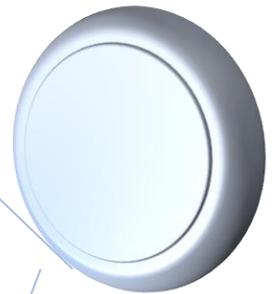


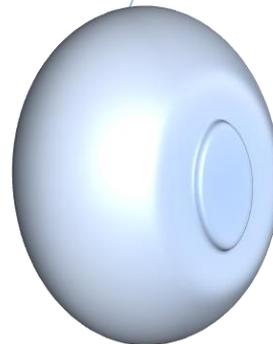
**MINISTRY OF ECONOMIC DEVELOPMENT AND DIGITALIZATION  
OF THE REPUBLIC OF MOLDOVA**



## **MID-TERM REPORT**

**Micro, Small and Medium Competitiveness Project (P177895)  
WORLD BANK financed project**

**Developed by the Project Implementation Unit**



**December 2025**

## Table of Contents

PROJECT OVERVIEW .....	4
PROGRESS and CHALLENGES .....	5
PROJECT PROGRESS BY COMPONENTS .....	8
Component 1. Digitalization and regulatory reform .....	8
Component 2. Access to finance .....	15
Component 3. MSME & export competitiveness .....	20
Component 4. Project management.....	26
Financial Management & Disbursement.....	26
Procurement Management.....	27
Annex 1 Matching Grants Overview .....	29
Annex 2 Environment and Social Screening .....	35
Annex 3 Results framework indicators .....	38

## ABBREVIATIONS AND ACRONYMS

ANSA	National Food Security Agency
ANTA	National Auto Transport Agency
BDS	Business Development Services
BIP	Business Improvement Project
CEP II	Second Competitiveness Enhancement Project
CGF	Credit Guarantee Fund
CJET	Competitiveness for Jobs and Economic Transformation
EC	Economic Council under the Prime Minister Office
E-Gov	Electronic Governance Agency
EEP	Eligible Expenditure Program
e-KYC	e-Know Your Client
EUR	Euro
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
IMU	Inspections Monitoring Unit under the State Chancellery
IT	Information Technology
IPM	Environmental Inspectorate
M&E	Monitoring and Evaluation
MDL	Moldovan Leu
MGF	Matching Grant Facility
MEDD	Ministry of Economic Development and Digitization
MoF	Ministry of Finance
MIA	Moldovan Investment Agency
MIRD	Ministry of Infrastructure and Regional Development
M-GROW	Moldova – Governance, Resilience, and Opportunities for Well-being Program
MSME	Micro, Small and Medium Enterprises
MMIP	Online platform for managing and issuing permits
NQI	National Quality Infrastructure
ODA	Organization for the Entrepreneurship Development
OM	Operations Manual
OSS	One Stop Shop
PDO	Project Development Objective
PDI	Project Development Indicators
PBC	Performance Based Conditions
PFI	Participating Financial Intermediary
PIU	Project Implementation Unit
POM	Project Operations Manual
SC	State Chancellery
TA	Technical Assistance
ToR	Terms of Reference
WBG	World Bank Group
WTO	World Trade Organization

This Report has been prepared to present an overview of the implemented key activities and intermediary results attained at the mid of December 2025, reflecting the Project's progress at its mid-term implementation stage.

## PROJECT OVERVIEW

The Government of the Republic of Moldova (GoM) is pursuing a policy agenda to support export-led economic growth. To achieve this goal the Government has negotiated funding from the World Bank Group for implementing the Micro, Small, Medium Enterprises Competitiveness Project ("the Project").

**The Project is closely aligned with GoM's policy priorities** as identified in the National development strategy "Moldova Europeana 2030". In 2023 the Government of the Republic of Moldova announced 20 governmental priority actions aiming to modernize localities, guarantee the security of the citizens, contribute to the increase of incomes and the creation of well-paid jobs, and thus build Moldova Europeana. 3 out of 20 priority actions are directly related to the core activity of the MSME Project and efficiently implementing the project activities and achieving the project targets will contribute to the European integration process that Moldova is engaged in. These refer to Action 5 – Digitalization of public services, Action 9 – Support to enterprises and Action 11 – Reducing the bureaucracy for entrepreneurs.

**Objectives.** The MSME Project supports the Government of Moldova's efforts to promote export-led economic growth and job creation. The Project development objectives (PDO) are: (i) to reduce the regulatory burden, increase access to finance, increase the export competitiveness of Moldovan enterprises, and (ii) in case of an Eligible Crisis or Emergency, to respond effectively to it.

The PDO is expected to be achieved through a set of activities that aim to: (a) digitize government-to-business services and inspections, streamline permissive documents, and enhance national quality infrastructure to reduce the regulatory burden enterprises face; (b) support access to finance for enterprises through credit guarantees and enhance the capacity of CGF, and (c) support the development of MSMEs and enhance their export competitiveness; d) support project management; e) support the government's response in case of an emergency.

**Timeline.** The Project was approved by the World Bank Board of Directors in May 2022, became effective on November 25, 2022 and is to be implemented by 2027<sup>1</sup>.

**Components.** The Project includes four main components, focusing on (i) support to expand digitalization and regulatory reform to ensure a transparent, predictable, and low-cost business enabling environment for private sector operations; (ii) facilitation of the access to finance through capitalization of Credit Guarantee Fund and strengthening ODA institutional capacities to implement portfolio guarantees scheme; (iii) MSME development and export competitiveness through a Matching Grant Facility (MGF), as well as strengthening the institutional capacity of ODA and MIA related to export promotion; and (iv) Project management and operational support. In addition, an unfunded Contingency Emergency Response Component is envisaged and can be activated in case of a relevant emergency event.

The design of the project includes Performance-Based Conditions (PBCs) as budget support for key reforms under Component 1 and disbursement conditions for Component 2.

! PIU team would like to thank all local counterparts for their contribution to Project's implementation, as well as the World Bank Project team for valuable support offered through implementation support missions conducted during the three years of Project implementation 2023-2025.

<sup>1</sup> MSME closing date - August 02, 2027

## PROGRESS and CHALLENGES

**Disbursement.** As of 12.12.2025, the total disbursed amount registered EUR 18.00 million, corresponding to an **overall disbursement rate of 38%**. Based on current forecasts, **by Project completion date** (August 2027) total disbursements are expected **to reach EUR 39.43 million or 83% of the budget**. Table 1 below shows the financial data in terms of disbursements, forecasts and savings by sources of funding.

**Table 1. Disbursements by source of funding, as of 12.12.2025 & forecast by 31.07.2027 (Euro)**

Source of funding	Budget	Disbursed (12.12.2025)	Disbursement rate, % (12.12.2025)	Disbursement forecast (31.07.2027)	Unutilized (31.07.2027)
IDA Credit #7174-MD	29 800 000	7 022 000	24,0	23 130 000	6 670 000
IBRD Loan #9423-MD	17 700 000	10 985 000	62,0	16 300 000	1 400 000
<b>Total per Project</b>	<b>47 500 000</b>	<b>18 007 000</b>	<b>38,0</b>	<b>39 430 000</b>	<b>8 070 000</b>
Disbursement forecast by 31.12.2025		18 007 000			
Disbursement forecast by 31.12.2026		32 450 000			
Disbursement forecast by 31.07.2027		39 430 000			

**Forecast.** At the same time an **unutilized balance of EUR 8.10 million is forecasted**, including EUR 5.2 million under Component 1 and EUR 2.9 million under Component 3, while the Project management component requires additional resources to cover planned expenditures. Table 2 below shows the financial implementation summary in terms of commitments, forecasts and savings by components.

**Table 2 Financial implementation as of 12.12.2025 and forecast through 31.07.2027 (Euro)**

Component	Budget	Committed	Implemented	Forecast (additional)	Unutilized
#1 – Digitization & Reg. Reform	20.750.000	5.885.796	5.012.586	9.635.000	<b>5.229.204</b>
<i>incl. Perf. Based Conditions</i>	<i>1.900.000</i>		<i>950.000</i>	<i>950.000</i>	-
#2 – Access to Finance	14.278.000	9.750.749	9.745.136	4.527.251	<b>0</b>
<i>incl. CGF capitalization</i>	<i>13.800.000</i>		<i>9.500.000</i>	<i>4.300.000</i>	-
#3 – MSME export competitiveness	11.622.000	4.128.918	1.945.696	4.610.000	<b>2.883.082</b>
<i>incl. Matching Grants Facility</i>	<i>4.750.000</i>	<i>2.100.197</i>	<i>584.244</i>	<i>2.100.000</i>	<i>550.340</i>
#4 - Project Management	850.000	788.716	522.947	102.500	<b>- 41.216</b>
<b>Total</b>	<b>47.500.000</b>	<b>20.554.179</b>	<b>17.226.365</b>	<b>18.874.751</b>	<b>8.070.000</b>

**Progress.** Implementation across Components 1 and 2 continues to advance, with several core milestones achieved and key targets surpassed. Digitalization of G2B services progressed strongly, with **133 G2B services available online and the online application rate reaching 66,24 percent**, exceeding Project targets and enabling **disbursement of the EUR 950.000** under PBC request. Modernization of the inspections system is underway through development of the e-Inspections platform and substantial investments in vehicles, IT equipment, and specialized tools, contributing to a **50-60 percent reduction in inspection time** and significant progress on institutional KPIs.

Regulatory simplification advanced through amendments to 41 legal acts and reforms across 88 permits, **consolidating 132 permits under Law 160 and generating estimated business savings of EUR 1.1 million**. Under NQI, full diagnostics across 11 metrology domains were completed, and procurement of EUR 6.5 million in laboratory equipment and training services is set to begin by end-2025. **The first CGF capitalization tranche of EUR 9.5 million was disbursed** in 2023, complemented by strengthened CGF institutional frameworks and enhanced capacity of partner banks, with guarantee agreements signed with MAIB and OTP.

Component 3 registered performance as well. The Matching Grants Facility continues to be the main driver of MSME upgrading, with **112 approved grants, EUR 2.1 million committed**, 68 grants under implementation, and early **beneficiary results showing EUR 3.9 million in export sales**. The **Supplier Development Program is operational with 23 firms completing diagnostics**, although additional outreach is needed to meet the 60-firm target. The Export Readiness Program is progressing through procurement, with implementation expected to start in Q1 2026 with 250 firms; meeting the 450-firm target will require either adjustment of the results framework or a second phase supported by a Project extension. Export-promotion activities with the Investment Agency delivered strong impact: **five B2B export missions generated EUR 6.38 million in signed contracts**, while **15 export vision outreach events engaged more than 650 firms**. Analytical work carried out through a survey, highlighted key export constraints that will inform future interventions. Institutional capacity of the Investment Agency was strengthened through equipment procurement and support to Moldova Business Week, with further branding, market-perception surveys, and inbound buyer missions planned for 2026.

**Challenges.** The Project implementation is on delay resulting in actual **disbursements lag of app. EUR 5.0 million**. The main factor was the postponement of the second CGF tranche to Q3 of 2026, due to **delays with the conversion of ODA's financial statements to IFRS**. Additional delays stemmed from the **lengthy procurement processes for major information systems (e-Inspection, MMIP, e-KYC)**, the **slow implementation of the MGF** during 2023-2024 and the **slow uptake of credit guarantees**.

These delays are basically due to the volume and complexity of ongoing and planned tenders. While a part-time specialist was recruited in September 2025 to support NQI-related activities, the overall workload remains substantial. With a heavy pipeline of procurements expected in 2026–2027 and EUR 20.0 million still to be committed, the current **PIU procurement capacity is under significant pressure, therefore further reinforcement of the procurement capacity is essential**.

**Results Framework Indicators – Mid-Term Progress Summary.** As of mid December 2025, implementation progress reflects advancement under Component 1, moderate progress under Component 3, and underperformance under Component 2, with corresponding implications for several PDO-level indicators.

Progress toward reducing the regulatory burden remains broadly on track, with cumulative **compliance cost savings reaching USD 3.05 million against the mid-term target of USD 3.5 million**. However, access-to-finance indicators remain below expectations. The volume of CGF-guaranteed loans totals USD 464,700 versus the target of USD 30 million, limiting progress in medium and long-term lending and constraining beneficiary outreach. Under the export competitiveness objective, results are mixed: while the

total value of supported MSME exports (USD 12.21 million) remains below target, the share of MGF beneficiaries initiating new export activities (32 percent) exceeds mid-term expectations.

Component 1 (Digitization and Regulatory Reform) continues to be the primary driver of PDO achievement. Key indicators - including digitized G2B services, inspectorate KPI performance, online applications through MMIP, and accredited NQI testing services have surpassed both mid-term and end-of-project targets. Implementation of the e-Inspections platform is ongoing, with deployment expected by December 2026. One indicator on accredited calibration laboratories requires revision due to structural market constraints.

Component 2 (Access to Finance) remains behind schedule. The limited utilization of credit guarantees has hindered progress across related indicators, affecting also PDO-level results linked to access to finance and subsequent export outcomes.

Component 3 (MSME Development and Export Competitiveness) is advancing, but further acceleration is necessary. While several indicators such as participation in export missions and MGF satisfaction targets have exceeded expectations, the number of MSMEs benefitting from Project support programs (223 versus 350) remains below target due to delays in launching export readiness support program. The MGF has onboarded 112 firms, close to the mid-term target, though the final target will require adjustment following the increased grant ceiling.

Given remaining implementation needs and projected unutilized funds, **an extension of the Project period will likely be necessary as well as adjustment of the Project' Results Framework Indicators** to maximize development impact.

The Results Framework summary table is presented in Annex 3. It provides for the results achieved so far, as well as **proposals for the adjustment of certain Intermediate Results Indicators**, as follows:

- “New accredited calibration laboratories available to firms” is proposed to be amended to provide stronger emphasize on calibration domains available to SMEs, i.e. as follows “New accredited calibration laboratories and *calibration domains* available to firms” and establish the target of 14 calibration domains available by the end of the Project<sup>2</sup>.
- The end target under the indicator “Cumulative number of MSMEs receiving Matching Grants” is proposed to be reduced from 320 to 230 firms, due to the increase of the grant ceiling from MDL 0.6 million to MDL 1.0 million/ firm. Thus, the allocated amount of USD 5.0 million under the MGF subcomponent will not be sufficient to eventually cover the demand.
- Number of MSMEs benefitting from export readiness program is proposed to be reduced to 250 firms. The full target of 450 beneficiaries cannot be met within the available timeline. Options for addressing this include revising the target or implementing a second phase post-midterm review, which would require an extension of the Project period.

---

<sup>2</sup> The baseline - 11 calibration domains available to firms in 2022

## PROJECT PROGRESS BY COMPONENTS

Description of main activities undertaken and intermediary results under each component, reflecting the Project's progress at its mid-term implementation stage is summarized below.

### Component 1. Digitalization and regulatory reform

#### Summary

**Disbursement.** Financial implementation under Component 1 currently stands at 29 percent (EUR 5.90 million). By July 2027, total disbursements are projected to reach EUR 15.52 million, equivalent to 75 percent of the allocated budget. An unutilized balance of approximately EUR 5.23 million is foreseen under activities related to G2B digitalization, inspections, and integrated service delivery, while NQI-related resources and PBC allocations are expected to be fully absorbed. Given this trend, extending the Project implementation period will be necessary to ensure full use of available funds and to consolidate the impact of ongoing interventions.

**Progress.** Implementation of Component 1 continues to show progress, with several key milestones achieved and core targets already surpassed. The digitalization of G2B services advanced significantly: 133 permits and procedures are now available online nationwide, well above the Project target of 105, while the share of online applications reached 66,24 percent as of October 2025, exceeding the 60 percent target set for June 2026. These achievements have been independently verified, and the corresponding EUR 950.000 PBC request has been submitted for clearance and disbursement.

Modernization of the inspections system also advanced steadily. Development of the new e-Inspections platform began in October 2025, and targeted investments - 93 vehicles, including special vehicles, over 700 IT units, and 20 specialized tools and devices have strengthened inspectorates' capacity, reducing average inspection time by 50-60 percent in key agencies. Progress in implementing institutional KPIs increased to more than 53 percent of inspectorates, compared to a 10 percent baseline in 2021, currently being under verification for PBC disbursement. Complementary reforms to inspection risk models and tools further support inspection system modernization.

Important results were achieved in simplifying the regulatory environment. A comprehensive review of the permit's framework led to amendments to 41 legal acts and reforms affecting 88 permits, contributing to the consolidation of 132 permits under Law No. 160 and generating estimated business savings of EUR 1.1 million for the second half of 2025.

Under the National Quality Infrastructure subcomponent, the Project completed the assessment of laboratory capacities and prepared technical specifications and training requirements across 11 metrology domains. Procurement of equipment and training services (EUR 6.5 million) started at the end-November 2025, with full absorption of the NQI allocations expected by April 2027.

**Challenges.** Although Component 1 has achieved substantial progress, several challenges continue to influence the pace of implementation and require timely action. The development of key digital platforms, the MMIP upgrade, e-Inspections, and e-KYC has been slower than planned due to the complexity of technical specifications and extensive inter-agency coordination needs.

Institutional capacity constraints also persist, particularly within the State Chancellery's IMU and several inspectorates. Limited staffing, the need for specialized equipment, and the temporary halt of the inspector training curriculum all affect the effective rollout of risk-based practices and the use of new digital tools.

Financial absorption represents another emerging challenge. While overall execution is on track, approximately EUR 5.23 million may remain unutilized under digitalization and inspection activities due to the generous budgets, long procurement process and implementation period of large IT systems.

Defining the scope for the reallocation of unused amount is essential in order to decide the period for the extension of the Project implementation deadline.

### **Scale up the digitization of G2B services and increase the online application rate for permits through MMIP by businesses.**

As part of the Project's broader agenda to advance digital transformation in public service delivery, priority has been given to: (i) the MMIP (e-Permits) platform upgrade; (ii) the development of the new e-Inspections platform and (iii) implementing online onboarding for a digital identity (e-KYC).

**MMIP upgrade.** The contract with the vendor for the MMIP upgrade is expected to be signed by the mid of December 2025, marking a key milestone in enhancing the Government's digital infrastructure for business-related administrative services. The upgraded MMIP platform will ensure greater interoperability, data sharing, and regulatory efficiency in the processing of business permits and licenses. It will also enable the platform's deployment at the sub-national level, thereby expanding the digitalization of additional local-level permits. As part of this process, re-engineering and digitization of local-level permits and procedures in 35 rayon centers is envisaged to maximize the impact on businesses in rural areas and reduce the regulatory burden. Following the upgrade, both national and local permits will be fully integrated within the enhanced MMIP framework. System implementation is scheduled to begin by mid-January 2026, with full operational deployment anticipated by March 2027.

One of the Project's targets is the digitization at national level of at least 27 additional procedures, complementing the 78 G2B services that were already fully digitized and available through the MMIP at the time of the SMSE launch in November 2022. In parallel, the Project aimed to increase the share of business applications submitted online through the MMIP to 60 percent, thereby strengthening the platform's uptake and sustainability.

Progress towards these objectives is supported through a dedicated **Performance-Based Condition (PBC)** valued at EUR 950.000, designed to incentivize achievement of digitalization milestones and enhance institutional ownership of the results. During the past two years of implementation, considerable progress has been made toward achieving and exceeding these digitalization targets. In addition to the upgrade of existing services, a substantial number of new business permits have been digitized, bringing the total number of G2B services available through the MMIP to 133 nationwide, significantly surpassing the Project's target of 105 set for June 2026.

Furthermore, comprehensive nationwide outreach and communication campaigns have played a pivotal role in increasing awareness among SMEs about the MMIP platform and its benefits. As a result, the share of online applications submitted by businesses has continued to grow steadily, reaching 66.24 percent as of October 2025. This figure already exceeds the Project's target of 60 percent established for June 2026, underscoring the strong engagement of the private sector and the effectiveness of the Project's interventions.

In confirmation of the achievement of these indicators, an independent verification report was prepared as supporting evidence, which was cleared by the World Bank to validate the disbursement of the respective PBC amount (EUR 950.000).

## **Enhance, digitize and equip business inspections.**

**New e-Inspections platform.** To this end, the PIU has signed a contract with the selected vendor for the development of the new e-Inspections platform. Implementation commenced in early October 2025, with full deployment expected by December 2026. The platform will integrate with external registries and databases to enable automated, risk-based inspection planning and incorporate inspection performance indicators for automated statistical reporting and data analytics. Through this system, businesses will gain online access to inspection checklists, receive notifications of planned inspections, and be able to view their inspection history and related outcomes. A key role in the implementation process is played by the State Chancellery, acting as the product owner, which has demonstrated strong commitment and provides essential coordination among inspection agencies to ensure effective implementation and sustainability of the platform.

**Enhancing technical capacities of inspection bodies.** The MSME Project has made substantial progress in strengthening the technical capacities of inspection bodies, thereby improving regulatory efficiency and service delivery. Through targeted investments, the Project has provided specialized vehicles and modern IT equipment to multiple inspectorates across the country.

In 2024, under the contracts concluded by the PIU, a total of 92 specialized vehicles were delivered to six inspectorates, significantly improving their mobility and responsiveness in the field. Additionally, important lots of IT equipment were distributed to inspection bodies, including laptops, desktops, scanners, portable printers, and body-worn cameras totaling 723 units all allocated according to the specific needs of each institution. Complementary specialized equipment was also procured, including a 2.5 m<sup>3</sup> mobile refrigeration vehicle, 20 portable cooling devices for ANSA to facilitate the safe transportation of samples, and a motorboat for IPM to strengthen environmental inspection capacities.

Between 2023 and 2024, a total of USD 3.5 million was allocated for the procurement of inspection-related equipment. This support has already yielded tangible results, contributing to a measurable reduction in the regulatory burden on businesses. Several inspectorates notably the Environmental Protection Inspectorate (IPM) and the Food Safety Agency (ANSA) reported that the introduction of new vehicles and IT equipment has reduced the average time spent on inspection visits by 50–60 percent.

All inspection bodies, however, emphasized the need for additional equipment (e.g., body-worn cameras, dendrometers, weighing scales, vehicles, equipment for quick testing, etc.) and specialized training in areas such as risk-based inspection planning, use of checklists, and reporting on performance indicators. Considering the availability of a projected unutilized balance of funds, the State Chancellery may request additional support from the Project to further enhance their institutional endowment and operational capacities. This additional assistance could include the procurement of equipment or other forms of support, like training, necessary to strengthen the agencies' technical capabilities, thereby contributing to the overall improvement of inspection performance and service delivery.

**Review and Modernization of Inspection Tools.** To further strengthen the evidence-based inspection framework, the Project initiated a review of inspection tools for the Environmental and Food Safety Inspectorates. A workshop held in December 2024 under the M-GROW technical assistance brought together experts from Lithuania and Switzerland, who shared practical experience in developing inspection risk methodologies, citizen-engagement strategies, and digital inspection tools.

In parallel, the C-JET-supported workshop on environmental policies highlighted the importance of integrating risk-based regulation and performance indicators within the forthcoming e-Inspections platform. An initial technical discussion with ANSA under the same initiative underscored the need to review food-safety inspection risk models and indicators to ensure proper customization of the e-Inspections platform to sector-specific needs.

**Strengthening Institutional Capacities.** The Project also supported the State Chancellery, particularly its IMU, responsible for supervising and monitoring control activities. Modern IT equipment was procured and delivered to the IMU, thereby enhancing its capacities.

In May 2024 and June 2025, the IMU team participated in **two study visits** facilitated by the WBG Project team and hosted by the Ministry of Development and Investments of Greece and the Ministry of Economic Development of Lithuania, respectively. These visits provided valuable exposure to European good practices in inspection reform, including institutional coordination models, risk-based methodologies, and performance management systems. The State Chancellery welcomed the insights gained from these visits as a strong foundation for advancing Moldova's inspection reform agenda and expressed interest in further exposure to the experience of countries with more advanced inspection coordination systems.

Despite the notable progress achieved, **institutional capacities for coordinating and monitoring inspections require further strengthening.** Following the restructuring of the State Chancellery in 2023, it was decided to retain the IMU as a separate unit under the Chancellery. While the team was expanded with two additional staff members in May 2024, bringing the total to six, the unit remains below the recommended staffing level required for effective horizontal coordination and systematic implementation of performance indicators across individual inspectorates.

**Capacity Building & Training of Inspectors.** The Project supports the State Chancellery in designing a training curriculum and accompanying training materials focused on continuous professional development for inspectors. The objective is to build sustainable local training capacity and ensure that all inspectors, both existing and newly recruited, share a common foundation of knowledge and competencies aligned with the requirements of a modern, compliance-oriented, and risk-based inspection system.

The PIU allocated substantial resources to develop comprehensive Terms of Reference and to conduct the procurement process for engaging an experienced consulting firm. However, the State Chancellery considered the financial proposal submitted by the selected firm to be high, despite being within the estimated budget ceiling. As a result, further actions under this assignment have been temporarily put on hold.

**Implementation of KPIs by inspection agencies.** A methodology for setting objectives and monitoring key performance indicators (KPIs) for each inspection authority was established through Government Decision No. 355 of 10 June 2020, which provides the methodological framework for evaluating the performance indicators assigned to inspection agencies. Implementation progress is measured through an indicator reflecting the share of inspection agencies that have progressed with implementation of their respective KPIs.

Progress toward this objective is incentivized through a dedicated **Performance-Based Condition (PBC)** valued at EUR 950,000, aimed at fostering institutional ownership and enhancing the performance management culture across inspection agencies. The PIU, supported by an independent expert, monitors progress in the implementation of the KPIs and develops verification report in accordance with the agreed Protocol. This report assesses annual self-evaluation reports of inspection agencies regarding the level of KPI implementation, including risk-based inspections conducted during the reporting period compared to other inspection types.

It is worth noting that inspection agencies have demonstrated significant progress compared to the baseline established in December 2021. According to the assessment, 10 out of 19 authorities or 53 percent (10% baseline) have registered notable progress across all reported indicators.

An independent verification report is currently being finalized as supporting documentation for the achievement of the PBC. Consequently, a formal request with evidences for the disbursement of the PBC amount will be submitted to the World Bank by the end of December for clearance.

## Enable interoperability of platforms through development of integrated service delivery

The Project supports the implementation of integrated regulatory service delivery for businesses by developing digital and streamlined transactional procedures accessible through a single point of contact. A key measure to boost uptake of online services is the introduction of **digital identity onboarding (e-KYC)**<sup>3</sup>. Following a due diligence assessment, conducted by the Project, confirming Moldova's readiness, all counterparts<sup>4</sup> agreed that the e-KYC platform would address a critical gap in the national digital infrastructure, simplifying compliance and reducing entry barriers for SMEs to access online services and reduce operational burdens.

Based on these findings, the e-Gov Agency with PIU support is currently negotiating the contract with the selected vendor to design the e-KYC solution, ensuring interoperability with existing government systems. The implementation is expected to commence at the mid of December and continue through October 2026.

## Simplify the Regulatory Environment

An in-depth review of the regulatory framework for business permits was successfully completed with the support of the Project in July 2025. In preparation and to support digitalization, particularly MMIP upgrade, a consulting firm was engaged to conduct a legal assessment of the business permits regulatory framework. 139 business permits were officially recognized in Moldova under Law No. 160/2011<sup>5</sup>, including 22 licenses, 88 authorizations, and 29 certificates. However, expert assessments identified nearly 60 additional permits operating outside the scope of the Law, in contravention of the principles and provisions of better regulation.

During 2024–2025, the Project facilitated one of the most comprehensive reforms of the business permits in Moldova, which reviewed almost 200 permits and procedures suspected of having characteristics of permits - the initiative being implemented through Law No. 227 of July 10, 2025, which introduced amendments to 41 legal acts and addressed 88 business permits regulated under them.

Of these, 33 permits were proposed for abolition or conversion into non-permissive procedures. The remaining permits were targeted for streamlining, including: (i) reducing documentary requirements; (ii) shortening processing time; (iii) reducing sanctions and administrative burdens, etc.

Significant amendments were also made to the framework Law No. 160, aiming to strengthen governance and sustainability of the permitting system. Upon entry into force on February 5, 2026, the Law will establish a consolidated list of 132 business permits, comprising 22 licenses, 83 authorizations, and 27 certificates.

The reform was incorporated into the EU Growth Plan for Moldova as two flagship actions for 2025 and 2026, each rated with the highest degree of ambition and linked to conditional funding of over €15 million per year. In 2025, the reform targeted the revision of 100 permits, including at least 20 abolished or transformed into non-permissive procedures and 80 improved. In 2026, an additional 20 permits are expected to be abolished or transformed, ensuring that by year-end, no permits remain outside Law No. 160, thus fully aligning the system with the principles of better regulation.

This simplification has important impact on businesses resulting from the legal reform supported by the project. According to the estimations, taking into consideration the nominal evolution of wages and the dynamics of applications for permits, the estimated savings can amount to EUR 1.1 million for the period July - December, 2025.

<sup>3</sup> Government Degree No.74 / 2024 on implementing E-KYC and approval of the System Concept.

<sup>4</sup> The WBG team MEDD and the EC under the Prime Minister Office

<sup>5</sup> Law on the Regulation of Business Activity through Licensing

## Enhancing National Quality Infrastructure

**The review of the quality infrastructure (QI) program for Moldova confirmed the need to strengthen the capacity of existing laboratories.** Based on the NQI system's gap assessment conducted in 2023, a vision for 2024-2027 was proposed, along with a set of recommendations for strengthening the Moldovan NQI. The PIU upon the MEDD' request contracted an independent technical QI expert to review the national QI development program and to assist the ministry with development of the NQI roadmap and implementation of the QI national development program, including designing the technical specifications for the metrology equipment and topics for the training and know-how transfer in the field of selected metrology domains. Findings indicate that forming new laboratories may not be feasible given the market size. Instead, enhancing the capabilities of existing laboratories, including equipment, procedures, and training, should be the priority to develop new accredited services for firms. In addition, there is a need to strengthen institutional capacities<sup>6</sup> to improve accreditation procedures. This finding needs to be considered to calculate target indicators for Component 1 to focus on enhancing the capacities of existing laboratories to achieve the planned number of accredited services (metrological domains) rather than developing new laboratories. This adjustment will be re-evaluated during the Project' mid-term review to propose the replacement of the existing result indicator "New accredited calibration laboratories available to firms" with "Number of accredited calibration domains available to firms" and revising the targets accordingly.

### **Progress was made in identifying equipment and staff training needs to increase laboratory capacity.**

The international QI expert completed the assessment on capacity development needs of existing laboratories to achieve the expected accredited services for firms.

Following a thorough analysis of the operational status of each laboratory within the NMI, the QI expert developed the technical specifications for the required laboratory equipment, as well as identified the training needs of the technical staff involved in measurement activities. In total, eleven metrological domains will benefit from equipment upgrades and know-how transfer to strengthen the laboratories' technical capacities.

After consultations with the expert and relevant counterparts, it was agreed that the procurement will be structured into eight (8) tender packages - four (4) covering metrological equipment and four (4) covering secondary equipment and complementary services necessary to ensure the proper functioning and integration of the laboratories.

The total estimated cost of the equipment supply and training activities amounts to EUR 6.5 million, of which EUR 5.6 million is allocated for equipment and EUR 1.0 million for training and know-how transfer. The tendering process was launched at the end of November 2025, with two other packages - (i) Mass & Pressure and (ii) Ionization & Radiation initiated at the mid of December.

In parallel, the NMI and PIU teams are finalizing the Terms of Reference for the first batch of training activities to be implemented under the Project.

**Digital system for managing fuel quality control.** Upon request of the MEDD, the Project financed the development of a digital application for managing fuel quality controls. The system was developed over an extended period of time, due to uncertainties regarding the conceptual design and the need to apply a risk-based approach rather than a random approach in selecting fuel stations under the relevant monitoring plan. Eventually, in October 2025, the system was launched into production and handed over to the beneficiary

---

<sup>6</sup> Key institutions to strengthen the capacities on the QI are the MEDD, the National Metrology Institute (NMI), the State Inspectorate for the Supervision of Non-Food Products and Consumer Protection, the National Accreditation Body (MOLDAC), and the Institute for Standardization of Moldova (ISM)

- the Consumer Protection Inspectorate. The total value of the system amounts to EUR 18,000.

Table 1.1 below reflects financial implementation, forecasts and unused amount foreseen under Digitization Component. Financial implementation and disbursement rate is at 29% corresponding to EUR 5.90 million. Overall, by closing date (July 2027), total disbursements are projected to reach EUR 15.52 million, or 75 percent of the allocated EUR 20.75 million budget.

**Table 1.1 Financial implementation as of 12.12.2025 and forecast till 31.07.2027 (Euro)**

<b>Component</b>	<b>Budget</b>	<b>Committed</b>	<b>Implemented</b>	<b>Forecast (additional)</b>	<b>Unutilized</b>
	1	2	3	4	5 (1-2-4)
<b>#1 – Digitization &amp; Reg. Reform</b>	<b>20.750.000</b>	<b>5.885.796</b>	<b>5.012.586</b>	<b>9.635.000</b>	<b>5.229.204</b>
<i>incl. PBCs</i>	<i>1.900.000</i>		<i>950.000</i>	<i>950.000</i>	<b>-</b>
#2 – Access to Finance	14.278.000	9.750.749	9.745.136	4.527.251	<b>0</b>
<i>incl. CGF capitalization</i>	<i>13.800.000</i>		<i>9.500.000</i>	<i>4.300.000</i>	<b>-</b>
#3 – MSME export competitiveness	11.622.000	4.128.918	1.945.696	4.610.000	<b>2.883.082</b>
<i>incl. Matching Grants Facility</i>	<i>4.750.000</i>	<i>2.100.197</i>	<i>584.244</i>	<i>2.100.000</i>	<i>550.340</i>
#4 - Project Management	850.000	788.716	522.947	102.500	<b>- 41.216</b>
<b>Total</b>	<b>47.500.000</b>	<b>20.554.179</b>	<b>17.226.365</b>	<b>18.874.751</b>	<b>8.070.000</b>

## Component 2. Access to finance

### Summary

**Disbursement.** The implementation of Component 2 has progressed steadily, with a disbursement rate of 68 percent (EUR 9.75 million) of the allocated EUR 14.30 million budget. Full absorption of funds is expected by the end of the implementation period.

**Progress.** The disbursement of the first CGF capitalization tranche of EUR 9.5 million, following the fulfilment of all required conditions took place in July 2023. The Component also supported the development of key institutional frameworks for the ODA' Credit Guarantee Fund, including internal control, risk management, and financial management manuals, transition from NAS to IFRS of the whole organization, while strengthening CGF's operational capacity through the provision of modern IT hardware and staff training aligned with European and international best practices.

Work with participating financial institutions advanced as well. Due diligence was completed for four major banks, and guarantee agreements amounting to MDL 573 million (USD 31.6 million) were signed with MAIB and OTP. Eight client contracts totaling MDL 7.90 million has been already signed, including MAIB - 3 contracts and OTP - 5 contracts. Negotiations with Victoriabank are progressing, while ProCredit's agreement has been postponed due to its engagement with a parallel guarantee facility supported by another donor.

**Challenges.** Weak progress has been made in the execution of guarantee agreements with PFIs, and the slow uptake of guarantees continues to affect performance under the Project Results Framework. All Component' results indicators remain behind their mid-term targets, and none have yet been achieved. To unlock demand and accelerate portfolio activation, adjustments to the guarantee product mix are required, including increasing maximum loan sizes, extending inclusion periods, simplifying reporting requirements, standardizing ESG criteria across PFIs, and possibly reducing ODA's guarantee fees to enhance competitiveness. ODA supported by the World Bank project team is currently working to restructure and revise the CGF conditions and launch an awareness campaign to promote the portfolio guarantee product to MSMEs.

Progress toward IFRS-compliant financial reporting has also encountered delays, driven by the complexity of the conversion and the need to prepare separate financial statements for the CGF. This adjustment will require additional resources, with stand-alone CGF accounts now expected by July 2026 and the corresponding financial audit by October 2026. Finalization of internal control and risk management manuals likewise depends on aligning these frameworks with ODA's revised organizational structure following ongoing institutional reforms. At the same time, all the relevant policies internal control and risk management have been completed with support from the World Bank, these are awaiting enactment by ODA. As regards the legal confirmation required to verify CGF's eligibility to invest temporarily free funds in state securities and NBM instruments are waiting actions by the Ministry of Finance.

Sustained and proactive efforts are therefore necessary to accelerate implementation, address these bottlenecks, and ensure the timely fulfilment of all disbursement conditions for the second capitalization tranche (EUR 4.3 million) by the end of 2026, alongside pro-active and stronger execution of portfolio guarantees through participating financial institutions.

**The first set of disbursement conditions were lifted in July 2023.** The first set of disbursement conditions for tranche 1 (EUR 9.5 million) of the CGF capitalization included five conditions, which were lifted as of July 10, 2023. The first withdrawal for the capitalization of CGF took place at the end-July 2023.

**Some progress has been achieved in the execution of guarantee agreements with participating banks.** The Credit Guarantee Fund (CGF) completed due diligence for four banks: MAIB, OTP, ProCredit, and Victoriabank and signed guarantee agreements totaling MDL 573 million (USD 31.6 million) with MAIB and OTP. **Eight client contracts totaling MDL 7.90 million** has been already signed by MAIB (3 contracts-MDL 3.2 million) and OTP (5 contracts - MDL 4.7 million). Negotiations with Victoriabank are expected to conclude by year-end for a potential guaranteed portfolio of MDL 344 million (USD 20.4 million).

Although ProCredit's due diligence is complete, its agreement was postponed until end-2025. Its potential guaranteed portfolio is USD 19.1 million (MDL 357 million). ProCredit has meanwhile signed a EUR 30 million guarantee arrangement with the Government of Sweden through SIDA.

To address the slow uptake of guarantees, ODA collected feedback from the top five banks, which suggested increasing the maximum loan size, extending inclusion periods, and simplifying reporting and ESG requirements. Internal Control, Risk Management, and Financial Management manuals developed with Project support are being reviewed to align with the new structure and IFRS transition.

CGF staff have been equipped with modern IT hardware to strengthen digital infrastructure and financial reporting. A public awareness campaign on portfolio guarantees targeting SMEs is under procurement process and will run from January to June 2026 to boost understanding and uptake of the instrument.

**ODA is taking steps to meet the disbursement conditions for the second tranche<sup>7</sup> of CGF capitalization (EUR 4.3 million).** ODA continues to advance the fulfillment of conditions required for the disbursement of the second tranche for the CGF capitalization. Progress has been achieved on all conditions, however there are delays which need to be addressed. A summary of progress and completion on each conditionality action is provided in Table 2.1 below.

---

<sup>7</sup> The first tranche of EUR 9.5 million has been disbursed in July 2023

**Table 2.1 Implementation status of the conditions for the 2<sup>nd</sup> tranche for CGF capitalization**

#	Action	Status
1	A financial model for the Portfolio Guarantee Scheme has been developed, approved and adopted by ODIMM and has been used for the following fiscal year planning.	<p><b>In progress.</b> Prior to the adjustment and approval of the financial model, a set of internal regulations needs to be set up. Mainly, three policies that will have a direct impact on the financial model had been developed and <u>approved at the ODA’s Council in December</u> as follows:</p> <ol style="list-style-type: none"> <li>1. Pricing policy – specifies the price formation and structure considering the effective cost supported by ODA, considering the assumed risks.</li> <li>2. Investment and temporarily available liquidity administration policy – the mode of identification, planning, placement, monitoring and reinvestment of temporarily available financial resources for its efficient use and conservation of the public capital, as well as insurance of its sustainability.</li> <li>3. Guarantee provisioning methodology – identifies and evaluates the credit risk related to the guarantees, determination mode of the ECL, its risk-based classification, recognition and reporting into the financial statements.</li> </ol> <p>The World Bank team has provided a template financial model which will be further refined and calibrated to the above-mentioned documents in order to be used for business planning purposes.</p> <p><b>Expected completion date – May 2026</b></p>
2	A legal and regulatory review has been undertaken to assess eligibility to invest in State Securities and NBM Certificates.	<p><b>Completed.</b></p> <p>ODA had developed an Analytical Note on Investments of the CGF’s resources in the state securities and Certificates of the National Bank of Moldova, being presented for coordination to Ministry of Finance (MF), Ministry of Economic Development and Digitalization (MoEDD) and National Bank of Moldova (NBM).</p> <p>The document encompasses a legal, regulatory and conceptual review on the investment eligibility instruments that could be used to place the CGF’s capital.</p> <p>All institutional stakeholders had presented their feedback as follows:</p> <p>NBM certificates - ineligible for CGF, as they are monetary policy tools for banks only. Extending access could erode policy transmission efficiency. In contrast, investments in State Securities and NBM deposits are in compliance with the applicable legal provisions.</p> <p>MoF: raises no legal objections but notes that such placements may be less suitable from a Treasury liquidity-management perspective.</p> <p>MoEDD: `investment in state securities is in compliance with the legal framework, mainly art. 62 (4) of the Law on Public Finance and Budgetary Fiscal Responsibility no 181/2014.</p> <p>Considering the above, ODA developed the Investment and temporarily available liquidity administration policy, which establishes the mode of identification, planning, placement, monitoring and reinvestment of temporarily available financial resources for its efficient use and conservation of the public capital, as well as insurance of its sustainability. This Policy has been approved by the ODA’ Council in December 2025.</p> <p><b>A request for the validation of the fulfillment of this conditionality has been submitted to the World Bank for approval and is awaiting comments.</b></p>
3	An internal control manual for the CGF, incorporating segregation of functions and guidance on internal audit requirements, has been developed and approved by ODA.	<p><b>Completed.</b> Substantial progress has been achieved with the key policy and operational frameworks, namely the Internal Control and Risk Management manuals. Thus, both Manuals has been approved by the ODA’ Council in December.</p>

4	A risk management framework, including policies and/or procedures on, <i>inter alia</i> : the financial model, cash controls, physical security, oversight of the PFIs, oversight of the investment of capital and a review of outreach materials/web presence has been developed and adopted by ODA.	In view of ODA's ongoing institutional changes, the operationalization of a separate subdivision - compliance and risk assessment for CGF and FACEM, these manuals could require minor adjustments to reflect the new organizational structure and procedures. The final versions as evidence of compliance with the respective disbursement condition <b>will be submitted by end-January 2026.</b>
5	Financial statements for CGF are produced for at least one full fiscal year, and audited by an independent external auditor, according to International Financing Reporting Standards (IFRS).	<p><b>In progress.</b> The assignment for the preparation of ODA's financial statements in accordance with IFRS is currently ongoing. Owing to the complexity of the conversion process from NAS to IFRS, certain delays have been encountered. While PwC has already developed the draft IFRS financial statements, these do not include separate financial statements for the CGF, as the initial ToRs did not envisage the preparation of IFRS stand-alone statements for the CGF.</p> <p>To ensure full compliance with this disbursement condition, the scope of work was expanded to include: (i) the preparation of separate financial accounts for the CGF as an independent business unit, and (ii) the development of a dedicated methodology for the preparation of such separated accounts. Implementation of this additional scope will require the mobilization of further resources to amend and top up the existing contract with the Consultant.</p> <p><b>Expected completion date for the CGF separated accounts and related methodology – end of July 2026.</b></p> <p>Independent external financial audit of the ODA IFRS financial statements, including separated financial statements of CGF will be conducted for Y. 2023 &amp; 2024 after the preparation of the said separated financial accounts of CGF. Given the additional time required for preparation of the separated accounts of CGF the expected <b>deadline to complete financial audit - October 2026.</b></p>

**To strengthen the institutional capacity of CGF, the Project provides continuous support to ODA through participation at different learning events and study visits.** The Project’s training and study activities have significantly strengthened CGF’s institutional and technical capacity in line with international best practices. Staff improved their understanding of sustainable and inclusive financing models and the operational approaches of leading European guarantee institutions. The acquired knowledge is being integrated into CGF’s internal processes and the design of sustainable guarantee instruments. Between 2024 and 2025, twelve CGF employees (some attending multiple events) participated in eight learning activities, both in Moldova and abroad. Three staff members attended two certified programs at the Frankfurt School of Finance & Management on Sustainable and SME Financing. Another employee joined the TAIEX Study Visit gaining exposure to green and inclusive guarantee models. The Project also co-financed participation in three AECM events, fostering experience exchange and adoption of European practices in SME support and sustainable finance, like *Financial Products for a Sustainable Europe*, *Guarantees for Economic and Social Inclusion*, and *Future Readiness of SMEs*.

**The PIU discussed with ODA the plan for the remaining loan proceeds available for TA.** From the total amount of EUR 478.000 foreseen for TA under this Component, as of November 2025 the implementation rate is at 52%. In discussion with ODA a list of activities has been identified for further support during 2026-2027. Thus, in addition to the consulting services on transition to IFRS (incl. separate financial accounts for CGF), development of internal control manual, risk management framework and related internal regulations, as well as the external audit of the financial statements, ODA requested: (i) support for implementation of ESG procedures within the CGF (coaching), (ii) CGF awareness campaign, (iii) adaptive maintenance for the CGF's information system and (iv) training for banks, as well as ODA staff, related to assessment and monitoring of climate change risks or ESG issues.

Table 2.2 below reflects financial implementation, forecasts and potential savings foreseen under Access to Finance Component. Financial implementation and disbursement rate of the Component 2 is at the level of 68% and from a disbursement perspective, Component’ funds are expected to be fully absorbed by the end of the implementation period.

**Table 2.2 Financial implementation as of 12.12.2025 and forecast till 31.07.2027 (Euro)**

Component	Budget	Committed	Implemented	Forecast (additional)	Unutilized
	1	2	3	4	5 (1-2-4)
#1 – Digitization & Reg. Reform	20.750.000	5.885.796	5.012.586	9.635.000	<b>5.229.204</b>
<i>incl. PBCs</i>	<i>1.900.000</i>		<i>950.000</i>	<i>950.000</i>	-
<b>#2 – Access to Finance</b>	<b>14.278.000</b>	<b>9.750.749</b>	<b>9.745.136</b>	<b>4.527.251</b>	<b>0</b>
<i>incl. CGF capitalization</i>	<i>13.800.000</i>		<i>9.500.000</i>	<i>4.300.000</i>	-
#3 – MSME export competitiveness	11.622.000	4.128.918	1.945.696	4.610.000	<b>2.883.082</b>
<i>incl. Matching Grants Facility</i>	<i>4.750.000</i>	<i>2.100.197</i>	<i>584.244</i>	<i>2.100.000</i>	<i>550.340</i>
#4 - Project Management	850.000	788.716	522.947	102.500	<b>- 41.216</b>
<b>Total</b>	<b>47.500.000</b>	<b>20.554.179</b>	<b>17.226.365</b>	<b>18.874.751</b>	<b>8.070.000</b>

## Component 3. MSME & export competitiveness

### Summary

**Disbursement.** The commitment rate stands at 36 percent (EUR 4.2 million), with total disbursements projected to reach EUR 8.74 million (75 percent of the allocated EUR 11.62 million) by the current closing date. An estimated EUR 2.9 million is expected to remain unutilized across the Matching Grants Facility (EUR 0.6 million), Invest Moldova Agency (EUR 1.0 million) activities, and ODA-led programs (EUR 1.6 million), highlighting the need for an extension of the implementation period to ensure full resource absorption and achievement of planned results.

**Progress.** Significant progress has been achieved under the Matching Grants Facility, which remains the core driver of MSME support under the Project. Since launch in June 2023, the Program has generated strong market demand, with 277 applications received, 112 approved, EUR 2.1 million committed, and EUR 0.58 million disbursed. A total of 104 grant agreements has been signed, and 68 are currently under implementation. The introduction of the fast-track mechanism and intensified outreach in 2025 significantly accelerated the pipeline, and the mid-term target for the cumulative number of grant beneficiaries (125) is expected to be reached by end-2025. Beneficiaries are already reporting results, including EUR 3.9 million in export sales, with more than 30 percent undertaking new export activities.

The Supplier Development Program (SDP) transitioned to full implementation in 2025, with 23 SMEs completing comprehensive 360-degree diagnostics and initiating Business Development Plans focused on competitiveness, quality systems, traceability, and supply-chain integration. While the technical foundations of the Program are strong, ODA continues to face difficulties mobilizing additional manufacturing firms, thus further outreach will be required to meet the target of 60 supported companies.

The Export Readiness Program (ERP) is advancing through procurement, with contract commencement expected in February 2026. The first phase will support 250 firms over 18 months, although the full target of 450 beneficiaries cannot be met within the current timeline. Options for addressing this include revising the target or implementing a second phase post-midterm review, which would require an extension of the Project.

Export promotion activities implemented jointly with the Investment Agency have delivered good results. Between 2023 and 2025, five B2B export missions to Romania and Germany were organized, engaging 201 Moldovan companies and facilitating 2,177 B2B meetings - twice the original target. These missions resulted so far in 61 export contracts totaling EUR 6.38 million and supported 34 firms in launching new export activities.

In addition, 15 “Export Vision” outreach events engaged more than 650 firms, strengthening awareness of market trends and export opportunities. Analytical work conducted in 2025 identified key constraints expressed by local firms on their path to export - skills shortages, instability, competition from international brands, low country visibility, and limited export finance, informing future strategic directions for export support.

The Project also strengthened the capacity of the Investment Agency through procurement of promotional materials, IT equipment, and vehicles, and by co-financing Moldova Business Week events in 2024 and 2025. Planned activities for 2026 include market perception surveys, communication and branding initiatives, and inbound buyer missions in key export sectors.

**Challenges.** Despite this progress, several implementation challenges remain. Disbursement under the MGF is below expectations, intermediary results indicators are slightly behind target, and the absorption

rate remains modest. To enhance impact and improve utilization, the grant ceiling was increased to MDL 1.0 million; however, this will reduce the final target - number of beneficiaries to approximately 220 compared with the originally planned 320.

Implementation of the export readiness program (ERP) program is on delay, therefore only 250 firms will benefit from Project support at this stage, although the full target of 450 beneficiaries cannot be met within the current timeline. Options for addressing this include revising the target or implementing a second phase post-midterm review, which would require an extension of the Project.

Adjustments, including revised results framework indicators, intensified outreach for SME programs, and an extension of the implementation period will be critical to fully implement planned interventions, ensure efficient use of remaining resources, and maximize development outcomes.

**Intermediary results under the Matching Grants Facility (MGF) remain slightly below the Project's target indicators**, posing a moderate risk of delays in implementing the MSME business support component.

Since the MGF launch in June 2023, a total of 277 companies has applied to the Program and submitted Business Improvement Plans (BIPs), of which 112 applications were approved. The total committed amount stands at EUR 2.1 million (representing 45% of the MGF budget), while the disbursed amount equals EUR 0.58 million (12.3% of the budget). As of December 01, 2025, out of 112 approved, 104 beneficiaries have signed grant agreements, 68 agreements are under implementation, while 29 are completed. The average grant size / beneficiary is EUR 18 thousand.

**Table 3.1 MGF indicators**

Category	2023	2024	As of 01.12.2025
<b>Cumulative number of applications, including:</b>	<b>28</b>	<b>73</b>	<b>277<sup>8</sup></b>
Approved	16	37	112 (+15 Gov. Program)
Rejected	12	33	104
Under evaluation		3	47
<b>BIPs approved</b>			€ 3.376.248
<b>Committed grant amount</b>			€ 2.100.197
<b>Amount disbursed to firms</b>			€ 584.244

The introduction of the fast-track mechanism, combined with proactive awareness and outreach activities in spring 2025, generated a sharp and sustained increase in demand for Program funds, including those available under the MGF. Between January and October 2025, about 200 new applications were received, comparing to the total number (45) submitted during the entire year of 2024. With 47 applications currently under evaluation, it is realistic to expect that the mid-term KPI target for cumulative number of firms receiving matching grants (125) will be achieved by the end of 2025. Strong demand for MGF support is expected to persist in 2026.

Beneficiaries under the grant component achieved good results, confirming the effectiveness of the mechanism in driving business growth and export expansion. Since the Project's launch, total export sales

<sup>8</sup> Applications submitted to the Government Program and MGF

by MGF firms have reached EUR 3.9 million, while over 30% are engaged in new export-oriented activities such as entering new markets, developing new products, and establishing international partnerships. The most in-demand business development services include marketing and promotion, production process improvement, and quality management and certification support.

To further strengthen participation and ensure full utilization of the MGF budget, the maximum grant ceiling has been increased from MDL 0.6 million to MDL 1.0 million per beneficiary. This adjustment would raise the average grant size and enable near-complete absorption of the MGF allocation. The measure is particularly relevant given ODA's limited state-funded budget.

At the same time, this increase may affect the target indicators related to the number of beneficiaries participating in the Program. Based on forecasts, and due to the increase of grant ceiling from MDL 0.6 million to MDL 1.0 million / firm, the total number of beneficiaries can reach a maximum of 220 (vs. 320 planned) by the end of the project lifecycle, which will require adjustment of the Project' Results Framework Indicators. Furthermore, projections indicate that approximately EUR 3.9 million or 82% of the EUR 4.75 million budget allocated to the MGF subcomponent will be utilized by the current Project closing date (refer to Table 3.2).

Taken together, these factors indicate that the current Project implementation timeline is insufficient to ensure the achievement of the MGF's development objectives and complete absorption of the allocated resources. Accordingly, an extension of the implementation period by 12 months, until July 2028, is required to enable attainment of the component's objectives and efficient utilization of the remaining funds.

**Table 3.2 MGF disbursement forecast**

Item	2025	2026	July 2027	June 2028
Number of beneficiaries	120	175	220	
Amount committed	€2.350.000	€3.300.000	€4.600.190	
Amount disbursed to firms	€625.000	€2.400.000	€3.900.000	€4.750.000

For more information on MGF indicators refer to **Annex 1**.

**Supplier Development Program (SDP).** Under the Project, ODA is enhancing its capacity to conduct comprehensive 360-degree assessments of SMEs across key performance dimensions, including operational efficiency, quality management, financial health, supply chain management, innovation, and strategic planning. The SDP implemented with the support of an international consulting firm over an 18-month period starting in June 2025, targets up to 60 local manufacturing companies. Having transitioned to full implementation, the Program engaged 23 eligible SMEs from an initial 27 applicants, which have completed business audits and developed performance benchmarks so far. Diagnostic results revealed common structural constraints such as weak branding, uneven profitability, and limited traceability, hindering integration into global value chains. Tailored Business Development Plans (BDPs) are now being implemented to provide structured pathways for strengthening competitiveness and achieving sustainable performance improvements. However, ODA continue to face challenges in mobilizing potential beneficiaries to participate in the Program, therefore, additional efforts to attract new participants remain essential.

As regards the **Export Readiness Program (ERP)**, this is structured as a multi-phase Export Accelerator, aimed at helping Moldovan SMEs strengthen their export readiness and establish connections with international buyers. The procurement process for selecting the consulting firm to help ODA implement a

system to conduct quick 360-degree firm-level assessment from the perspective of export readiness and provide tailored consultancy support to participating Moldovan firms, is currently underway and is expected to be completed by the end of December 2025. The Program is designed to target 450 companies with export potential, however, considering the limited project timeline and the required implementation period, the current phase foresees support for 250 firms under the initial phase scheduled to run for 18 months.

The remaining 200 companies will be considered for continuation following the MSME Project's mid-term review. This may involve either revising the target indicator downward or implementing a second phase covering the remaining firms. The latter option would extend beyond the current Project closing date and may therefore require an extension of the Project' implementation period for another 6-8 months.

**The Project is continuing to support the Moldovan Investment Agency (MIA) to build up its export promotion program.** A total of four B2B missions to selected foreign markets are planned under the MSME Project, aiming to connect approximately 240 Moldovan firms with potential international buyers. Between 2023 and 2025, the Project supported MIA in organizing five export missions, as follows: (i) Romania in 2023; (ii) Germany and Romania in 2024; and (iii) Germany and Romania in 2025. The selection of Romanian and German markets for the 2025 B2B missions once again was driven by strong demand and proven results from previous years. Romania remains a priority due to proximity, cultural similarities, and consumer preferences, while Germany offers higher value-added opportunities and enhances international competitiveness. Both markets align with national export diversification priorities and build on earlier missions, ensuring continuity and stronger economic impact.

In total, 201 local companies participated in these missions, representing various economic sectors, including: (i) fresh fruits and vegetables, (ii) wine production, (iii) food processing, (iv) industrial products (including metal processing), and (v) furniture manufacturing. Altogether, 2177 meetings were organized, an average of 11 meetings per company, thus doubling the original target indicator.

According to monitoring reports covering 12 months post-mission period, participating companies achieved tangible commercial results, i.e. 34 producers launching new export activities and 61 newly signed contracts amounting to EUR 6.38 million. Table 3.3 presents the key outcomes of the export missions conducted between 2023 and 2025.

**Table 3.3 Results of the B2B export missions (2023-2025)**

Indicator	Y. 2023 Romania	Y. 2024 Romania & Germany	Y. 2025 <sup>9</sup> Romania & Germany	TOTAL
Number of participated firms	57	73	69	<b>201</b>
Number of meetings held	533	858	786	<b>2177</b>
Number of firms engaged in new exports	16	18	-	<b>34</b>
Number of contracts signed	33	28	-	<b>61</b>
Value of contracts signed	<b>€ 3.92 mill.</b>	<b>€ 2.46 mill.</b>	--	<b>€ 6.38 mill.</b>

The Project continues to support the MIA in conducting analytical market research on targeted export destinations and disseminating the findings through public “**Export Vision**” events organized by the

<sup>9</sup> B2Bs concluded at the mid of November, therefore the results are preliminary and to be reported within the next three months

Agency. These events serve as a key platform for knowledge transfer and business outreach, helping Moldovan SMEs better understand market trends, consumer preferences, and regulatory requirements in potential export markets.

Between 2023 and 2025, a total of 15 such events were organized, engaging over 650 local firms across various sectors. The events have strengthened firms' strategic understanding of export opportunities and stimulated business interest in international expansion. Table 3.4 below presents the key outcomes of these events implemented over the 2023–2025 period.

**Table 3.4 Results of the export vision events (2023-2025)**

Year	Target market	Number of events / markets	Number of participants
2023	Egypt, India, Austria and Switzerland	4	96
2024	Türkiye, Romania, Germany, Italy and Poland	5	222
2025	EU electronics, EU agriculture & food sectors, The Netherlands, United Arab Emirates, Czech Republic and Sweden	6	341
<b>TOTAL</b>		<b>15</b>	<b>659</b>

The reports and presentations on the results of the studies, as well as of the export missions held by Investment Agency with the Project's support, are available on the website <https://invest.gov.md/export/>

**A survey aiming at identifying the needs, requirements and potential obstacles of exporters in initiating exports to new markets and penetrating existing markets has been conducted during January-May 2025.** The survey identified that top 5 biggest obstacles for exporters and companies with export potential are the following: (i) lack of qualified workforce, (ii) international stability, (iii) national stability, (iv) intense competition from international brands and (v) insufficient awareness of Moldova abroad. Also, 37% of potential exporters mentioned as barrier the insufficient resources to finance exports. To strengthen the support provided to exporters, Invest Moldova Agency could implement the following 4-5 strategic directions of intervention that respond to the main needs identified in the research: (i) skills building and preparing companies for export, (ii) actively promoting the export offer and strengthening the country brand, (iii) facilitating access to external markets and developing international partnerships, (iv) facilitating access to finance, insuring commercial risks and providing financial incentives, (v) improving the export framework and digitalizing support services.

**Other activities supported by the Project in 2023-2025** were development of the promotion materials (brochures and leaflets) about country' investment, tourism and investment opportunities in Moldova. More than 30 thousand brochures and leaflets have been designed for electronic and printed use, subsequently distributed within the embassies and diplomatic representations of the Republic of Moldova. In addition, in 2024 the Project enhanced the Investments Agency technical capacities through procurement of IT equipment (laptops, printers) and a new vehicle. Also, part of the costs of organizing the Moldova Business Week events, which took place in September 2024 and September 2025, has been covered from the MSME Project's resources.

**Other support activities to Investment Agency programs are envisaged for the upcoming period.** Several activities of support to Investment Agency are foreseen in 2026, in particular (i) conducting surveys on the perception and awareness of Moldova's country image in selected foreign markets / consolidating trade in a strategic market (Romania), (ii) strengthening strategic communication and awareness capacities to promote exports and attract investments and (iii) organizing inbound export missions to strategic sectors of Moldova: agri-food, fresh fruits, honey, etc.

Financially, Table 3.5 below indicates that by end-July 2027, a total of EUR 8.74 million (around 75 percent) of the EUR 11.62 million allocated to Component 3 is expected to be disbursed. The unused balance of EUR 2.9 million is the amount occurred as savings and has to be reallocated to activities defined by ODA and MIA.

**Table 3.5 Financial implementation as of 12.12.2025 and forecast till 31.07.2027 (Euro)**

Component	Budget	Committed	Implemented	Forecast (additional)	Unutilized
	1	2	3	4	5 (1-2-4)
#1 – Digitization & Reg. Reform	20.750.000	5.885.796	5.012.586	9.635.000	<b>5.229.204</b>
<i>incl. PBCs</i>	<i>1.900.000</i>		<i>950.000</i>	<i>950.000</i>	-
#2 – Access to Finance	14.278.000	9.750.749	9.745.136	4.527.251	<b>0</b>
<i>incl. CGF capitalization</i>	<i>13.800.000</i>		<i>9.500.000</i>	<i>4.300.000</i>	-
<b>#3 – MSME export competitiveness</b>	<b>11.622.000</b>	<b>4.128.918</b>	<b>1.945.696</b>	<b>4.610.000</b>	<b>2.883.082</b>
<i>incl. Matching Grants Facility</i>	<i>4.750.000</i>	<i>2.100.197</i>	<i>584.244</i>	<i>2.100.000</i>	<i>550.340</i>
#4 - Project Management	850.000	788.716	522.947	102.500	- <b>41.216</b>
<b>Total</b>	<b>47.500.000</b>	<b>20.554.179</b>	<b>17.226.365</b>	<b>18.874.751</b>	<b>8.070.000</b>

## Component 4. Project management

### Summary

The Project Management component ensures coordination, financial management, procurement, and monitoring of all project activities. The Project Implementation Unit (PIU) leads day-to-day implementation and comprises four core staff and three part-time specialists in Environmental, Social, and M&E areas. In September 2025, a part-time procurement specialist was engaged to strengthen procurement under the National Quality Infrastructure (NQI) subcomponent, while recruitment of a communication specialist is planned to enhance visibility and stakeholder engagement. To support ODA in implementing the MGF and Access to Finance subcomponents, the PIU works closely with environmental and social specialists, an MGF coordinator, and an MGF M&E specialist, ensuring effective monitoring and reporting. Recruitment of an MGF Officer and Component' Coordinator is ongoing to expand implementation capacity.

The Project Supervisory Board, chaired by the MEDD minister, continues to provide strategic oversight, with the next meeting planned for end-2025.

Speed of the procurement process remains a key implementation challenge. The current PIU procurement capacity is under significant pressure due to the large number of tenders to be launched and monitored during the 2026-2027, to ensure absorption of the remaining funds of app. EUR 25.0 million.

### Financial Management & Disbursement

As of 12.12.2025, cumulative disbursements under the Project reached EUR 18.0 million, representing an overall disbursement rate of almost 38%. The IBRD source recorded a rate of 62.0%, while IDA reached 24% of its total allocation.

EUR 0.95 million was disbursed recently as reimbursement for meeting the Performance-Based Condition (PBC2) related to business permits and online uptake through the MMIP system. Based on current forecasts, total disbursements are expected to reach EUR 39.4 million (84% of the budget) by Project closing date. Detailed financial data by source of funding and forecasts are presented in Table 4.1

**Table 4.1 Disbursements by source of funding, as of 12.12.2025 & forecast by 31.07.2027 (Euro)**

Source of funding	Budget	Disbursed	Disb. rate, %	Forecast (31.07.2027)	Unutilized (31.07.2027)
IDA Credit #7174-MD	29 800 000	7 022 000	24,0	23 130 000	6 670 000
IBRD Loan #9423-MD	17 700 000	10 985 000	62,0	16 300 000	1 400 000
<b>Total per Project</b>	<b>47 500 000</b>	<b>18 007 000</b>	<b><u>38,0</u></b>	<b>39 430 000</b>	<b>8 070 000</b>
Disbursement forecast by 31.12.2025		18 007 000			
Disbursement forecast by 31.12.2026		32 450 000			
Disbursement forecast by 31.07.2027		39 430 000			

As of end-November 2025, total commitments amount to EUR 20.55 million (43% of the budget). The estimated unused balance of EUR 8.1 million includes EUR 5.23 million under Component 1 and EUR 2.88 million under Component 3, while the PIU budget requires additional resources (EUR 42.000) to cover planned expenditures. Detailed financial data by Components is presented in Table 4.2.

**Table 4.2 Financial implementation as of 12.12.2025 and forecast till 31.07.2027 (Euro)**

Component	Budget	Committed	Implemented	Forecast (additional)	Unutilized (+/-)
	1	2	3	4	5 (1-2-4)
#1 – Digitization & Reg. Reform	20.750.000	5.885.796	5.012.586	9.635.000	<b>5.229.204</b>
<i>incl. PBCs</i>	<i>1.900.000</i>		<i>950.000</i>	<i>950.000</i>	<i>-</i>
#2 – Access to Finance	14.278.000	9.750.749	9.745.136	4.527.251	<b>0</b>
<i>incl. CGF capitalization</i>	<i>13.800.000</i>		<i>9.500.000</i>	<i>4.300.000</i>	<i>-</i>
#3 – MSME export competitiveness	11.622.000	4.128.918	1.945.696	4.610.000	<b>2.883.082</b>
<i>incl. Matching Grants Facility</i>	<i>4.750.000</i>	<i>2.100.197</i>	<i>584.244</i>	<i>2.100.000</i>	<i>550.340</i>
#4 - Project Management	850.000	788.716	522.947	102.500	<b>- 41.216</b>
<b>Total</b>	<b>47.500.000</b>	<b>20.554.179</b>	<b>17.226.365</b>	<b>18.874.751</b>	<b>8.070.000</b>

Financial management performance was rated “*Good*” and fully compliant during World Bank ex-post reviews conducted in May 2024 and July 2025. All Interim Financial Reports were submitted on time and approved by the Task Team Leader (TTL). Two audit rounds were completed covering November 2022 - December 2023 and January - December 2024 and both reports were validated by the World Bank and published on the PIU website (<https://uipac.md/planuri-si-rapoarte-de-activitate>). The PIU will extend the contract with Baker Tilly to cover the audit for the period ending 31 December 2025.

In addition, a blockchain-based loan disbursement traceability initiative was piloted under the Project starting September 2024. Two PIU staff (Financial Specialist and Accountant) were trained by the World Bank blockchain team in Washington, and their ToRs were updated to include the new responsibilities. During the pilot phase (October 2024 – June 2025), the PIU provided regular progress updates and feedback during weekly coordination meetings with the blockchain team.

### Procurement Management

The procurement plan is implemented in line with the approved Procurement Strategy for the MSME Competitiveness Project and is periodically updated to include new activities requested by project beneficiaries. Progress on implementation is reviewed during regular weekly meetings with the World Bank team.

The Tender Committee, established by the PIU Supervisory Board in December 2022, comprises five permanent members. Following changes in MEDD’s management, its composition has to be renewed and approved by the PIU Board to include, *inter alia*, representatives from the MEDD, MIA, ODA, NQI institutions (e.g. NMI and MOLDAC), and additional experts engaged as needed for specific procurements. A World Bank post-review mission carried out in March 2024 rated procurement performance as “*Low Risk*”. In 2025, the PIU signed 14 new contracts, bringing the total to 68 since project effectiveness. As of November 2025, the PIU manages 27 ongoing contracts, while 15 tenders / evaluations are in progress with 6 new contracts expected to be signed by year-end.

**Table 4.1 Information on contracts signed (2022-2025)**

Item	2022	2023	2024	2025	Total
Signed contracts	6	22	26	14	<b>68</b>
Value of signed contracts	EUR 0.74 mill.	EUR 3.54 mill.	EUR 2.07 mill.	EUR 2.04 mill.	<b>EUR 8.38 mill.</b>
Completed contracts	-	9	20	12	<b>41</b>

The Project is on delay with some key activities resulting in **actual disbursements lag of app. EUR 5.0 million**, primarily due to implementation delays. The most significant factor was the postponement of the second CGF tranche to 2026, due to pending conversion of ODA's financial statements to IFRS. Additional delays stemmed from the lengthy coordination and procurement processes for major information systems (e-Inspection, MMIP, e-KYC) and the slower than planned implementation of the MGF during 2023-2024. Furthermore, the procurement of metrological equipment required extended technical preparation, therefore tendering process started in late November 2025.

Taking into account the considerable number of procurement activities and the resulting workload on the PIU procurement staff, in September 2025 the Project engaged a part-time procurement specialist to support the implementation of procurement activities under the NQI subcomponent (EUR 6.65 million).

Nevertheless, the **speed of the procurement process remains a key implementation challenge**. The current PIU procurement capacity is under significant pressure due to the large number of tenders to be launched during the first half of 2026, as well as the need to initiate additional procurements to ensure full absorption of the unutilized funds projected by the Project closing date (EUR 20.0 million).

To address these challenges, it is critical to further strengthen the PIU's procurement capacity, including by reinforcing staffing arrangements, better contract monitoring and coordination. Moreover, improved communication with local counterparts and beneficiaries (*e.g. elaboration of ToRs and technical specification*) and timely decision-making will be essential to accelerate the pace of procurement and ensure the efficient implementation of all planned activities within the remaining project period.

### **Monitoring and Evaluation**

The PIU oversees overall monitoring and evaluation (M&E) of Project performance. To reinforce this function, a part-time M&E Specialist was engaged in May 2024 to manage the Results Framework and track indicators across all components. At the same time, a dedicated MGF M&E Specialist monitors the impact of grants on MSME performance and competitiveness. Both specialists coordinate closely to ensure consistent data collection and reporting. Progress is reflected in the Implementation Status and Results (ISR) reports prepared semi-annually by the World Bank. Since Project effectiveness, the World Bank has conducted 13 supervision and implementation support missions, further strengthening performance monitoring. Progress against development objectives is continuously assessed, with any identified gaps or challenges addressed.

## Annex 1 Matching Grants Overview

From the MGF's launch in June 2023 to December 01, 2025, a total of 277<sup>10</sup> companies applied and submitted Business Improvement Plans (BIPs).

The intermediary results are as follows:

- Total number of approved beneficiaries: 112 (MGF mid-term target 125)
- Total committed funds: € 2,100,198 (45% of MGF budget)
- Total disbursed to beneficiaries: € 584,244 (12.3% of MGF budget)
- Average grant size per beneficiary: €18,011

Out of the 104 signed grant agreements:

- 29 projects have been completed
- 72 are under implementation
- 2 grants agreement terminated and 1 grant agreement was not signed/refused by the Beneficiary

In January 2025, the Government reshaped the Program, increasing the maximum grant amount from MDL 0.6 million (original MSME allocation) by an additional MDL 1.4 million - bringing the ceiling to MDL 2.0 million / beneficiary. While the proactive awareness campaign boosted interest, limited grant resources for other ODA programs have further fueled demand for MGF funding.

A consolidated overview of MGF indicators is presented in Table 1 below.

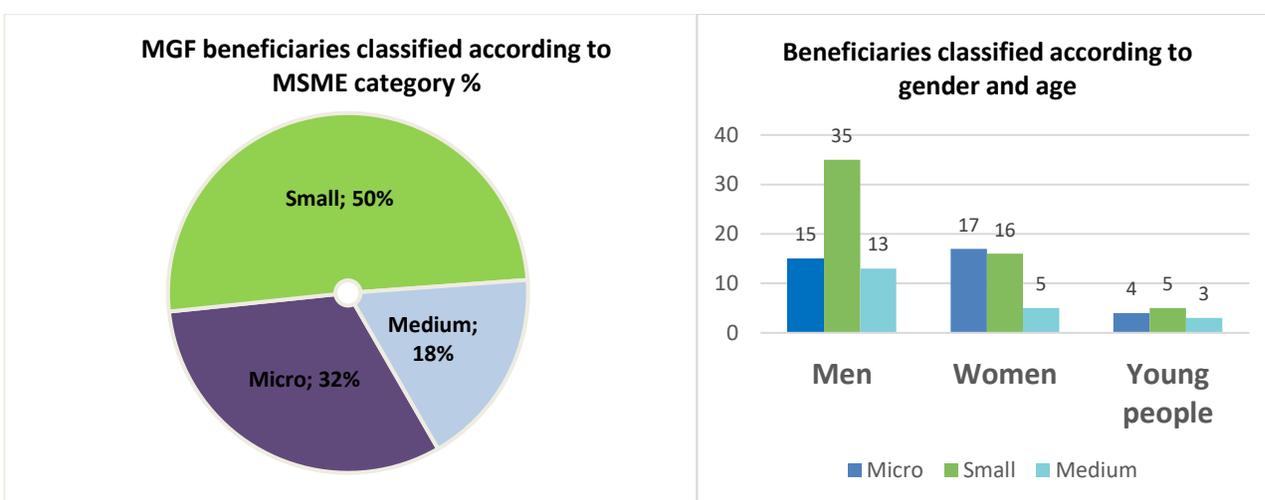
**Table 1 MGF Progress Indicators**

Indicator	As of 31.12.2023	As of 31.12.2024	As of 01.12.2025
Cumulative number of MSMEs received Applications	28	73	277
Cumulative number of MSMEs rejected Applications	10	32	114
Cumulative number of MSMEs approved applications	18	37	112
Number of Applicants in pipeline (Application in process)	0	3	47
Cumulative number of signed MGF Agreements	17	37	104
Number of terminated /refused grant agreements	0	1	3
Cumulative BIP amount of approved applications	€ 555.750	€ 1.377.224	€ 3.383.406
Cumulative grant amount of approved applications	€ 251.054	€ 623.459	€ 2.100.198
Average grant size	€ 16.969	€ 16.850	€ 18.046
Cumulative number of approved activities, including BDS & production equipment	90	216	496
Cumulative number of BDSs provided to SMEs	-	46	82
Cumulative number of finalized BIPs (nr. of firms)	2	13	39
Cumulative amount disbursed to beneficiaries	€ 23.456	€ 304.732	€ 584.244
Number of MGF Beneficiaries that are female-owned/female managed CEO	3	8	38
Share of MGF Beneficiaries that are female-owned/female managed CEO (%)	17,6%	21,6%	41%

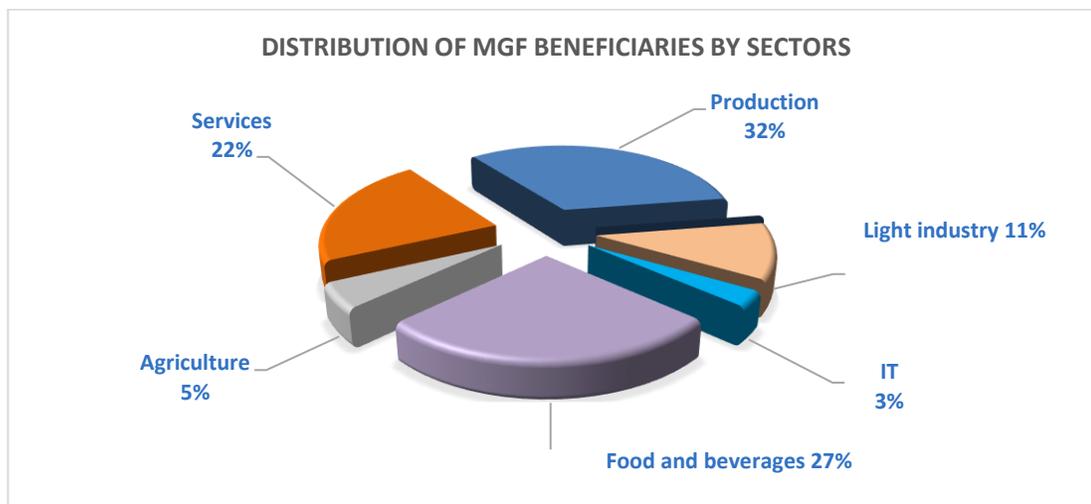
<sup>10</sup> Including applications submitted to the Gov. Program and MGF

Percentage of MGF Beneficiaries satisfied with engagement (%)	n/a	91,7%	90.3%
Percentage of participants reporting satisfied or very satisfied with workshops	92%	91%	91%
Number of MGF Beneficiaries creating new products/services	n/a	5	5
No. of MGF Beneficiaries improving products/services	n/a	24	31
No. of MGF Beneficiaries improving production processes	n/a	19	50
No. of MGF Beneficiaries improving business management		18	63
Percentage of MFG beneficiaries involved in new export-oriented activities (%)	n/a	19%	32%
Percentage of MFG beneficiaries involved in export-oriented activities (%)	-	54%	66%
<b>Value of exports generated by MSMEs supported by MGF activities (cumulative)</b>	<b>n/a</b>	<b>n/a</b>	<b>€ 3.892.753</b>
Value of exports generated by MSMEs supported by MGF activities (cumulative, USD equivalent)	n/a	n/a	\$ 4.514.811
Number of jobs created	n/a	n/a	186

**Figure 1. MGF beneficiaries by categories**



As to the distribution of MGF beneficiaries by the sector of economic activity, it could be observed that the MGF is popular among the **food and beverages, textiles, agriculture, IT and other services** sectors.

**Figure 2. Distribution of MGF beneficiaries by activity sectors**

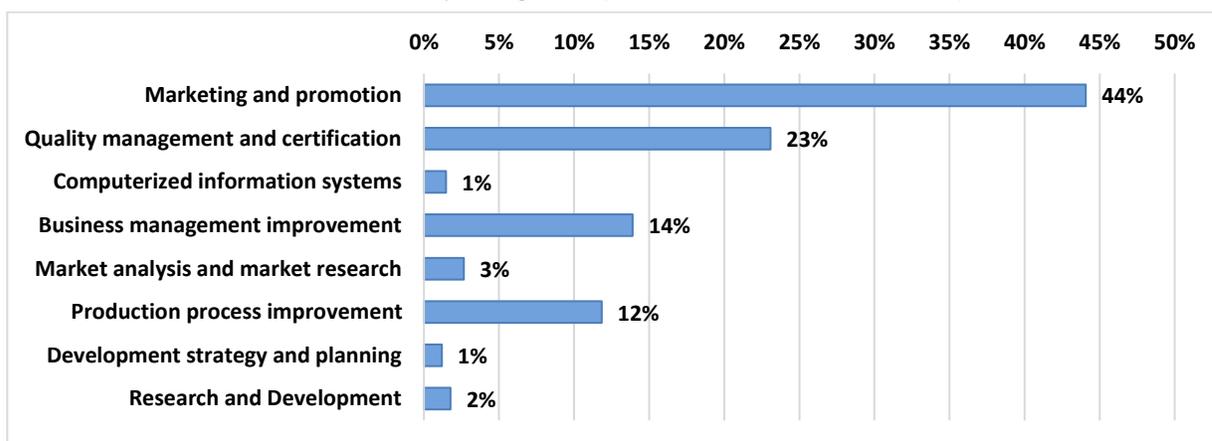
Moving from qualitative to numerical indicators of MGF implementation, the most indicative one is the value of BIPs approved during the reporting period and value of MGF grants committed.

**Table 3. Approved projects by type of investments (June 2023–November 2025)**

BIPs by type of activity	BIP value, EUR	Grant value, EUR	Percentage
Business development services	€ 2.255.782	€ 1.576.302	75.8%
Equipment	€ 1.128.466	€ 560.896	24.2%
<b>Total</b>	<b>3,383,248</b>	<b>€ 2,100,198</b>	<b>100%</b>

Based on the analysis of available data the average MGF grant contribution to the total value of the BIPs is 55.9 percents with an average grant size per beneficiary of EUR 18 thousand.

Further below details on type of BDS solicited by firms and included in the BIPs are presented.

**Figure 3. Breakdown of solicited BDSs by categories (share from the total number)**

The most solicited BDS planned to be implemented includes *marketing and promotion* (ex. branding, corporate identity, packaging, labeling, promotion, e-marketing, marketing strategy, web site, etc.), followed by services to improve *the production process* and *assistance in quality management and certification*.

## MGF Monitoring & Evaluation

The Monitoring and Evaluation (M&E) Strategy, as outlined in the MGF Operational Manual, serves as the backbone for tracking progress and measuring impact. Designed to ensure transparency and accountability, it provides a structured framework through which the M&E expert—an integral member of the MGF team—oversees performance, analyzes results, and guides adaptive management throughout the program’s lifecycle.

Between 2023 and November 2025, monitoring efforts were primarily focused on the Beneficiary Investment Plans (BIPs) launched after September 2023. Each activity was carefully aligned with the key performance metrics established in the Operational Manual, ensuring that all interventions contributed directly to the strategic objectives of the program. Through these monitoring exercises, the team was able to identify early challenges in implementation, address them promptly, and strengthen both the efficiency and the overall impact of the project.

To improve the depth of analysis and streamline reporting, a dedicated M&E database was developed to automatically generate tables and visual dashboards.

Table 4 below illustrates the current implementation progress of all signed agreements. Out of the total approved applications, 29 BIPs have been fully completed and disbursed, accounting for 28% of the total portfolio. Other 70% are still in various stages of implementation—an indication of ongoing investment cycles and the gradual maturation of projects within the program.

**Table 4. Status of MGF agreements implementation**

No.	Approved BIPs status	Number and share of BIPs	
1	Completed and fully disbursed	29	28%
2	Partially implemented and disbursed	62	60%
3	Pending implementation	10	10%
4	Terminated/refused	3	2%
	<b>Total</b>	<b>104</b>	<b>100%</b>

Further insights are provided in Table 5, which compares the planned and actual delivery of Business Development Services (BDS) under the MSME BIP framework. These services play a pivotal role in strengthening the competitiveness of supported enterprises, helping them improve operational performance, expand market reach, and foster innovation.

**Table 5. Status of implementation by categories (type of BDS & equipment)**

Category	Planned	Implemented	Implementation rate
	A	B	B / A
<b>Business development services, including</b>	<b>338</b>	<b>82</b>	<b>24%</b>
<i>Marketing and promotion</i>	149	18	12%
<i>Quality management and certification</i>	78	26	33%
<i>Computerized information systems</i>	5	1	20%
<i>Business management improvement</i>	47	1	2%
<i>Market analysis and market research</i>	9	4	44%
<i>Production process improvement</i>	40	24	60%
<i>Development strategy and planning</i>	4	2	50%
<i>Research and Development</i>	6	6	100%
<b>Equipment</b>	136	35	26%
<b>TOTAL</b>	<b>338</b>	<b>82</b>	<b>25%</b>

The data above provides an overview of implementation progress across various Business Development Services (BDS) and equipment categories. Notably, Research and Development activities achieved a 100% implementation rate, reflecting focused investments that successfully reached their intended objectives. In contrast, areas such as business management improvement and market research demonstrated lower completion levels—suggesting both existing capacity gaps and a growing interest among SMEs in accessing these types of consulting services.

While the MGF's online application process was designed to simplify access and reduce pre-application interaction, the program team introduced an additional layer of engagement through 46 pre-financing information visits. These proactive outreach efforts helped to bridge informational gaps, enabling enterprise managers to better understand grant eligibility requirements, compliance standards, and evaluation criteria. As a result, these visits not only improved transparency but also strengthened the strategic alignment of applicants with the overall goals of the program.

The next section presents a summary of financial progress indicators, offering a consolidated perspective on the program's economic performance and providing a foundation for further strategic planning within the MGF portfolio.

**Tabel 6 Monitoring activity performed, including on the pre-financing stage**

Item	Total 2023	Total 2024	2025				Total 2025	TOTAL
			Q1	Q2	Q3	Q4		
Pre-financing information visits	14	17	4	3	5	3	15	46
Monitoring visits	-	5	4	3	5	2	14	19
<b>Total visits</b>	<b>14</b>	<b>22</b>	<b>8</b>	<b>6</b>	<b>10</b>	<b>5</b>	<b>29</b>	<b>65</b>

Between September 2023 and November 2025, the project engaged 95 beneficiaries, categorized into a Treatment group of 67 entities subject to continuous performance tracking and 28 under Control group for comparative evaluation. The Treatment group, representing the intervention cohort, provides valuable data for impact attribution and outcome measurement, enabling a robust analysis of program effectiveness.

This high visits' rate enhances data validity and strengthens evaluative depth. Control group monitoring remains preliminary, consistent with project phasing. In accordance with contract stipulations, the MGF team continues to advance procedural monitoring in line with established evaluation protocols, reinforcing accountability and transparency.

## Annex 2 Environment and Social Screening

Since June 2023, the total of 216 applications for matching grants have been screened on E&S aspects, including (refer to Table 1):

**Table 1. E&S screening performed (by type of beneficiary' activity and region)**

Business activity	Total sub-projects	by country region			
		North	Center	South	Chisinau
Agriculture, crop production	17	5	7	4	1
Food industry, agricultural processing	47	8	17	7	15
Industry, manufacturing	70	3	12	10	45
Services	82	4	5	2	71
<b>Total</b>	<b>216</b>	<b>20</b>	<b>41</b>	<b>23</b>	<b>132</b>

For all grant subprojects the E&S screening documentation have been completed and attached to the application package, including E&S checklists and individual action plans (APs). All approved grants are monitored on compliances with the APs and prescribed conditions.

### Specific tasks and main activities performed during the reporting period:

- Conducted an *initial environmental and social screening* of all 216 submitted grant applications; Performed clearance review of subproject E&S documentation and completed screening checklists for 213 proposals of matching grants following the preliminary approval of the proposals.
- Following the screening, it was determined that all subprojects are in category C, respectively the impact on the environment, community and employees is minimal (services for business development and small-scale technological equipment). However, depending on the field of activity of the enterprises, number of employees, location of the business, several measures were proposed to be carried out by the applicants to avoid, minimize or mitigate potential environmental and social risks (refer to Table 2 below).

**Table 2. E&S monitoring aspects by grant applications**

Business activity	No. of SMEs	Applications for		E&S Category C (Low Risk Class)	E&S Category B (Moderate Risk Class)	Key E&S Monitoring Aspects
		BDS	Equipm.			
Agriculture	17	16	10	16	1*	Water use (3) Env. Authorization (1) Env. Assessment (1) General E&S conditions – GRM implementation and adoption of SEA/SH CoC (12)
Food Industry	47	45	39	47	-	Water use (10) Air pollutant emission (9) Env. Authorization (17) Waste package mngmt (14) Construction Author. (1)

						Food Safety Registr. (1) General E&S conditions - GRM implementation and adoption of SEA/SH CoC (13)
Industry	70	68	48	70	-	Water use (4) Air pollutant emission (6) Env. Authorization (31) Waste package mngmt (8) General E&S conditions - GRM implementation and adoption of SEA/SH CoC (28)
Services	82	81	51	82	-	Env. Assessment (2) Env. Authorization (13) General E&S conditions - GRM implementation and adoption of SEA/SH CoC (69)
<b>Total</b>	<b>216</b>	<b>210</b>	<b>151</b>	<b>215</b>	<b>1</b>	Env. Assessment (3) Water use (17) Air pollutant emission (15) Env. Authorization (62) Waste package mngmt (22) Construction Author. (1) Food Safety Registr. (1) General E&S conditions - GRM implementation and adoption of SEA/SH CoC (122)

\*) Petricei-Agro LLC – investment project on irrigation system >50 ha – the preliminary environmental assessment procedure should be applied by national Law #86/2014

- Specifically, the measures were referred to the ensuring conditions and obtaining of the necessary permits according to the national legislation in order to minimize the impacts on the environment and the community, management of the OHS and SEA/SH risks for the workers.
- It was analyzed the efficiency of mitigation measures applied to minimize negative consequences of business activities;
- Ensured that applicable national authorization procedures and approvals on safeguards are being followed and achieved;
- Suggested individual *Action Plans* to comply with the WB and national E&S conditions for all sub-projects to be financed under the Matching Grant Facility, including:
  - **Air emission authorisation** (Rom. – Autorizație pentru emisia poluanților in aer) – **15** assisted BIPs on small/mid-scale industries/manufacturing and food processing
  - **Water use authorization** (Rom. – Autorizație pentru folosința specială a apei) – **17** BIPs
  - **Environmental authorization** (Rom. – Autorizația de mediu), according to the new Law #227/2022 on industrial emissions, in force from Oct 2024 – **62** BIPs
  - **Environmental assessment** (Rom. – Evaluarea prealabilă a impactului asupra mediului a activității planificate) should be applied by national Law #86/2014 on environmental assessment for new

activities – 3 BIPs

- **Registration on extended responsibility for package wastes** (Rom. Înregistrarea privind responsabilitatea extinsă a producătorului pentru deșeuri de ambalaje) – 22 BIPs.
- General conditions, including the adoption of the **SEA/SH Code of Conduct and information dissemination on the Project’s grievance redress mechanism according to the provisions of the Project ESMF** were proposed to 122 potential beneficiaries.
- The cumulative progress regarding compliance to the E&S conditions of grant financing was duly monitored, including site visits, and periodically updated, ensuring conformity with the national requirements for operations within overall MGF supported sub-project activities

**! Note:** It is worth mentioning that since 2023 to October 2025, 8 (from 15) grant beneficiaries have complied conditions and obtained the Air Emission Authorization; 11 (from 22) – Registration Certificate on extended responsibility for package wastes; and 6 (from 17) – the Water Use Authorization.

Also, 24 grant beneficiaries have adopted the SEA/SH Code of Conducts (CoC), disseminate the information on available grievance redress mechanism both at the Project and subprojects levels. Additional conditions related to management of the OHS risks were compiled by 1 grant beneficiary by appointing a person responsible for health and safety, keep- up health and safety register.

The **Grievance Redress Mechanism (GRM)** was established at project level. The information on GRM can be found on the <https://uipac.md/>. All Project’s stakeholders can contact the team and request all necessary information or to submit a grievance in person or using the phone number and the email. Potential beneficiaries mostly contact the MGF team and request support in applying for the grant. Support is provided by the team even before the application to facilitate accessing the grant. Subsequently, direct communication is made with the beneficiaries to facilitate the implementation and monitoring process. The beneficiaries provide information on available GRM both for their workers and the community/clients, including the information on financed subproject (s) and proposed contact data of beneficiary company.

**Table 3. Grievances resolutions status**

Total number of grievances received during the reporting period	1
Total number of grievances received during the Project implementation	1
Grievances resolved	1
Grievances in the process of resolution	0
Unresolved grievances	0

### Annex 3 Results framework indicators

Indicator name	Baseline	Mid-Term December 2025			End Target / July 2027
		Target	Results	Comments	
<b>Project Development Objective Indicators</b>					
<b>Reduced regulatory burden</b>					
Reduction in compliance costs for businesses in meeting regulatory requirements (cumulative, USD)	The baseline value for this indicator is based on the results of the CEP II project and data from the ICR. The baseline value is USD 2 mln.	3,500,000	3,056,000	In progress. Data on savings and reduction in compliance cost linked with the effects of the permits reform enacted in July 2025 as well as of the online issuing of permits via MMIP.	8,000,000
<b>Increased access to finance</b>					
Total volume of loans guaranteed by CGF under the Project (cumulative) (USD)	0,00	30,000,000	464,700	Slow uptake of guarantees by PFIs affects performance and put at real risk achievement of these indicators.	100,000,000
Share of medium and long term lending (>24 months) guaranteed by CGF under the Project (Percentage)	0,00	18,0	37,5		60,0
Beneficiaries reached with financial services (Number)	0,0	270	8		900
<b>Increased Export Competitiveness</b>					
Value of exports generated by MSMEs supported by Project activities (cumulative, USD)	0,0	50,000,000	12,210,000	Slow uptake of guarantees by PFIs affects performance and put at risk achievement of the end target indicator.	175,000,000
Percentage of MGF recipients that are engaged in a new export-oriented activity (%)	0,0	25,0	32,0	Mid-term target surpassed	55,0

Indicator name	Baseline	Mid-Term December 2025			End Target / July 2027
		Target	Results	Comments	
<b>Intermediate Results Indicators</b>					
<b>Component 1: Digitization and Regulatory Reform</b>					
Share of the inspection agencies progressing on their key performance indicators (%)	10,0	25,0	53,0	The result surpassed the mid-term and end targets ahead of deadline. The documented evidences, including Verification Report on achievement of the indicator and PBC has been submitted to the World Bank for review.	50,0
Upgrading the e-Inspection system to enable risk-based inspections and automation of inspection visit reports (Yes/No)	No		In progress	Contract for the development of the new e-Inspections platform signed. Implementation commenced at the beginning of October 2025, deployment expected by December 2026.	Yes
Digitization of G2B services (Number)	78	90	133	The result surpassed the mid-term and end targets ahead of deadline.	105
Increase in the online application rate by business for getting business permits through the electronic One-Stop-Shop (%)	50,0	55,0	66,24	The documented evidence, including Verification Report on achievement of the indicator and the PBC has been submitted to the World Bank for clearance.	60,0
Number of accredited NQI services provided by local testing laboratories available to firms (cumulative) increased by 50	0	15	46	Mid-term target surpassed	50
New accredited calibration laboratories and calibration domains available to firms cumulative (Number)	3,0 (11)	n/a	n/a	This indicator has been extended to provide stronger emphasise on callibration domains available to SMEs – which is more relevant rather than the number of callibration laboratories.	5,0 (14)

Indicator name	Baseline	Mid-Term December 2025			End Target / July 2027
		Target	Results	Comments	
Percentage of participants reporting satisfied or very satisfied with workshops (%)	0,0	70,0	91,0	Mid-term target surpassed	90,0
<b>Component 2: Access to Finance</b>					
Number of jobs created (Number)	0	1,000	0	Mid-term target not achieved	3,000
Share of female-owned/female-managed MSMEs supported by CGF under the Project (%)	0	15,0	0	Mid-term target not achieved	30,0
<b>Component 3: MSME Development and Export Competitiveness</b>					
Establishment of export readiness and supplier development (local linkages) programs for MSMEs (Yes/No)	No		In progress	The supplier development program has been approved - implementation in progress. Export readiness program - the procurement is in progress expected to be completed by mid of February 2026.	Yes
Number of MSMEs benefiting from export readiness, supplier development or export mission programs, <u>including</u> :	0	<b>350</b>	<b>224</b>	In progress, however, the mid-term target is not achieved.	<b>750 (550)</b>
Number of MSMEs benefiting from export missions	0	120	201	Mid-term target surpassed	240
Number of MSMEs benefiting from export readiness program	0	220	0	In progress. At this stage the Project will support 250 firms, although the full target of 450 beneficiaries cannot be met within the current timeline. Options for addressing this include revising the target or implementing a second phase post-midterm review, which would require an extension of the Project period.	450 <b>(250)</b>
Number of MSMEs benefiting from supplier development program	0	20	23	Mid-term target surpassed	60

Indicator name	Baseline	Mid-Term December 2025			End Target / July 2027
		Target	Results	Comments	
Cumulative number of MSMEs receiving Matching Grants (Number)	0	125	120	Mid-term target nearly achieved. Due to the increase of the grant ceiling from MDL 0.6 million to MDL 1.0 million/ firm, the end target indicator shall be revised towards reduction to app. 230 beneficiaries, compared to the originally envisaged 320.	320 (230)
Percentage of MGF beneficiaries satisfied with engagement (%)	0	35	90	Mid-term target surpassed	70
Share of Matching Grants beneficiaries that are female-owned/female-managed (%)	0	25	41	Mid-term target surpassed	36
Number of roundtables / training sessions (face-to-face, virtual) on climate change (Number)	0	6	5	Mid-term target nearly achieved	11