to new challenges in relation to e-commerce and digital markets.
In order to address these challenges, Competition Council through a team of international experts representing competition councils from Belgium, Romania and Lithuania, has recently completed the work on the revision and amendments of the Competition Law, which is the key piece of legislation related to competition in Moldova.
Due to the prolonged process of consultations and Government changes, this regulation was not adopted in due time before Project completion. However, the Government is committed to this reform, and amendments to the Competition Law are considered as a prior action for the new Development Policy Operation prepared by the World Bank, thus showing renewed interest and commitment for the reform.

The project also supported the upgrade of state aid software and processes to increase transparency, effectiveness, and enhancement of Competition Council capacities for their work. The new software, SIRASM, is fully functioning since January 2021.

Competition Council improved its capacity in implementing competition regulations in the country through twelve training seminars conducted in rayons' centers and Chisinau on the competition and state aid topics. More than 400 Competition Council and other agencies staff have been trained during the period 2017-2019.

Consultants helping MoE. Consultants hired provided valuable support in different fields of ministry' responsibilities. Main fields of intervention are related to business environment, including permissive documents, trade notification, export promotion, infrastructure, etc. An important input from consultants' side was development and implementation of the informational resource in the field of trade notification, designing necessary processes within OSS and proposals for modifications to secondary normative framework. Following this reform, trade notification is processed through the OSS platform on line, more than 22 thousand of such requests from firms to initiate commercial activities has been registered on the platform since the process was configured in the system.
It is worth mentioning about a set of proposals to amend the law on entrepreneurial patent, provisions of the Fiscal Code on independent activity and related normative acts to ensure registering these activities online and reducing requirements and burden on firms by imposing interoperability between the authorities.
Consultants also assisted the ministry in (i) re-evaluating the draft amendment to Law on peasant households in order to identify the solution to allow agriculture (horticulture) and the registration of peasant households on plots near the house as well as attracting diaspora investments in the country and creating SMEs in agriculture, (ii) revision of draft amendment to the Road Transport Code in order to ensure the reduction of the human factor in the management of transport permissive documents (authorizations), (iii) examining projects of impact on the business environment such as the Land Code, the Railway Transport Code, the Urban Planning and Construction Code, the Customs Code as well as numerous draft normative acts.

Inspections reform. Investment Climate Reform Project financed by International Finance Corporation (member of the WB) assisted the Government in conducting a large-scale reform of the inspection system, which includes improvement of legislation, institutional optimization, and transition to risk-based principles. Following the 2016 institutional reform, the total number of inspection bodies was reduced from 58 to 13 inspectorates and 5 independent regulators. The legal amendments operated in the Law on State Inspection of Entrepreneurial Activity No. 131/2012 (hereinafter – the Law No. 131/2012) introduced precise rules concerning business inspections, requirements for risk-based methodologies and several international best practice tools used in business inspection.
To ensure the sustainability of this reform CEP II project was designed to result in positive gains for the government agencies through a system of performance monitoring (introduction of performance monitoring indicators, which allows government agencies tasked with reform to prove their progress). Indicators to monitor performance of government agencies with regulatory function in inspections, permissive documents and regulatory making have been introduced and used to monitor progress. The GoM through the Decree 355/2020 approved the methodology for the evaluation of performance monitoring indicators for each inspection body individually.
Three separate mechanisms exist and cover key public authorities with business regulatory functions under SC - RIA, permissive documents through digital OSS and inspections. Inspections started to plan and operate based on these performance indicators for the first time in 2021 since the regulation was adopted in 2020, while two others have been in use for some time.
The project supported SC in maintaining the State Inspection Register, linking all inspection agencies in one system, and SC is constantly upgrading it and linking with respective GoM services.

All the above-mentioned interventions had a positive impact on the business environment which was confirmed by the outcomes of annual „Cost of Doing Business” surveys carried out during the project lifetime. Thus, the time that senior managers of Moldovan enterprises spend dealing with regulatory requirements reduced from 10.7% in 2013 to 6.2% in 2020 – a 42% reduction. This is significant reduction in time and considerable cost savings for businesses, beyond original project objectives.
Table II below summarizes the results framework under this component of the project, indicating the baseline, end of project target and final result.

Table II. Results indicators framework, Regulatory reform component

Indicator	Baseline	End of project target	End of project progress
Reduction in management time spent meeting regulatory requirements (%)	10,7	8,5	6,2
Percentage of laws and sub-laws affecting businesses that are assessed by the RIA Secretariat and discussed at Working Group of the State Commission on Regulation before approval by Parliament	35	75	82

Source: RIA Secretariat, Results of the CODB survey

SME SECTOR DEVELOPMENT

The reforms envisioned under this component aimed to address the market failures of information asymmetry on business development services (BDS) and strengthening the role of government agencies responsible for the development of the SME and business development services sector, by developing the capacity of these institutions, enabling them to effectively connect SMEs with BDS providers that are best positioned to respond to SME needs, while addressing the lack of access to finance to cover the costs of these services. Thus, the potential benefit from this component was not limited to the SMEs that would benefit from interactions with ODIMM and Investment agency, but also extends to a whole sector of BDS providers. In addition, some business support infrastructure (BSI), such as market information for exports, efforts to reduce barriers to competitiveness of sub-sectors, etc., was expected to have positive spillovers and benefits.

The project contributed to strengthening the capacity of ODIMM and Investment Agency to facilitate business sophistication and integration into global supply chains for SMEs and exporters.

The project helped ODIMM and Investment Agency to understand where and how their assistance can be most effective by understanding growth dynamics by type and subsector of SMEs and exporters. Based on assessments of these dynamics, the project helped ODIMM and Investment Agency to develop and implement strategies for effective assistance to SMEs and exporters.

ODIMM started to focus on supporting export-oriented SMEs. New programs on SME competitiveness and export readiness, internationalization, clustering, green transition, as well as the Credit Guarantee Fund, are some of the initiatives and programs developed during this strategy cycle, as planned. The effectiveness and efficiency of ODIMM, as perceived by the beneficiaries, have increased since the Project started, being part of the results framework and monitoring indicators set by the WB. During the project lifecycle, CEP has hired professional consulting services and conducted annual surveys to measure the progress of outreach and program effectiveness of ODIMM. It is worth mentioning that under both indicators the trend was positive, intermediary, and final results indicators have been met. According to the last survey conducted in 2020, the outreach of ODIMM increased compared to 2015 (baseline) by 36%, while the effectiveness increased by 25% in 2019. This progress reflects the evidence that institutional strengthening of ODIMM as well as technical assistance provided under CEPII yielded results, that have been verified by the final beneficiaries through annual surveys.

One of the main objectives of the WB support offered to ODIMM was transforming the organization *from a start-up-oriented agency, into SME support agency, including export readiness*. In 2015, ODIMM was an agency focusing primarily on start-ups and micro entrepreneurs. By 2020, ODIMM has steadily changed the loop, focusing on SMEs, exports and value chains, green economy and to smaller extent on startups. It took five years to see this ODIMM transformation to a role that will help boost economic development of the country.

In line with this objective and given the support of the Project, ODIMM proposed for the Government to fund a pilot program to support SME competitiveness and export readiness. The Project helped ODIMM to assess the SME needs and prepare the program outline through a series of focus groups with exporters to identify and analyze the main difficulties faced by export-oriented SMEs in the export process in Moldova and to identify market entry opportunities and thus to provide inputs to the new export readiness program. ODIMM 3-year internationalization program was approved by the GoM in 2020 with a total budget allocation of US$ 3.5 million. This work could result in at least 100 SMEs enhancing their competitiveness, and up to 40 new local exporters, thus creating jobs and contributing to the economic prosperity of the country. This program is a result of several years of CEP II technical assistance to ODIMM.

Further, through the project the WB supported/promoted *creation of the Business Growth and Internationalization department* within ODIMM, whose mission is to support potential exporters and SMEs interested in developing relationships in the export value chain. In order to strengthen the capacity of the newly created department, CEP II offered international expertise which provided advice and practical support to department staff in (i) development and implementation of a screening tool / determination of the level of readiness for export of SMEs; (ii) consultancy and coaching in the application of the tool for SMEs and implementation of differentiated training programs for different groups of companies depending on the degree of readiness for export; (iii) development of basic information package (such as a 7-step export guide for SMEs) to support ODIMM in providing information, etc.

The Project helped in *developing the monitoring and evaluation system* for ODIMM programs, including support for the creation of a functional M&E and Internal Audit department within the organization. In particular, (i) the situation analysis was carried out and the concept for the development of M&E and Internal Audit functions within ODIMM was developed, with proposals to modify the organizational chart and with a detailed description of the responsibilities of M&E and Internal Audit staff, data flow and data management, (ii) the performance indicators for each ODIMM program were reviewed, as well as the tools for measuring progress in achieving the indicators, (iii) detailed manuals for M&E and Internal Audit were developed, and (iv) training was provided for ODIMM staff workplace to support the implementation of the M&E and Internal Audit framework within the organization.
This support was provided by an international consultant, who carried out its activities in accordance with the approved requirements. The reports prepared and presented by the consultant were positively endorsed by the World Bank, the recommendations being accepted by ODIMM.

The WB supported ODIMM to set up a *Credit Guarantee Fund (CGF)*, which facilitates SMEs' access to loans through the provision of financial guarantees. Under the Project, in 2015 the World Bank assisted CGF in conducting a study visit for knowledge transfer to CGF operated in Romania, as well as developing new Regulations and the Operations Manual, with its rules and products streamlined to be more attractive for PFIs and produce a greater impact on SME lending. Since then, the CGF has made additional enhancements in its products and operations including recently: (a) enhancing the terms of the guarantees; (b) introducing a new guarantee product in support of SMEs affected by COVID-19; and (c) amending and simplifying the guarantee process, leading to increased applications. CGF also will launch a new information system software developed under the Project, including the upgrades and additional functionalities requested given changes to the legislation and CGF internal regulation. This software has to improve the guarantee performance and risk monitoring and ensure the issuance of individual and portfolio guarantees to SMEs in an efficient manner and automate the internal processes at ODIMM and PFIs.

In 2021 the demand for state guarantees from enterprises was 5 times higher compared to 2020, which indicates the effectiveness of this tool on the credit market. During the last year, ODIMM has issued 468 new financial guarantees amounting to 388 million MDL, which allowed securing and disbursement of loans to SMEs in the amount of 993 million MDL[12].

An important key success factor for ODIMM is outreach and interaction with potential program' beneficiaries. The official web page was outdated, fragmented and not as client friendly as a web page of an SME supporting organization should be. In 2019 *new ODIMM web page has been developed and launched* with the Project support, ensuring the information about all ODIMM programs is available on single electronic portal.

[12] Source: ODIMM web page

In addition, the project has provided financing upon request to endow *ODIMM with IT and office equipment*, as well as procurement of a minivan for organization' monitoring an evaluation activity.

These are encouraging steps in transforming ODIMM into SME support agency that will also focus on SME support, export readiness and internationalization.

MIEPO[13] has been reorganized and the Investment Agency was building up its export promotion work.

Reorganization of MIEPO in 2018 affected in some extent the Project implementation. In the period 2015-2017, the Project contributed to the development of the MIEPO's institutional capacities through consultancy support of a team of local consultants, who provided advice in implementation of Investment Attraction and Export Promotion Strategy and MIEPO Strategic Development Program for 2016-2020.

The Project has co-financed a series of export promotion events in the Republic of Moldova and abroad (exhibitions, fairs, forums, study visits, etc.). The reorganization of MIEPO[14] by creating in 2018 the Moldovan Investment Agency (IA) took longer than expected, that conditioned the delayed implementation, postpone or even reduces some support activities for IA.

Since 2020 the IA is assuming an *increasing export promotion role* and is creating an impact on the ground. National-level export promotion in key sectors and provision of export information for exporters and potential exporters is gaining strong momentum. Under export promotion activities implemented by the Agency and supported by the Project, have to be mentioned, *inter alia* (i) seven export morning programs organized on agri-food, textiles, wine, auto, cosmetics, machinery, etc., for markets like Germany, Italy, Czech Republic, China, Russia gathering more than 400 participants; (ii) six B2B Export Missions to selected target markets on enhancing exports for more than 60 companies from key sectors launched in 2020 and completed recently.

The B2B missions covered five sectors: (i) electronics, (ii) winemaking, (iii) fresh fruit and canned food, (iv) furniture and (v) food processing. The effort focused on the following target markets: Germany, Latvia, Lithuania, Estonia, Romania, Sweden, Norway and Finland. As a result, 103 foreign companies registered for B2B meetings, with 435 bilateral meetings with potential buyers compared to 300 originally planned. Based on the progress monitoring reports after 6 months, 12 out of 60 beneficiary companies reported sales in Germany, the Baltic countries and Romania totaling EUR 0,55 million. The figures indicate that this activity is an effective tool for promoting exports and justifies the resources invested. At the same time, these contracts are not single exports and will continue in 2022 and beyond.

Between October 2020 and October 2021, with the support of the Project, IA conducted a comprehensive *segmentation analysis of the tourism sector* in the Republic of Moldova. As a result of the study, 3 target groups were identified - young families with small children, families with older children and adults, the elderly (pensioners), for which interventions were proposed in the light of 4 identified strategic objectives: (i) diversifying the offer of tourist products, (ii) developing the capacity of human resources in the public and private sector, (iii) improving branding and marketing and (iv) improving access and infrastructure. A total of 22 interventions were proposed for the identified target segments / groups, as well as 11 strategic inter-sectoral interventions.

The outreach and effectiveness of the Investment Agency has been increased since the Project started, being part of the results framework and monitoring indicators set under CEP II. During the project lifecycle, the project hired local individual consulting services to support MIEPO and conducted annual surveys to measure the progress of outreach and program effectiveness of IA. Both indicators have a positive trend and all intermediary and results indicators have been met. According to the survey results, the outreach of IA increased compared to 2015 (baseline) by 18%, while effectiveness by 40%.

It is worth mentioning that all DLIs linked with this component have been dully met and completed.

MATCHING GRANTS FACILITY

Through the MGF, the SME development component further addressed the information asymmetry that is faced by SMEs about the value of BDS for export competitiveness. The MGF subcomponent provided financial subsidy for

[13] According to the Government decision No.322/2018 MIEPO has been reorganized and renamed in Investment Agency

SMEs to invest in value-added activities or export-oriented processes. Thus, this program encouraged SMEs to use BDS to help increase their competitiveness, to reach new markets, new customers, export new products, and develop other new export-oriented activities. The MGF resulted in a net gain by encouraging growth and development of the sector, as well as an improvement in BDS quality, increase in SMEs' trust in market-oriented activity.

When CEP II was designed, it was estimated that about 500 BDS would be implemented for the entire lifecycle. As of December 31, 2021, the beneficiary SMEs have requested 1,960 BDS in their Business Improvement Projects (BIP) of which 1,460 services (75 percent) have been implemented. The cumulative value of the BDS under signed grant agreements was US$6.3 million from which US$2.5 million have been reimbursed to the beneficiaries with an average grant amount per beneficiary equal to US$ 9.3 thousand. Besides the consultancy MGF co-finances small production equipment, 89 beneficiaries requesting procurement of the equipment, while the total amount of grants disbursed for this purpose was US$ 0.31 million.

The use of BDS demonstrates to be effective for helping SMEs generate new exports. Although the implementation of BDS does not immediately translate into an increase in export sales, the results of the impact assessment indicate a positive impact on the beneficiaries' performance in terms of their export competitiveness. 150 of 272 MG beneficiaries (55 %) that are getting access to BDS have already achieved at least one export-oriented goal. Based on the assessment conducted by MGF team, the types of BDS that helped SMEs the most to reach an export-oriented goal are: i) marketing and promotion, ii) quality management and certification, and iii) computerized information systems. A statistical analysis was carried out to identify the correlation between the implemented BDS and the beneficiaries that reached at least one goal. According to the analysis, there is a correlation of 83 % between the BDS implemented and export goals achieved.

The calculated benefit from the MGF is significant and positive for participating SMEs. Thus the US$ 2.5 million invested under the MGF subcomponent has generated over US$ 41 million in new export sales, significantly exceeding the costs of the component. On top of these, MGF beneficiaries exporting for the first time contributed to the state budget in the form of taxes in the amount of app. US$ 1.3 million (income tax, medical and social insurance contributions). The second impact assessment report provided evidence showing positive results in terms of business improvements. For each US$ 1 invested by the Government in MGF, SME's matched with US$1.1. The use of business development services demonstrates to be effective for helping MSMEs improve their export competitiveness.

From a group of 250 beneficiaries that submitted their progress reports as of December 2021, 173 firms have registered a change in their number of employees. Beneficiaries that launched and/or completed their BIPs created 1842 jobs and dispensed 581, generating a positive net result of 1261 jobs created. Overall, this component generated impact for businesses that is significantly higher than originally planned.

Table III below summarizes the results framework under the MGF subcomponent of the project, indicating the baseline, end of project target and final result.

Table III. Results indicators framework, MGF subcomponent

Indicator	Baseline	End of project target	End of project progress
Cumulative number of SMEs receiving Matching Grants	0	250	272
Cumulative number of business development services provided to SMEs	0	500	1460
Number of MGF beneficiaries improving existing products and services	0	150	154
Number of MGF beneficiaries creating new products and services	0	150	166
Number of MGF beneficiaries improving production processes	0	150	158
Number of MGF beneficiaries improving business management	0	150	211
MGF Beneficiaries that are woman-owned or have a female CEO	0	N/A	121
MGF beneficiaries that are engaged in an export-oriented activity *(based on reporting beneficiaries)*	**0**	**50%**	**55%**

Source: PIU (MGF) database

ACCESS TO FINANCE

The main activity under this component was implementation of the Line of Credit (LoC), that provided funding to intermediary local financial institutions for on-lending to export-oriented private enterprises in support of their working capital and investment financing needs. On-lending operations were administered by the Credit Line Directorate (CLD) under the Ministry of Finance, an autonomous entity entrusted with the management of various external credit lines for development. Launched in 2014 with a total funding of US$ 29,4 million, the LoC was fully disbursed by November 2020 and it is currently managed by CLD as a revolving fund, as repayments of principal and interest are collected and reinvested in new similar private sub-projects, ensuring continuity of the on-lending operations.

Investment loans were capped at US$ 800,000, while working capital loans cannot exceed US$ 500,000. Maximum maturities are eight years for investment loans and four years for working capital operations. Loans were denominated in MDL or in foreign currency, Euros or US$. Interest rates were floating vary depending upon the currency and were adjusted every six months. On-lending LoC funds have been channeled through six eligible local private intermediary financial institutions: (i) MoldovaAgroindbank; (ii) Mobias Bank; (iii) Procreditbank, (iv) Comertbank, (v) Fincombank and (vi) Banca Comerciala Romana. As of end 2020, a total of 157 loans had been disbursed to 131 enterprises, with an average of about US$ 225,000 per enterprise. The majority of loans fall in the US$ 50,000 - 500,000 range, while a handful number of loans exceeded US$ 500,000 and a similar number had a very small size, below US$ 50,000.

More than half of LoC beneficiaries are active in agri-business, 61% of sub-loans have been provided in agri sector (ex. tractors, harvesters, sorting equipment, seeds, fertilizers, etc.) with a strong presence of beneficiaries (23% of the total loans amount approved and 24% of the number) investing in cold storage facilities; 36% - for processing industry (working capital for agro-processing industry and other processing industry); 3% - for services. According to the statistics an average storage capacity of a cooling facility constitutes 1,500 tones, which means that the LoC ensured construction of 47,000 tons of such facilities all over the country.

About half of LoC borrowers are based in Chisinau, quarter is located in the Central Region, with the rest being subdivided between the Northern and Southern regions.

The most active bank under the LoC was ProCredit Bank with 52 loans disbursed (33.1% out of total number of sub-projects), and 31.2% from the total amount disbursed, followed by FinComBank with 48 sub-projects approved (30.6% out of total number of sub-projects disbursed) and 29.3% from the total amount approved.

Almost 59% of the sub-loans amount were projects requested to be financed in MDL, due to the risk encountered with the fluctuations of the exchange rate, followed by the sub-loans requested in Euro (38%) and only 3% of the LoC amount was disbursed in US$.

The share of investment projects and incremental working capital linked to investments from the total approved amount constitutes 68% (US$ 19,9 million) and are long-term, while for independent working capital 32% (US$ 9,5 million); 24.7 % have a maturity between 3 and 5 years, and 58.3 % of them have more than 5 years.

Out of the total amount of the credit line, 71.2 % was on-lent to direct exporters and 28.8 % to indirect exporters, in line with WB guidance. Final borrowers have reported (during 2016-2020) cumulative export revenues totaling US$184 million and 818 new jobs created. It is worth mentioning that the NPL rate under LoC is zero.

The majority of LoC beneficiaries reported an improvement in key performance indicators, such as employment, exports and turnover.

Due to LoC long term affordable resources, it had an important contribution to the improvement of the participating intermediary financial institutions competitiveness as well.

FACTORS AFFECTING THE IMPLEMENTATION

During the mid-term review performed by the WB at the end of 2018 the overall implementation progress was considered moderately satisfactory with a disbursement rate of 68%. In order to enhance the implementation, to ensure the PDI are met, and reforms sustained, the Government requested the first extension and restructuring of the Project[15]. Main changes referred to extend the closing date of the Project from January 31, 2020 to July 30, 2021, amend three intermediate results indicators, two Disbursement Linked Indicators, and one PDO indicator.

So, the first extension and restructuring of this Project was approved in 2019. The amendment No.1 to the Loan and Financing agreements was signed on January 30, 2020 and approved on May 21, 2020. The Project was in need to restructure due to:

- prolonged government reorganization and change in key ministries and agencies which affected the pace of project implementation under all components;
- adjustments in implementation arrangements and results framework (including Disbursement Linked Indicators) because of Government restructuring (for performance-based indicators DLIs), as well as Investment Agency[16] (MIEPO) internal reorganization;
- slower than expected disbursement in the credit line due to limited commercial bank participation and delays in setting-up market competitive interest rate;
- required project extension to duly implement remaining activities and achieve the PDO, and
- an added benefit of an extended life for the project was to get more time to measure matching grants recipient gains vs. control group.

As additional factors that affected the implementation were (i) three election campaigns and two government reorganizations during the lifetime of the Project; (ii) COVID-19 pandemic and its consequences; (iii) delays with implementation of the technical assistance provided to the Competition Council and (iv) slow disbursement under the MGF subcomponent.

SUSTAINABILITY

1. The new RIA Methodology developed with the project support and further activities for capacity building within the line ministries on applying this methodology in the process of regulatory impact assessment of new legislation ensure sustainability of the said process and alignment to best practices globally. New RIA methodology was approved through a GD 23/2019 and enacted in October 2019.
2. OSS electronic platform for issuing permits is operational since 2018 with 131 out of 150 permits configured in the system and 78 processes fully digitized with more than 110.000 requests for permits received from business through the system. The legal framework, which regulates this domain has been adopted and enacted in 2016 (GD 753/2016) and further adjusted in 2018 (GD 550/2018 and GD 551/2018). Also, the GoM introduced a legal requirement in Law no.160/2011 that every permissive document must have a unique number generated by the system, with a QR code which will reference the electronic version of the permit, thus forcing agencies to use the platform. On top of this, the system is integrated with Government e-services through M-Connect platform. Maintenance activities and ownership are properly budgeted and housed in the e-Governance Agency, ensuring long-term sustainability.
3. To play a more effective role in facilitating SMEs' export growth, ODIMM has shifted from a start-up-oriented agency to a SME export-oriented support agency. New programs on SME competitiveness and export readiness, internationalization, green transition, as well as the Credit Guarantee Fund, are some of the initiatives and programs developed during last years, approved and budgeted by the GoM, and internal regulations of the

[15] Ministry of Finance Letters of October 05, 2018 and December 08, 2018
[16] The Government by the Decree nr. 322 from April 17, 2018 formed the Investment Agency to absorb MIEPO and Tourism Agency.

agency developed, as applicable.

4. Besides, to ensure the implementation of the exporters' support programs it was critical to operate changes to ODIMM' organizational chart and establish a dedicated department dealing with exporters and export readiness of SMEs. Such department was created following the decision of ODIMM Supervisory Board in February 2021. Now the department is fully staffed and operational, it received capacity building consultancy support from the project. These activities will ensure sustainability on a medium to long run for the organization.
5. The project was designed to result in positive gains for the government agencies through a system of performance monitoring (introduction of performance monitoring indicators, which allows government agencies tasked with inspection functions to prove their progress). Indicators to monitor performance of government agencies with regulatory function in inspections have been introduced and used to monitor progress. Thus, CEP II supported enactment of the GD 355/2020, which establishes KPIs for inspection agencies as well as planning the inspections on annual basis using the State Inspection Register platform developed by IFC and further upgraded and maintained by the project.

WORLD BANK PERFORMANCE

The results achieved during project implementation are noticeable and could be rated as good. The Ministry of Economy is satisfied with the Bank's involvement during the preparation, implementation and supervision stages over the project implementation.

Quality of supervision from the WB team was good. The Project Task Team Leader and his team demonstrated high activity and flexibility to solve all issues quickly and in a correct manner. Supervision missions were carried out at least three times a year. The Bank team had a high degree of continuity, had the proper skills mix and was adequately supported by staff from the local office. The Bank team was proactive and was responsive to the Government's requests for change when required throughout project implementation, demonstrated flexibility and understanding in the use of project resources. As and when required, the Bank assisted the counterparts to amend the Financing Agreements to provide extensions, conversion of IBRD funds and other interventions to ensure the achievement of development outcomes and to suit the changing external environment and evolving country needs. With respect to the fiduciary requirements, the performance was good with financial management, procurement and environment activities under the project effectively implemented, with no major issues.

The achievement of project goals and objectives were due to good cooperation between the Ministry of Economy, governmental agencies, the World Bank, as well as the project team and PIU support.

CONCLUSIONS AND LESSONS LEARNED

- The design and project structure were well prepared in terms of correlation to the needs of the country in the fields covered by project activities. It is worth mentioning that the Government and its agencies essentially contributed to the achievement of project' objectives.
- Important input to project successful implementation has been provided through technical assistance and expertise of the international consultants, *inter alia* those involved in activities related to regulatory reform and new impact assessment methodology, as well as strengthening institutional capacity of ODIMM internationalization department, tourism sector assessment, etc.
- All project development objective targets have been met. Many intermediate results indicator targets have been substantially exceeded, but two intermediate results indicator targets have not been fully met. The team does not believe that these two indicators impacted negatively on the project. The project included some innovative elements and ambitious targets, MoE and the PIU, along with the various project beneficiaries and partners, have managed and implemented it well.
- The regulatory reform component of the project was very useful not just because it provided funding to engage

the consultants to the RIA secretariat, as well as development and enactment of the of the new RIA methodology but more importantly because funding from the World Bank allowed other government entities to view RIA consultants as impartial experts. State Chancellery will further explore ways in which to ensure objectivity of the Secretariat, so that it is sustainable in the longer term.

- A challenge during the implementation of the project were the software development and information system assignments, being a sensitive topic in terms of the value / price of the contracts paid vs. the psychological limit of the price perceived and accepted by the beneficiaries and the state institutions for such products as the software/ information systems are. As the demand for digitization projects increases, especially in the last 4-5 years, the cost of these services has increased, which often cannot be assimilated by the beneficiary agencies. Thus, all projects for the development of information systems, at different stages in the development of the project, were questioned in terms of the amount paid, e.g. one-stop-shop for permits, Credit Guarantee Facility system, State Aid reporting system (SIRASM), State Inspection Register, sub-system for automating the processes of issuing permissive documents issued by LPA, etc.
- For such complex reforms as permissive documents and OSS are, with numerous players and processes it is critical to involve the public and private sectors and get their buy-in early. In order for both private and public sector actors to wholly embrace the change, they need to be brought in 'before the beginning'. As demonstrated in numerous reforms globally, using not only public-private dialogue, but spurring discourse within each of the sectors to come up with solutions that are actually adoptable and implementable is key.
- Also, special attention and more efforts should be allocated at the stage of preparation of the software projects, i.e., in-depth and accurate assessment of the business flows within the organization, re-engineering to avoid the digitization of redundant processes and institutionalize bureaucracy are important. Development of the exhaustive ToR to reduce probability for potential increase of the budget during the implementation and change requests from developers is an issue as well. It is recommended that the Bank, in collaboration with the counterparts, continue invest time in planning complex project activities (such as software development information systems and platforms, other specific equipment), involving relevant technical experts and allowing for an adequate timeframe, to avoid delays experienced under this project.
- In the case of software information systems contracts, the beneficiary agencies did not undertook in time all measures required for the system' launch in piloting and operation, which delays the launch in production and large-scale use of the platforms developed from the project sources. Given the allocation of important resources for the development of information systems, it is desired that the beneficiary agencies do their homework properly to provide necessary normative framework for system' operation, actively participate in testing, piloting and launching in production.
- The MGF and LoC indicates that both components were successful. The components were implemented in a fairly smooth manner and favorably influenced the activities of beneficiary firms. The impact assessment report calculates that exports of USD 41 million over 2016-2021 can be attributed to the MGF, and that exports of USD 184 million can be attributed to the LoC.
- The margins for improving the design of the LOC are quite limited. As its 'competitive positioning' vis-à-vis other credit lines essentially rests on the cost, maturity and fiscal facilities (VAT and other taxes exemption), any change that might result in an increase in the cost of funding and or maturity is likely to reduce the attractiveness of the initiative in the eyes of banks and, therefore, to negatively impact on absorption. Similarly, there appears to be limited scope for the simplification of procedural aspects, as the procurement rules of World Bank-funded projects are intrinsically different from those applicable to credit lines funded by institutions such as the IFC or the EBRD, that can directly interact with private banks. A possible area of improvement concerns the eligibility criteria for potential borrowers, which could place a comparatively greater emphasis on lending to SME and/or locally owned firms, with a view to increase the additionality of the intervention.
- The MGF application process was simple, and this was generally highly appreciated by beneficiaries along with

the continuous support of the MGF team, with more than 95% of firms providing positive feedback. At the same time beneficiaries consider as appropriate expanding the list of eligible activities for co-financing such as (i) market access and international networking; (ii) increasing the share of equipment financed from the grant amount; (iii) advisory services on energy efficiency as well as increasing the ceiling of the grant amount.

- To ensure a solid pipeline of potential beneficiaries a broad communication campaign to motivate participation is critical.
- Implementation of the MGF has proved that a well-defined monitoring and evaluation strategy with clear M&E methodology and distinctive segments of monitored beneficiaries can facilitate multiplication of the results.
- Permanent contact with project beneficiaries and alignment to their preferences and expectations through a permanent follow up and adjustment of the rules during the project implementation has to be considered.
- The beneficiaries highly appreciate the role and the input of the PIU in achieving the project objectives as well as efficient administration of the project' funds.
- Many activities initiated under CEP II, in particular those related to the digitization of G2B services, strengthening the inspection reform, financial support instruments for export-oriented private enterprises and building linkages between foreign investors and local companies, remain relevant in the context of current government strategies focused on support and development of the Moldovan economic sector, in particular taking into account the negative impact of COVID-19 pandemic crisis and the unfolding war crisis in the region. Therefore, these along with other necessary interventions are among the priorities identified by the Government within the new World Bank financing program, being under preparation for negotiations.