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PROJECT PERFORMANCE ASSESSMENT REPORT

MOLDOVA

RURAL INVESTMENT AND SERVICES PROJECT (APL)
(CREDITS 36680 and 36681)

June 22, 2009

IEGSE
Independent Evaluation Group (World Bank)

Currency Equivalents (annual averages)

Currency Unit = Moldovan Lei (MDL)

1999	US$1.00 MDL10.5	2004	US$1.00 MDL12.3
2000	US$1.00 MDL12.4	2001	US$1.00 MDL12.9
2002	US$1.00 MDL13.6	2003	US$1.00 MDL13.9
2005	US$1.00 MDL12.6	2006	US$1.00 MDL13.1
2007	US$1.00 MDL12.1	2008	US$1.00 MDL10.4

Abbreviations and Acronyms

ACSA	Agency for Consultancy and Training in Agriculture
APC	Adaptable Program Credit
CAPMU	Consolidated Agricultural Projects Management Unit
CAS	Country Assistance Strategy
CIS	Commonwealth of Independent States
DA	Development Agency
DLC	Credit Line Directorate of MOF
ESW	Economic and Sector Work
GCL	General Credit Line
GEF	Global Environment Facility
GOM	Government of Moldova
ICR	Implementation Completion Report
IEG	Independent Evaluation Group
IEGWB	Independent Evaluation Group (World Bank)
LC	Local Consultant
LSDP	Letter of Sector Development Policy
MAIB	Moldova AgroIndBank
M&E	Monitoring and Evaluation
MAFI	Ministry of Agriculture & Food Industries
MOF	Ministry of Finance
MOU	Memorandum of Understanding
NBM	National Bank of Moldova
NCFM	National Commission for Financial Intermediaries
NFSCA	National Federation of Savings and Credit Associations
NGO	Non-Governmental Organization
PAR	Portfolio at Risk
PFI	Participating Financial Institutions
PPAR	Project Performance Assessment Report
PSC	Project Steering Committee
QAG	Quality Assurance Group
RFC	Rural Finance Corporation
RBD	Rural Business Development [Component]
SCA	Savings and Credit Association
SCL	Special Credit Line
SIDA	Swedish Development Agency
SP	Service Provider
SSB	State Supervisory Body
TACIS	Technical Assistance to Commonwealth of Independent States

Fiscal Year

Government: January 1 – December 31

Director-General, Evaluation	:	Mr. Vinod Thomas
Director, Independent Evaluation Group (World Bank)	:	Ms. Cheryl Gray
Manager, IEGSE	:	Ms. Monika Huppi
Task Manager	:	Mr. John R. Heath

IEGWB Mission: Enhancing development effectiveness through excellence and independence in evaluation.

About this Report

The Independent Evaluation Group assesses the programs and activities of the World Bank for two purposes: first, to ensure the integrity of the Bank's self-evaluation process and to verify that the Bank's work is producing the expected results, and second, to help develop improved directions, policies, and procedures through the dissemination of lessons drawn from experience. As part of this work, IEGWB annually assesses about 25 percent of the Bank's lending operations through field work. In selecting operations for assessment, preference is given to those that are innovative, large, or complex; those that are relevant to upcoming studies or country evaluations; those for which Executive Directors or Bank management have requested assessments; and those that are likely to generate important lessons.

To prepare a Project Performance Assessment Report (PPAR), IEGWB staff examine project files and other documents, interview operational staff, visit the borrowing country to discuss the operation with the government, and other in-country stakeholders, and interview Bank staff and other donor agency staff both at headquarters and in local offices as appropriate.

Each PPAR is subject to internal IEGWB peer review, Panel review, and management approval. Once cleared internally, the PPAR is commented on by the responsible Bank department. IEGWB incorporates the comments as relevant. The completed PPAR is then sent to the borrower for review; the borrowers' comments are attached to the document that is sent to the Bank's Board of Executive Directors. After an assessment report has been sent to the Board, it is disclosed to the public.

About the IEGWB Rating System

IEGWB's use of multiple evaluation methods offers both rigor and a necessary level of flexibility to adapt to lending instrument, project design, or sectoral approach. IEGWB evaluators all apply the same basic method to arrive at their project ratings. Following is the definition and rating scale used for each evaluation criterion (additional information is available on the IEGWB website: http://worldbank.org/ieg).

Outcome: The extent to which the operation's major relevant objectives were achieved, or are expected to be achieved, efficiently. The rating has three dimensions: relevance, efficacy, and efficiency. *Relevance* includes relevance of objectives and relevance of design. Relevance of objectives is the extent to which the project's objectives are consistent with the country's current development priorities and with current Bank country and sectoral assistance strategies and corporate goals (expressed in Poverty Reduction Strategy Papers, Country Assistance Strategies, Sector Strategy Papers, Operational Policies). Relevance of design is the extent to which the project's design is consistent with the stated objectives. *Efficacy* is the extent to which the project's objectives were achieved, or are expected to be achieved, taking into account their relative importance. *Efficiency* is the extent to which the project achieved, or is expected to achieve, a return higher than the opportunity cost of capital and benefits at least cost compared to alternatives. The efficiency dimension generally is not applied to adjustment operations. *Possible ratings for Outcome:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Risk to Development Outcome: The risk, at the time of evaluation, that development outcomes (or expected outcomes) will not be maintained (or realized). *Possible ratings for Risk to Development Outcome:* High Significant, Moderate, Negligible to Low, Not Evaluable.

Bank Performance: The extent to which services provided by the Bank ensured quality at entry of the operation and supported effective implementation through appropriate supervision (including ensuring adequate transition arrangements for regular operation of supported activities after loan/credit closing, toward the achievement of development outcomes. The rating has two dimensions: quality at entry and quality of supervision. *Possible ratings for Bank Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Borrower Performance: The extent to which the borrower (including the government and implementing agency or agencies) ensured quality of preparation and implementation, and complied with covenants and agreements, toward the achievement of development outcomes. The rating has two dimensions: government performance and implementing agency(ies) performance. *Possible ratings for Borrower Performance:* Highly Satisfactory, Satisfactory, Moderately Satisfactory, Moderately Unsatisfactory, Unsatisfactory, Highly Unsatisfactory.

Contents

This report was prepared by Richard Burcroff (Consultant), with guidance from John R. Heath and Nalini Kumar (Task Team Leaders). Mr. Burcroff visited Moldova to assess the project in February 2009. Marie Charles provided administrative support.

Tables

Principal Ratings

	ICR*	***ICR Review****	***PPAR***
Outcome	Satisfactory	Satisfactory	Satisfactory
Institutional Development Impact**	Substantial	Substantial	———
Risk to Development Outcome	———	———	Significant
Sustainability***	Likely	Non-evaluable	———
Bank Performance	Satisfactory	Satisfactory	Satisfactory
Borrower Performance	Satisfactory	Satisfactory	Satisfactory

* The Implementation Completion Report (ICR) is a self-evaluation by the responsible Bank department. The ICR Review is an intermediate IEGWB product that seeks to independently verify the findings of the ICR.
**As of July 1, 2006, Institutional Development Impact is assessed as part of the Outcome rating.
***As of July 1, 2006, Sustainability has been replaced by Risk to Development Outcome. As the scales are different, the ratings are not directly comparable.

Key Staff Responsible

Project	***Task Manager/Leader***	***Division Chief/ Sector Director***	***Country Director***
Appraisal	Hoonae Kim	Laura Tuck	Roger Grawe
Completion	Pierre-Olivier Colleye	Benoit Blarel	Luca Barbone

Preface

This is a Project Performance Assessment Report (PPAR) for the Rural Investment and Services Project in Moldova. The Project (Credit 36680) was the first stage of an APL for US$ 10.5 million equivalent, approved on June 20, 2002. A supplemental credit (C36681) for US$ 5.0 million was approved in April 2004 to provide additional funds for the project's credit component, which were in high demand. Co-financing in the amount of US$ 1.36 million was furnished by the UK's Department for International Development (DfID) to support rural business development in the project, US$0.88 million from the Swedish Development Agency (SIDA) for matching grant resources and technical assistances for project financial intermediaries, and US$0.70 million from the EU's former TACIS facility (Technical Assistance to Commonwealth of Independent States) for the rural advisory services component. Beneficiaries were also able to secure US$0.20 million in matching grant funding under the GEF financed Agricultural Pollution Control Project. Both credits were closed on December 31, 2005, the date established at appraisal. An Implementation Completion Report was submitted on April 14, 2005.

This report was prepared by the Independent Evaluation Group (IEG) based on the Implementation Completion Reports, Staff Appraisal Reports, Loan Agreements, as well as a review of Bank files. An IEG mission was in Moldova in February 2009, and held interviews with a number of stakeholders, including representatives of Government and the implementing agencies, including local staff, direct beneficiaries and other donors in Moldova. The cooperation and assistance of all stakeholders and government officials is gratefully acknowledged. The assessment is part of a cluster of four PPARs being carried out to provide input to IEG's ongoing Agriculture and Agribusiness Evaluation.

Following standard IEG procedures, a copy of this Annex report was sent to government officials and agencies for their review and comments. The Borrower's response is attached at Annex H.

Summary

The Moldova Rural Investment and Services Project (RISP1) was the Bank's first attempt in this country to consolidate information and financial services targeted at the rural population. The project was intended to be the first phase of an Adaptable Program Credit (APC). The design took account of lessons learned from previous Bank-supported operations—the 1st Cadastre Project and the Rural Finance Project—and from dialog with the government and donors. RISP1 helped to keep on track the earlier reforms to agricultural pricing and marketing and the agricultural trade regime; and to consolidate gains from land privatization in the face of resistance from the recently displaced managers of Moldova's privatized collective farms and others. The project also showcased ECA's new regional strategy for agriculture—which sought to promote farm productivity and rural enterprise development through complex investment projects rather than through renewed sector adjustment lending.

RISP1 supported a first phase of reform to Moldova's agricultural technology system and business development services, and its rural financial markets. The project introduced private contracting for farmer information services; and organized business development services. Building on the recommendations made by these services, the project offered credit lines to existing and newly-registered rural enterprises and to farm households. An initial credit of US$10.5 million equivalent was approved on June 20, 2002. A supplemental credit for US$ 5.0 million was approved in April 2004, to provide additional funds for the project's credit component. Both credits closed, as expected, on December 31, 2005. The APC's second phase, known as the Second Rural Investment and Services Project, was approved February 2, 2006. RISP2 was designed to scale up parts of the first project.

Project outcome is rated ***Satisfactory***. Under a competitively-bid contract, the non-profit Agency for Consultancy and Training in Agriculture established a network of private extension consultants throughout Moldova, providing service to 384,000 agricultural producers (over one-half of all farmers). The project's final beneficiary survey indicated a substantial shift to higher value-added production by project beneficiaries compared with non-participants, and a considerable increase in crop yields and animal productivity. By the credit closing date, 761 enterprises were implementing business plans financed by project subloans; 384 of these were first-time borrowers. Agribusiness (especially processing) was the main activity of most enterprises assisted by the project. Sales went up by 12 percent and employee incomes rose by 23 percent.

The RISP1 credit component was a success. Under the subsidiary lending agreements, it was left entirely up to project financial intermediaries (PFIs) to select borrowers, approve subprojects, and set lending terms. PFIs bore the lending risks and were free to establish on-lending interest rates sufficiently above the costs of capital to offer a reasonable return. PFIs offered a full range of banking services to rural clients, and their rural lending portfolios grew by 40 percent. In parts of the country where cash and in-kind exchanges had been the norm, a credit culture developed. The project's credit lines benefited 4,500 people, and 33,700 members of savings and credit cooperatives

participating in the project. Repayment rates were around 96 percent and losses were minimal.

Despite the project's positive results, the risk to development outcome is rated ***Significant*** owing to the effect of the global financial crisis—particularly the collapse in remittances, which once made up 36 percent of Moldova's GDP. The fall in export earnings and the growing reluctance of partner banks to renew credit lines to Moldovan intermediaries will lead to a weakening of the Moldovan currency and is likely to put pressure on the budget as well as harming the financial sector.

Bank performance is rated ***Satisfactory***. The Bank made a critical contribution during the two-year design phase. It then led an intensive supervision effort, which had to contend with government backtracking on reform. The supervision team remained largely the same throughout—although the task team leader changed once.

Borrower performance is also rated ***Satisfactory.*** The relevant government departments remained actively involved in preparation and implementation. Counterpart funding commitments were honored. The project management unit was well staffed and competently led, suffering a minimum of bureaucratic interference. Under RISP1, 8 of the 9 conditions for continuing the APC program were met; and backing was secured for RISP2.

Five lessons may be drawn:

> **(1) Conditions attached to projects, particularly those bearing on sector development policy, should be proportionate to project scale; otherwise, they should be consigned to other operations.** Government sent a policy letter to the Bank and signed a memorandum of understanding, in the hope that broader policy reforms would be supported by a 3rd Structural Adjustment Credit. But SACIII was dropped from the Moldova lending program after an unsuccessful 2nd Tranche Review, burdening RISP1 with the added responsibility of addressing the broader reform agenda.
>
> **(2) Credit agreements and project budgets should be sufficiently flexible to allow for changes in project financial intermediaries during implementation.** RISP1 allowed any pre-qualified financial intermediary to apply to borrow project funds under subsidiary loan agreements (SLAs) with the Borrower. Eligibility criteria were established in the preparation phase and a number of PFIs were evaluated. However, the demand for project resources was greater than the available funds so that resources had to be rationed between the competing intermediaries. The rules needed to allow new intermediaries to take part in the competition; and to include the option of assigning funds by auction.
>
> **(3) Grant elements in credit lines may not have the intended effect.** A grant element was included in the credit line for enterprise start-ups in order to accommodate businesses with weaker collateral. But, in practice, the

same collateral requirements were applied, whether or not a grant was attached to the loan.

(4) Credit lines involving multiple subloans require a considerable delegation of fiduciary responsibility. In RISP1, delegation worked because: (i) from the start, banks and borrowers received clear advice about the available credit lines; (ii) the project management unit built up the expertise to conduct a major part of the screening process, leaving the Bank to prior-review larger loans and post-review smaller ones; and (iii) thanks to the technical assistance received from partners, banks were able to improve their subloan applications so that, when needed, prior review could be conducted expeditiously.

(5) Providing consulting services to help small entrepreneurs prepare and implement business plans is as critical for the success of rural finance programs as providing long-term credit. Combining financing with technical assistance helped to make RISP1 a success. Providing long-term funding to rural businesses was vital. But without the Business Development Services component, it is unlikely that the credit line would have disbursed.

Vinod Thomas
Director-General
Evaluation

1. Background

1.1 The decollectivization that followed Moldova's Independence in 1991 led to a near collapse in agricultural production, productivity, and exports. In 2000, when the project was mooted, agricultural GDP was less than one-half of its 1990 level, having suffered the largest fall in the ECA Region. At the project design phase, a poverty assessment identified landless agricultural workers as among the poorest of the poor in Moldova. On a more positive note, during the two to three years before project approval, there had been substantial progress in the key areas of land privatization and farm restructuring.

1.2 Project preparation started after the Russian financial crisis (1997-98), a bad time for Moldova. Transition reforms were incomplete, the conditions of an Extended Fund Facility had not been met, and the country was heavily dependent on CIS markets, making it vulnerable to the regional downturn. Russia made up 60 percent of Moldova's export market. The private sector was underdeveloped, the country had little access to western markets, and foreign direct investment was limited. Moldova was not well placed to bounce back from the external shock and redirect exports to other markets.

1.3 The National Bank had weathered the onset of the crisis and the move to a floating-exchange rate. By 2000, liquidity was tight but the legal and regulatory framework for banking was sound, internationally accepted accounting standards were in place and all former state banks had been privatized. However, the range of financial services available was limited, especially in rural areas. Business development services were rudimentary and there were no specialized advisory services, either public or private, for farms and agribusinesses.

2. Project Objectives and Design

2.1 The project (RISP1) was the first of a two-phase Adaptable Program Credit. The Project Appraisal Document indicates that the objective of the program was to provide long-term support to agricultural growth, thereby pushing up incomes and reducing poverty.

2.2 In the wake of land privatization, RISP1 sought to bolster agricultural growth by giving newly-fledged private farmers and rural businesses ownership titles, knowledge, knowhow, and finance. Project objectives were not revised during implementation. The specific objectives of RISP1 were:

(i) To solidify private ownership of land and other productive assets;

(ii) To create viable rural entrepreneurial, legal and organizational structures;

(iii) To establish a private agricultural support services system including advisory, input and output supply, marketing and business development support; and

(iv) To establish a self-sustaining rural finance system to serve a large number of dispersed rural clients throughout the country.

2.3 The project had four components:

(i) ***Rural Advisory Services*** (US$2.95 million at appraisal; $2.43 million actual) -- to finance service contracts and training to establish a nationwide network of rural advisory service providers;

(ii) ***Rural Business Development*** (US$2.49 million at appraisal; $1.47 million actual) -- to finance technical assistance, training, and operational support for local development agencies to expand the basic advisory information under the first component by providing support for the preparation of business strategies, business plans, and the preparation of loan packages;

(iii) ***Rural Finance*** (US$13.75 million at appraisal; $19.61 million actual—or $24.61 million, including the $5 million supplemental credit approved in April 2004) -- building on the successful pilot results in the Rural Finance Project, to provide both a general commercial credit line and a special credit line with a matching grant component; and

(iv) ***Project Management*** (US$0.5 million, $0.46 million actual) -- to provide technical and financial support for project management with implementation of responsibility under the Consolidated Agriculture Project Management Unit (CAPMU).

2.4 In addition a Project Preparation Facility (PPF) was provided to support pre-project activities, including the early start-up costs associated with the operation of the CAPMU, which was established for the project and Service Providers, as well as initial training and preparations for implementing the credit lines.

3. Outcome

RELEVANCE

3.1 Design of the APC program and the first-phase project that is the focus of this assessment (RISP1) was based on the findings and recommendations of the World Bank's Agriculture Strategy for Moldova (World Bank 2001), the Government's Strategy for Agriculture and Agro-processing Development, and the Bank's FY99 Country Assistance Strategy (CAS). The design also reflected lessons from the earlier Rural Finance Project (FY98), which supported development of the Rural Finance Corporation and its network of (micro-) Savings and Credit Associations (SCAs).

3.2 The Letter of Sector Development Policy (negotiated in 2001, signed May 2002) and the associated Memorandum of Understanding (December 2001) were negotiated as part of the preparation of RISP1 and the 3rd Structural Adjustment Credit (SACIII). At appraisal, it was assumed that policy dialogue would be conducted under the aegis of SACIII and that the two-phase APC would provide complementary investment. The Program continues to be relevant and current in the context of the final drafts of the Government's Economic Growth and Poverty Reduction Strategy Paper and the Country Assistance Strategy for 2005-2008. Both documents outline reforms which RISP1 and RISP2 have addressed.

3.3 Donor coordination was effective. The project was co-financed by DFID, SIDA, and the EU's former TACIS facility; it also received support from GEF. The other donors each brought particular skills to bear. For example, DFID contributed expertise in business development services. Inclusion of "softer" elements in the design (e.g. the grant element in the Special Credit Line) contributed to a timely draw-down of donor proceeds. In parallel, USAID helped Government establish one-stop shopping procedures for enterprise start-ups, reducing the time required to register a new enterprise and obtain the needed licensing and permissions.

3.4 Between 2000 and 2004, Moldova inched from 16^{th} to 14^{th} in ECA's rural reform matrix, which ranks the 27 transition countries of Central and Eastern Europe and the CIS.[1] In both years Moldova placed in the middle of the matrix, as a "moderate" reformer. RISP1 helped Moldova to preserve this status. With the early removal of SACIII from the lending program following the Bank's decision not to release the second tranche, the RISP1 became the main vehicle for monitoring compliance with the agricultural sector commitments in the Policy Letter—the only part of SACIII to be carried out satisfactorily.

Relevance of Objectives

3.5 The relevance of project objectives is rated ***substantial.*** Overall, the project's four development objectives were consistent with the FY1999 Country Assistance Strategy and Moldova's Strategy for Agriculture and Agro-processing Development.

3.6 The RISP1's first objective, *to solidify private ownership of land and other productive assets*, built on foundations laid by a USAID-supported land privatization project and the Bank's 1^{st} Cadastre Project, which developed an automated land recording and land registration system country-wide. These interventions were indispensable for the working of a land market. However many land reform beneficiaries were not aware of their new land rights; and did not know how to protect them from incursion by local authorities. The RISP1 was intended to help Government address these challenges.

3.7 The project's second objective, *to create viable rural entrepreneurial, legal and organizational structures***,** was also relevant. Under the rural investment climate prevailing before the project was launched, there was little technical and financial information available; and no business development services for enterprise start-ups. Rural entrepreneurs relied on their personal networks for advice on how to register, finance and operate a business; these contacts were often limited and poorly informed. There was little training available on basics such as market assessments, business planning, accounting, licensing, taxation, and personnel management. The project sought to fill these gaps.

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1 World Bank (2001; 2005).

3.8 The third objective, which aimed *to establish a private agricultural support services system including advisory, input and output supply, marketing and business development support*, made sense. The breakup of collective enterprises and the disappearance of centralized production, marketing and input supply services left the new landowners with little support. The extent of this vacuum was documented by a Rural Gap Assessment (1999) and a Baseline Survey (2001), both conducted during project preparation. The project addressed the agriculture service gaps that made it harder for small farmers to make the transition from subsistence to commercial farming.

3.9 Objective four sought *to establish a self-sustaining rural finance system to serve a large number of dispersed rural clients throughout the country*. Land privatization and rural decollectivization was accompanied by the disappearance of state-owned rural finance institutions. Fledgling private farmers lacked the cash and the other assets required by commercial banks as equity contributions and collateral. Land is a legitimate source of collateral; but banks are disinclined to accept it. At project inception, only the larger commercial farms were able to obtain loans from commercial banks. It was therefore valid for the project to seek to broaden access to financial services.

Relevance of Design

3.10 Design relevance is also rated ***substantial.*** With respect to the first objective, the RISP1 preparation team correctly identified the need for post-privatization legal services covering the leasing, buying or selling of land, the urgency of educating new landowners about their legal rights, and the demand for information about available properties and prices.

3.11 To help achieve the second and third objectives the project included specific components for developing private business and rural advisory services and providing information on prices, technologies, input markets and agronomic and business practices.

3.12 In support of the fourth objective project design included initiatives: (i) to prequalify financial intermediaries under subsidiary loan agreements signed with the Ministry of Finance; (ii) to train banks to take on rural operations; and (iii) to allow non-bank financial intermediaries to offer parallel services.

EFFICACY

Objective 1 – Solidify private ownership of land and other productive assets (Rating: Modest)

3.13 This objective was not directly addressed by the project, the expectation being that the policy dialog associated with the Policy Letter would be carried out in the main during discussions and the tranche reviews of the ill-fated SAC III. During RISP1 supervision missions Government did engage in lively sector policy discussions about the protection of property rights in rural assets, fixed and movable, as well as a continued liberalization of sector policies. But commitment was not as great as it might have been if the incentives had been properly aligned—that is, if the Bank had linked performance under the policy letter to the SACIII tranche release (which ultimately never took place).

3.14 Ultimately, discussions broke down over the degree of voluntarism that would be associated with implementation of Moldova's land privatization program. These differences were swept aside when the 2nd phase RISP2 was being prepared, and Government accepted the Bank's recommendations. Thereafter, a separate and focused component was designed for the RISP2, which is being implemented smoothly.[2]

3.15 By linking the policy and investment operations, the project helped defend, in an unstable policy environment, the steps already taken to liberalize agriculture. In its dialogue with the authorities, the project team focused on agricultural trade, rationalization of subsidies, regulation and land tenure. The dialog had mixed results but, overall, helped Moldovan farmers conduct their business without undue interference. By providing them with the requisite information, the project gave farmers a keener sense of their legal rights.

Objective 2 – Create viable rural entrepreneurial, legal and organizational structures (Rating: Substantial)

3.16 Approximately 385 legally registered, self-owned and sustainable rural businesses were created and developed during project implementation. (This component was mainly funded by DFID.) Rural entrepreneurs received, for the first time, advice on how to develop projects, register new businesses, secure bank financing, and market products.

3.17 Business development support was offered to a range of farm and rural non-farm businesses. Four local NGOs were engaged to provide enterprise advisory and business development services, to already established rural enterprises and to new start-ups. The NGOs also linked up would-be borrowers with the institutions that were intermediating project funds—commercial banks, the Rural Investment Corporation, and Moldova's network of Savings and Credit Cooperatives (SCAs). As part of their loan origination service, the NGOs identified and vetted prospective clients, helped them to prepare business plans and loan applications, and monitored performance—whether backed by borrowing or not.

3.18 For a small country like Moldova, the results were impressive. By the end of the project, 1,136 final business plans had been prepared and 761 enterprises were operating under NGO-approved business plans. These enterprises enjoyed an average increase in sales of 12 percent, with a 23 percent increase in employee income. Participating NGOs built up expertise, enabling them to provide rural business development services to more advanced clients, for a payment.

Objective 3 – Establish a private agricultural support services system including advisory, input and output supply, marketing and business development support (Rating: Substantial)

3.19 The quality and outreach of the advisory and extension services for farmers have been significantly improved (Annex H). Before the project, the breakup of collectives and the disappearance of centralized services had left newly privatized landowners without key

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2 Private communication from the TTL.

support services. Advice and extension were offered by dispersed provider groups, mostly donor-funded NGOs, but with limited outreach and little coordination or sharing of information. Thematic coverage (largely donor-driven) was patchy. Following the project, the institutions exist for transferring knowledge to farmers and running national campaigns of vaccination, artificial insemination, and other farm services.

3.20 The advisory services sponsored by the project are decentralized and privately owned. Service providers were contracted through competitive tendering and trained to provide knowledge and knowhow to fledgling private farmers and rural entrepreneurs. Services covered a range of topics, including economics, law, finance, marketing, and agronomy; and promoted the adoption of new technologies, to improve farmer competitiveness.

3.21 The project set up the Agency for Consultancy and Training in Agriculture (ACSA) to provide technical services to farmers. Operating as a partly self-financed agency and providing outreach through carefully supervised subcontractors, ACSA exceeded project expectations.[3] Surveys show that by the project's closing date, 70 percent of the rural population had been informed about the availability of local consultancy services in the villages, and 300,000 beneficiaries (one-half of Moldova's farmers) had been served. Yields rose by between 3 percent and 43 percent, depending on crop and location. A final beneficiary survey indicated overall satisfaction with ACSA network services (which scored 4.5 points on a scale of 0-5); and confidence in the professionalism of ACSA's local consultants.

3.22 Progress toward this objective lagged in one respect. The appraisal target of recovering 50 percent of advisory service costs was not met. Additional budgetary support was needed in the follow-on project to assure continuation of ACSA's services.

Objective 4 – Establish a self-sustaining rural finance system to serve a large number of dispersed rural clients throughout the country (Rating: Substantial)

3.23 Five commercial banks and one investment company, the Rural Finance Corporation (RFC), were selected to intermediate project funds to rural enterprises and farmers. The banks dealt directly with creditworthy clients while RFC channeled its funds through a large network of savings and credit cooperatives, some of which were created by the project.

3.24 The project offered a general credit line to existing farm and non-farm rural borrowers (GCL). For first time borrowers it extended a special credit line (SCL), which included a SIDA-funded matching grant to top up the borrower's equity contribution. For small farmers the project relied on the network of savings and credit associations (SCAs). There was great demand for these services and disbursements were considerable. The initial project design called for an IDA credit of US$15.5 million. Because IDA funds were short, this amount was reduced at appraisal to US$10.5 million. In response to rapid implementation progress and the fast pace of disbursement, the Board agreed to "restore" the original US$5 million in April 2004, in the form of a Supplemental Credit. This was intended

3 See ICR and Annex B of this report.

to provide bridging finance until the second phase of APC became effective; and to allow more time for lessons to be learned before second phase preparations were finalized.

3.25 The project helped to fill the vacuum in rural investment credit and working capital. Participating banks expanded their rural branch network. RFC added to the savings and credit associations under its nationwide umbrella, providing training and monitoring their financial health in the absence of effective supervision by the National Federation of Savings and Credit Associations. NFSCA was replaced in 2007 by the National Commission for Financial Intermediaries. On April 30, 2008, this new "mega-regulator" unveiled a set of prudential norms for all non-bank financial intermediaries, norms patterned on those applied by the National Bank of Moldova to the banking sector.

3.26 The results matrix (see Annex A below) shows that 768 loan proposals from first-time borrowers were submitted for financing, of which 658 were approved and 384 were financed. Repayment performance for project funds exceeded the appraisal target of 90 percent: 96 percent of the funds initially on-lent in the project had been recovered when the project was closed.[4] The approach taken managed to balance the objectives of reaching the rural poor and maintaining sound portfolio quality.

3.27 There was a high volume of reflows. By the end of 2008, the reflows on-lent under RISP1 had already reached 75 percent of total on-lending (Table 1), reflecting well on the relevance and efficacy of the project's credit component.

4 Figures for portfolio at risk for the entire banking system were provided by the NBM's Supervision Department, however similar figures for the five participating banks were not provided.

Table 1. Amounts disbursed – including reflows – and reimbursed under RISP I and RISP II projects as of December 31, 2008 ('000 MDL or US$).

Project	Currency of sub-loans	Total amount of sub-loans approved	Total amount of sub-loans disbursed	Allocated grant	Total amount of sub-loans reimbursed by PFIs, principal	PFIs balance, principal	Grant balance	Nr. of sub-loans financed
RISP I – direct resources	MDL	179,874	179,874	16,012	42,669	137,205	2, 149	1,387
	$	50	50		50	-		1
RISP I – reflows	MDL	138	136,759		5,087	131,671		298
RISP II – direct resources	MDL	134,539	106,313		3,674	102,638		241
	$	2 ,176	1,711		107	1,604		23
RISP II - reflows	MDL	16,910	16,910		123	16,787		17
	$	80,066	85,066		-	85,066		2

Source: MOF Credit Line Directorate (DLC)

Table 2. Sector Distribution of PFI Lending, 2008	
Agriculture and food industry	53.8%
Services	17.8%
Trade	14.6%
Industry	13.8%
Source: MOF Credit Line Directorate (DLC)	

3.28 The agriculture sector and agro-industrial enterprises absorbed most of the lending and advisory assistance offered by the project, a trend that has continued under RISP2 (Table 2).

3.29 Direct lending by commercial banks to agriculture and the food industry accounted for more than one-half of loans approved; if loans to SCAs are added, the sector share rises to about 75 percent.[5] Among SCA members, the project's final beneficiary survey showed there were over 4,500 people with individual credit lines. Lending to agriculture increased by 40 percent. Commercial banks are now more willing to lend to small-scale rural clients, including new borrowers.[6] The surge in rural demand for bank credit on commercial terms—

5 Private communication from RFC.

6 Confirmed in IEG discussions with the Central Bank and project financial intermediaries.

which began under RISP1—helped increase the number of banks that participated in the follow-on project, including all five banks from the RISP1 Project.

3.30 Achievement of RISP1 objectives was consistent with the Bank's OP 8.30 mandate for financial intermediary lending. The project sought to promote competition among the signatories of subsidiary loan agreements. It defended the autonomy of intermediaries with respect to selection of borrowers, approval of subprojects, setting of lending terms, and the bearing of lending risk. Intermediaries were free to establish on-lending interest rates sufficiently above the cost of capital to ensure a reasonable return. Fiduciary responsibilities were fully spelled out and were enforced by the central bank Department of Banking Regulation & Supervision. The requirements for inspection and periodic reporting were observed in a timely way, in line with central bank prudential norms.

3.31 Capital adequacy and ST liquidity ratios are well in excess of central bank requirements (see Annex F) and, under normal conditions, would be sufficient to sustain credit reflow under APC. At project closing the financial position of the Rural Finance Corporation was reviewed and declared healthy. However, 20 percent of Moldova's savings and credit associations will probably be closed as a result of the audit now underway; others will be consolidated.[7] The global financial crisis may also break some banks (see Risk section below).

3.32 Overall, efficacy is rated ***substantial.***

EFFICIENCY

3.33 At project closing no attempt was made to compute an economic rate of return for the RISP1 project, partly because of "the diversity of activities undertaken in the project". Nor was a financial rate of return estimated. But the annual monitoring surveys show that economic benefits from the project were substantial. Advisory services boosted yields and incomes, business development services helped clients prepare bankable proposals, and the requirement that intermediaries bear the full lending risk encouraged them to finance only the most viable proposals.[8] The project also strengthened the risk assessment capacity of loan officers.

3.34 With respect to the advisory service component, yields were higher in localities where local consultants were present; and, in these localities, there was an associated diversification towards higher-value horticulture and viticulture. The assistance provided by

7 Few are associated with RFC. Among the country's 500+ RCAs, 100 had already ceased operations before the Mega-regulator's audit was initiated, but remained on the national registry as there had been no legal provisions for SCAs to formally liquidate prior to enactment in 2007 of the law which also established the functions and authority of the Mega-regulator. Now that legal provisions exist, these defunct operations make up the large bulk of the RCAs to be formally closed. Among the healthy and surviving 400 RCAs, 75 percent are affiliated with the RFC and benefit from access to the loanable funds and technical training offered within the RFC umbrella. None are expected to be closed, and only a few might be consolidated…in part because the areas they are permitted to service (often only a single village) are considered to be too small.

8 ICR, Annex 11.

the project to new rural businesses—about 760 in all—created jobs, increased rural incomes and generated tax receipts.[9]

3.35 With respect to the credit line component, the overall recovery rate was 96 percent. The enterprises that borrowed experienced a number of improvements between 2002 and 2003. Sales increased on average by 12 percent. Profits rose by 42 percent. The value of fixed assets increased 1.4 times. Funds to cover working capital grew by 35 percent.[10]

3.36 In light of these considerations, efficiency is rated ***substantial***.

OUTCOME RATING

3.37 Adding up the ratings for relevance, efficacy and efficiency (each "substantial") outcome is rated ***satisfactory***.

4. Monitoring & Evaluation

M & E DESIGN

4.1 Responsibility for M&E was vested in the project management unit. A survey of intended beneficiaries was carried out before appraisal; with annual repeat surveys throughout project implementation. Monitoring was also informed by routine reports from participating financial intermediaries. The indicators developed for the baseline survey were also used to justify approval of the APC second phase.

M & E IMPLEMENTATION

4.2 Surveys were carried out in 2002 and 2004, using the same local firm (AGREX) that had conducted the baseline survey. The sampling was statistically sound. In 2003 an interim assessment was satisfactorily conducted by foreign consultants (Landell-Mills).

M & E UTILIZATION

4.3 The project management unit drew on the survey results to fine-tune the ACSA advisory service and NGO business development services, as well as the training programs for the savings and credit associations. With the help of routine reports from participating intermediaries the project management unit kept a close watch on the pace of lending and the overall health of the rural portfolio. As a tribute to their efficacy, the project management team was invited to participate in the parliamentary discussions that led, in 2008, to legislation creating a financial "mega-regulator". This tightening up of regulatory procedures played a vital role in improving oversight of the savings and credit associations.

4.4 Overall, M&E is rated ***high***.

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9 ICR, Annex 3, Chart 2.

10 ICR, Annex 3. This information was confirmed in IEG interviews with the Government's mega-regulator for NBFIs and the Rural Finance Corporation.

5. Risk to Development Outcome

5.1 There are three risks to development outcome:

(i) the difficulties the RISP1 and follow-on project have faced in passing along a fair share of the costs of the advisory services to beneficiaries: rural households as well as financial intermediaries;

(ii) the impact of the global financial crisis on the financial health of project financial intermediaries and savings and credit associations, as well as rural borrowers; and

(iii) uncertainties regarding the sustainability of the project management unit as Bank financing winds down.

5.2 At appraisal it was estimated that user fees from the project's advisory services to rural households would, by credit closing, cover at least 50 percent of the cost of delivering these services. This proved to be over optimistic. The follow-on project similarly faces problems with cost recovery. ACSA believes it can survive financially when Bank funds are no longer available; but it will have to scale back its operations in the poorer areas of Moldova, focusing on better-off clients—including the larger commercial farms.[11]

5.3 Insufficient cost recovery also threatens rural business development services. NGOs have worked well as loan originators for the participating intermediaries, delivering clients and properly documented loan applications to banks and to the RFC for appraisal and approval. But as project financing winds down NGOs must now charge for their loan origination services. So far, the intermediaries have refused to pay, which may ultimately put the NGOs out of business. Most of the NGOs who worked with the project say they intend to continue working in rural areas, aiming to build self-sustaining consulting businesses. But to survive they may have to limit their services to larger and better established clients, steering clear of the groups most in need of their services (the start-up enterprises with limited means to pay for advice).

5.4 The current global financial crisis is hitting Moldova hard. Pressure is coming from two directions. First, the growth of export earnings from trade with Russia, the CIS and European niche markets plummeted in the last quarter of 2008. Moldova's trade deficit was almost 55 percent of GDP in 2008. Second, remittances are drying up—at a faster rate in 2009 than in 2008. In 2006, remittances accounted for 36 percent of GDP, the highest per capita level in the world.[12] The fall in remittances will lead to depreciation of the Moldovan currency, leading to further deterioration of the current account. This has been accompanied by the involuntary repatriation of Moldova's foreign guest workers, laid off in Russia and in

11 Private communication from ACSA's General Manager.
12 World Bank 2008.

Europe. Many of these workers came from the very same rural households that borrowed under the two RISPs. These households are now finding it hard to service their debts.

5.5 Although the banking sector at large and the commercial banks participating in RISP1 all demonstrated capital adequacy ratios and provisioning against liquidity shortfalls well in excess of central bank norms, their position now looks less secure. The global crisis has reduced the liquidity of these intermediaries and may lead to banking failures and forced mergers.

5.6 The project management unit can draw on funds from several non-Bank sources and is likely to keep operating through 2010. After that its survival is less guaranteed. The unit has become the main link between government and the donor community for rural operations and investment programs. It is also the government's most important rural service agency, with a key role to play in promoting growth in the Moldovan countryside. The unit has already been absorbed by the government's structure of development administration. But the management unit may not survive if it is brought fully on-budget and required to operate using civil service pay scales.

5.7 Under these circumstances, the risk to development outcome is rated s***ignificant***.

6. Bank Performance

QUALITY AT ENTRY

6.1 Quality at entry was not assessed by QAG but IEG endorses the ***satisfactory*** rating assigned by the ICR. This is based on: (i) the consistency of project objectives with the priorities for agricultural development and rural poverty reduction that are highlighted in the World Bank Agriculture Strategy and the Country Assistance Strategy; and (ii) the careful assessment of institutional capacity that is factored into project design.

PROJECT SUPERVISION

6.2 The Bank task team that was involved in preparation remained, for the most part, engaged during implementation. At midway the team leader changed but to no adverse effect. The Rural Finance Component was fully disbursed 18 months before the original closing date. Supervision was carried out at least every six months and more frequently when the need arose (see Annex D). Bank supervision performance is rated ***satisfactory***.

OVERALL RATING

6.3 Overall, the performance of the Bank is rated ***satisfactory***.

7. Borrower Performance

GOVERNMENT PERFORMANCE

7.1 The government was fully engaged during the preparation and implementation of the project and performance is rated ***satisfactory***. Throughout this period staff from the Ministries of Finance and Agriculture, and the National Bank of Moldova, worked closely with the Bank team.

7.2 Government delegated responsibility for the day-to-day running of the Project to the project management unit (CAPMU); but kept a close eye on the project from the vantage point of its seat on the Project Steering Committee. The PSC provided guidance to CAPMU on matters of strategy and substance, following up effectively on the steps that were agreed. All of the key ministries were represented on the PSC. In addition, the government contributed to successful implementation of the project by honoring its co-financing commitments; and by respecting the autonomy of financial intermediaries in matters of in loan appraisal and approval.

IMPLEMENTING AGENCY PERFORMANCE

7.3 The performance of the project management unit (CAPMU) is rated ***satisfactory***. The unit has been staffed with well-qualified and experienced professionals who know the sector well; and are versed in the intricacies of Bank policies and procedures. The staff dealt well with a range of complex tasks, including financial management, accounts and audits, procurement, M&E and safeguards. The unit served as an effective interlocutor for stakeholders, beneficiaries and donors on all aspects of project preparation and implementation. During project implementation CAPMU became the focus of a series of thoughtful and innovative approaches to rural development, including micro-finance, environmentally-friendly agriculture, and advisory services.

7.4 The Rural Finance Corporation (RFC) was the most active of the participating financial intermediaries and played a key role in setting up the microfinance system. RFC, a non-bank, credit-only financial institution, was the biggest lender under the Special Credit Line of RISP. When the credit closed, the total number of subloans from RFC to the savings and credit associations—including loans made from reflows—stood at 500, representing about US$6.7 million. While initially the RFC served as an apex institution for the many savings and credit associations, it eventually added a niche role as a maker of direct, individual loans.

7.5 Taken together, the performance of the project financial intermediaries—not just RFC but also ACSA, the NGOs and others—warrants a **satisfactory** rating. All these institutions were well staffed, trained, and equipped to implement the project. Participants were highly committed to project objectives and performed the tasks they were responsible for in a timely and efficient manner. During project preparation each of these institutions made a number of design contributions that helped to contribute to the overall effectiveness of project implementation.

OVERALL RATING

7.6 The borrower's overall performance is rated ***satisfactory***.

8. Lessons Learned

Five lessons may be drawn:

(1) Conditions attached to projects, particularly those bearing on sector development policy, should be proportionate to project scale; otherwise, they should be consigned to other operations. Government sent a policy letter to the Bank and signed a memorandum of understanding, in the hope that broader policy reforms would be supported by a 3rd Structural Adjustment Credit. But SACIII was dropped from the Moldova lending program after an unsuccessful 2nd Tranche Review, burdening RISP1 with the added responsibility of addressing the broader reform agenda.

(2) Credit agreements and project budgets should be sufficiently flexible to allow for changes in project financial intermediaries during implementation. RISP1 allowed any pre-qualified financial intermediary to apply to borrow project funds under subsidiary loan agreements (SLAs) with the Borrower. Eligibility criteria were established in the preparation phase and a number of PFIs were evaluated. However, the demand for project resources was greater than the available funds so that resources had to be rationed between the competing intermediaries. The rules needed to allow new intermediaries to take part in the competition; and to include the option of assigning funds by auction.

(3) Grant elements in credit lines may not have the intended effect. A grant element was included in the credit line for enterprise start-ups in order to accommodate businesses with weaker collateral. But, in practice, the same collateral requirements were applied, whether or not a grant was attached to the loan.

(4) Credit lines involving multiple subloans require a considerable delegation of fiduciary responsibility. In RISP1, delegation worked because: (i) from the start, banks and borrowers received clear advice about the available credit lines; (ii) the project management unit built up the expertise to conduct a major part of the screening process, leaving the Bank to prior-review larger loans and post-review smaller ones; and (iii) thanks to the technical assistance received from partners, banks were able to improve their subloan applications so that, when needed, prior review, could be conducted expeditiously.

(5) Providing consulting services to help small entrepreneurs prepare and implement business plans is as critical for the success of rural finance programs as providing long-term credit. Combining financing with technical assistance helped to make RISP1 a success. Providing long-term funding to rural businesses was vital. But without the Business Development Services component, it is unlikely that the credit line would have disbursed.

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Country Assistance Strategies and Related:

- 1999 - Country Assistance Strategy for Moldova (Report No. 18896-MD)
- 2001 – "Moldova PSD Strategy Note June 12, 2001)

Rural Finance Project Documentation

- PAD (Report No. P7540-MD)
- ICR Report (Report No. ICR0000514, dtd May 22, 2008)
- IEG: ICR Review posted May 13, 2008

SAC III Documentation

- PR (Report No. Report P-7113-RO)
- ICR Report (Report No. 28320
- IEG: ICR Review posted June 16, 2004

Annex A. Basic Data Sheet

MOLDOVA: Rural Investment and Services Project (Credit No. 3668)

Project Cost & Financing

Project Cost by Component (in US$ million equivalent)

Component	Appraisal Estimate US$ million	Actual/Latest Estimate US$ million	Percentage of Appraisal
Rural Advisory Services	2.95	2.43	0.82
Rural Business Development	2.49	1.47	0.59
Rural Finance	13.75	17.06	1.24
Project Management	0.50	0.46	0.92
Total Baseline Cost	19.69	21.42	
Physical Contingencies	0.00		
Price Contingencies	0.00		
Total Project Costs	19.69	21.42	
Total Financing Required	19.69	21.42	

Project Financing by Source (in US$ million equivalent)

IDA	15.50
DfID	1.36
SIDA	0.88
EU-TACIS	0.70
Government of Moldova	2.98
Totals	21.42

Project Dates

	Original	*Actual*
Concept Review	04/11/2000	04/11/2000
Begin Appraisal	04/26/2002	04/26/2002
Board approval	06/20/2002	06/20/2002
Signing	06/26/2002	06/26/2002
Effectiveness	08/30/2002	08/30/2002
Mid-term Review	09/15/2003	09/15/2003
Closing date	12/31/2005	12/31/2005

Mission Data

Bank Lending and Implementation Support/Supervision Processes

Task Team Members

Stage of Project Cycle	No. of Persons and Specialty (e.g. 2 Economists, 1 FMS, etc.)		Performance Rating	
Month/Year	Count	Specialty	Implementation Progress	Development Objective
Identification/Preparation				
09/04/1998	2	TTL (1) ; OTHER (1)		
10/09/1999	4	TTL (1) ; AG ECON. (1); OPER. ANALYST (1); OTHER (1)		
10/20/1999	6	TTL (1); RF ADV. (1); AG ECON. (1); OPER. ANALYST (1); CONSULTANTS (2)		
04/27/2000	3	TTL (1); CONS. (1); OPER. ANALYST (1)		
05/2000	12	TTL (1); AG ECON. (2); SECT. SPEC. (5); FMS (1); SOCIOLOGIST (1); OPER. OFFICER (1); TEAM ASST. (1)		
09/23/2000	3	TTL (1); CONSULTANTS (2)		
12/01/2001	5	TTL (1); AG ECON. (1); FIN. SPEC. (1); CONS. (2)		
03/02/2001	7	TTL (1); AG ECON. (2); FIN. SPEC. (2); CONS. (2)		
06/08/2001	9	TTL (1); AG ECON. (1); FMS (1); CONS. (6)		
09/26/2001	4	TTL (1); CONS. (2); OPER. ANALYST (1)		
12/14/2001	3	TTL (1); AG ECON. (2)		

Appraisal/Negotiation				
05/03/2002	8	TTL (1); LEGAL (1); PROCUREMENT (1); DISBURSMENT (1); OPERATIONS OFFICER (1); OPER. ANALYST (1); OPER. ASST. (1); OTHER (1)		
07/17/2002	1	TTL		
Supervision				
12/20/2002	3	TEAM LEADER (1); AG. ECON. (1); BANKING CONS. (1)	S	S
05/24/2003	2	NEW TTL (1); CONS. (1)	S	S
09/15/2003	8	TTL (1); SR. ECON. (1); FIN. SPEC. (2); OPER. OFFICER (1); CONS. (3)S	S	S
12/17/2004	4	TTL (1); RURAL FIN. SPEC. (1); CREDIT UNION SPEC. (1); RURAL POLICY SPEC. (1)	S	S
ICR 05/21/2004	5	TTL (1) ; FIN. SPEC. (1); RURAL ADV. SERVICE (1); OPERATIONS (1); SCA CONS. (1)	S	S

Note: Identification/Preparation missions also took place November 1998 [TTL; OPER. ANALYSTS (2) AND CONSULTANT (1) and April 1999 [TTL; AG ECONOMIST (1) and CONSULTANTS (3)]

Staff Inputs (staff weeks)

Stage of Project Cycle	Actual/Latest Estimate	
	No. Staff Weeks	**USD Thousands (including travel and consultant costs)**
Identification/Preparation		1,164
Appraisal/Negotiation		
Supervision		406
ICR		
Total		1,570

Note: US$ 406,000 includes the ICR preparation

Annex B. Logframe Matrix (Key Performance Indicators)

Outcome / Impact Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
Increased production and productivity in key crop and livestock sub-sectors in the regions where project activities are conducted.	Resumption of growth of Ag GDP by at least 2% per annum	Projected ag GDP growth in 2003 was 2%; however, due to unfavourable weather conditions, agricultural production declined in 2003. Agricultural value added in first half of 2003 was 9.7%, declined by 6.2% in the second half, resulting in a GDP decline of 0.7%
Improved market access and marketing practices for agro-food producers, measured by increased volume of exports from the project area.	Ag export growth at GDP growth rate equivalent	Ag. exports constituted 68% of all exports in 2003, and 66.6% in 2002
Increased non-farm employment in rural areas measured by the number of non-agricultural businesses.	Diversified rural economy	59% (448) of all businesses that started their activities were non-agricultural;
Increased rural income in project areas as compared to the baseline survey.	At least 5% growth in real income	Based on the surveys, the average income increase in the businesses in project areas is 23%

Output Indicators:

Indicator/Matrix	Projected in last PSR[1]	Actual/Latest Estimate
High awareness among farmers regarding the availability of rural advisory services.	Advisory services fully functioning	70% of Moldova's rural population are informed about the availability of local consultant services in villages.
At least 200,000 farmers and rural entrepreneurs will have benefited from the advisory services.	200,000 beneficiaries	300,000 beneficiaries (half of all farmers) have been reached through various extension services.
An increase in the number of clients per advisory center.	35 SPs and growing	35 SPs with 447 local consultants.
Variety of different types of advice services provided by service providers.	Diversified subjects covered in contracts	The SPs provide advice in basic subjects, such as technologies, legal, marketing and finances, along with a wide range of specialized services under special contracts.
Viability of service centers as measured by cost recovery of at least 50%.	50% of cost recovery	50% cost recovery not yet achieved; further support required to ensure full sustainability.
Satisfaction of clients with the advisory service center network operation.	A final beneficiary survey as a part of ICR	The average rating of the advisory center network services was 4.5 points (max. 5.0); The professionalism of the local consultants was rated at 4.48 points (max. 5.0).
Number of rural business and farmer organizations created - 900 individual and 600 group businesses.	900 & 600	761 businesses implementing their business plans, including 510 (67%) individual and 252 group businesses
Increased productivity and income for owners / members of newly created businesses; improved access to credit from commercial banks.	Mainstreamed rural lending	384 first-time borrowing enterprises have been financed; Average increase in sales of 12%; Average increase in employee income of 23%; Improved yields between 3% and 43%.

Number and quality of business plans submitted to banks for financing.	Over 1000 business plans prepared	1,136 final business plans prepared, of those 768 submitted to PFIs for financing, and 658 already financed
Number of beneficiaries (owners/members) who have received loans under the GCL/SCL - at least 2,000.	Minimum 2,000 beneficiaries	4,500 beneficiaries under the individual credit lines, and 33,700 SCA members
Increased share of loans to agriculture and rural sectors in PFIs loan portfolios by at least 50%.	Average rural portfolio grown by 50%	In two years, lending to agriculture in the PFI portfolios has increased by 40%
Repayment performance - at least 90% recovery rate on PFI loan portfolio.	At least 90%	96%

[1] End of project

Source: ICR Annex 1

Annex C. APC Program Triggers for RISP2

Trigger	Status at ICR
Continuous adherence to the priority legal, regulatory and agricultural policy reforms as articulated in the Letter of Sector Development Policy and the Memorandum of Understanding.	While generally the policy environment remains somewhat unstable, the project has helped with policies such as the land leasing law or by rolling back poorly designed reforms, continuing monitoring is required to ensure that the Government does not increase its administrative inteference in the sector through measures which are not consistent with the LSDP or the MOU.
Creation of fully developed legal statutes of private farms and rural entrepreneurs as measured by increasing numbers of registered private farms and rural businesses.	Over 80,000 rural entreprises registered since beginning of the project.
Efficient operation of Service Providers for advisory services (minimum 35 SPs in operation and a minimum 100 general contracts and 300 special contracts implemented).	Thirty-five Service Providers (SPs) with 447 local consultants operating in rural areas, providing services to about 300,000 farmers (out of an estimated population of 600,000 farmers) and rural entrepreneurs, with (i) 95 general contracts as of November 2004 and an additional 35 expected by the end of February 2005 and (ii) 258 special contracts implemented by December 31, 2004 and another 100 expected by December 31, 2005. Trigger well underway to be met by closing date.
Effective rural business development services (minimum 900 legal rural businesses created and registered and minimum 3 Development Agencies (DA) operating with 5 mobile teams each).	Four DAs in operation with five mobile teams each with a total of 1,605 service provision agreements on business development signed; 1,136 business plans elaborated; 761 businesses are implementing their business plans, including 510 (67.02%) individual and 251 group businesses (32.98%). Trigger well underway to be met by closing date.
Successful integration of commercial banks into rural financing as demonstrated by *at least three* fully functioning and active participating financial institutions (PFIs).	Six PFIs, including five commercial banks and 1 non-bank financial institution, actively participating in the project with over 1,049 loans made (including 500 loans to Savings and Credit Associations and 384 loans to first-time borrowers).
Sound portfolio as measured *by a minimum 85% recovery* rate under the rural finance component.	Portfolio recovery rate in the PFIs: 96%.
Adequate regulatory and supervisory capacity of the State Supervisory Body (SSB) as demonstrated by licensed SCAs being in full compliance with the prudential regulations with minimum default rates *(less than 5%).*	Portfolio at Risk 30 days in SCAs – 1.2%. Licensed SCAs typically in compliance with the prudential regulations with default rates of less than 1.75%. However, SSB supervisory capacity requires further strengthening.
Disbursement of *at least 75%* of the first-phase credit line operation.	66% of the credit line allocation, including the supplemental credit, disbursed; 100% of the original allocation disbursed.
Disbursement of at least *at least 75%* of the non-credit line components or evidence that an equivalent quantity and quality of technical assistance has been provided and has resulted in enhanced local institutional capacity.	68% of the non-credit line allocation disbursed.

Annex D. Loans Disbursed From RISP Credit Lines

Special Credit Line

#	PFI	# projets	Project's cost	Own contribution	External financing	Credit	Grant	% of total
1	Moldova-Agroindbank	70	15,968,471	4,124,426	11,844,045	10,032,431	1,769,614	22.39
2	Corporatia de Finantare Rurala	198	31,014,315	7,094,016	23,676,019	19,994,960	3,681,059	44.76
3	Victoriabank	31	6,215,946	1,654,946	4,391,000	3,908,000	483,000	8.30
4	Banca Sociala	22	5,025,343	1,040,082	3,985,261	3,384,109	601,152	7.53
5	FinComBank	34	6,208,484	1,725,238	4,403,246	3,982,172	421,074	8.33
6	Moldindconbank	29	7,833,732	3,082,500	4,591,232	3,883,496	707,736	8.68
		384						
Subtotal SCL		MDL	72,266,291	18,721,208	52,890,803	45,185,168	7,663,635	100.00
		USD	5,827,927	1,509,775	4,265,387	3,647,352	618,035	

General Credit Line

#	PFI	# projets	Project's cost	Own contribution	External financing	Credit	Grant	% of total
1	Moldova-Agroindbank	48	26,289,091	10,393,208	14,974,280	14,928,120	0	10.39
2	Corporatia de Finantare Rurala	555	222,838,327	91301897	101496060	101496060	0	70.40
	investment loans	55	26,201,077	7,323,777	18,702,300	18,702,300	0	
	loans to SCAs	500	196,637,250	83,978,120	82,793,760	82,793,760	0	
3	Victoriabank	16	6,970,828	2,485,328	4,485,500	4,448,000	0	3.11
4	Banca Sociala	17	9,786,668	2,478,728	7,113,940	7,113,940	0	4.93
5	FinComBank	7	4,226,539	1,491,784	2,734,755	2,734,755	0	1.90
6	Moldindconbank	22	20,144,290	6,768,391	13,375,899	10,632,668	0	9.28
		665						
Subtotal GCL		MDL	290,255,743	114,919,336	144,180,434	141,353,543	0	100.00
		USD	23,407,721	9,267,688	11,627,454	11,399,479	0	

Grand Total

#	PFI	# projets	Project's cost	Own contribution	External financing	Credit	Grant	% of total
1	Moldova-Agroindbank	118	42,257,562	14,517,634	26,818,325	24,960,551	1,769,614	13.61
2	Corporatia de Finantare Rurala	753	253,852,642	98,395,913	125,172,079	121,491,020	3,681,059	63.52
3	Victoriabank	47	13,186,774	4,140,274	8,876,500	8,356,000	483,000	4.50
4	Banca Sociala	39	14,812,011	3,518,810	11,099,201	10,498,049	601,152	5.63
5	FinComBank	41	10,435,023	3,217,022	7,138,001	6,716,927	421,074	3.62
6	Moldindconbank	51	27,978,022	9,850,891	17,967,131	14,516,164	707,736	9.12
		1049						
Total		MDL	362,522,034	133,640,544	197,071,237	186,538,711	7,663,635	100.00
		USD	29,235,648	10,777,463	15,892,842	15,043,444	618,035	

Note as of December 31, 2004

Source: ICR Annex 10

Annex E. Commercial Banks in the Project: Basic Indicators

Appendix E

Base data about the commercial banks of Moldova as of Jan. 31, 2009

mln lei

The name of banks	Total assets	Loan portfolio (gross)	Total loans (gross) / Total assets (%)	Pro-visions	Provi-sions / Total assets (%)	Earning assets	Liquidity assets	Liqui-dity princ. II	Total Regu-latory Capital	Total share-holders' equity	Capital adequacy (%)	Net income (loss)	ROA (%)	ROE (%)	Total deposits	inclusive deposits of physical persons
BC "Moldova-Agroindbank"	7,286.22	5,041.9	69.2%	236.2	4.7%	6,302.0	1,876.7	25.8%	1,081.4	1,244.0	23.26%	286.58	3.93%	23.04%	5,286.03	4,029.27
BC "Victoriabank" S.A.	5,418.9	3,501.1	64.6%	160.6	4.6%	4,515.2	1,714.9	31.6%	774.2	783.2	28.57%	225.70	4.17%	28.82%	4,489.53	3,087.58
BC "Moldindconbank" S.A.	4,576.9	3,203.8	70.0%	199.6	6.2%	3,796.7	1,292.0	28.2%	484.1	496.3	21.12%	87.21	1.91%	17.57%	3,768.66	2,645.69
BC "Mobiasbanca" S.A.	3,744.8	2,236.2	59.7%	114.0	5.1%	3,146.4	1,461.8	39.0%	577.6	610.0	31.74%	70.75	1.89%	11.60%	1,968.97	1,236.29
BC "Eximbank" S.A.	3,717.3	2,327.2	62.6%	97.3	4.2%	3,313.4	1,228.8	33.1%	857.0	866.6	47.69%	113.23	3.05%	13.07%	1,642.28	880.28
"Banca de Economii" S.A.	3,544.8	1,992.3	56.2%	121.2	6.1%	2,672.4	1,252.4	35.3%	808.3	824.9	49.94%	210.74	5.94%	25.55%	2,641.55	1,834.25
BC "Banca Sociala" S.A.	2,254.4	1,416.0	62.8%	69.9	4.9%	1,798.4	654.2	29.0%	331.1	380.0	25.02%	63.47	2.82%	16.70%	1,372.60	857.15
BCR Chişinău S.A.	1,912.7	1,245.7	65.1%	53.1	4.3%	1,732.3	450.3	23.5%	292.5	296.0	28.80%	58.27	3.05%	19.69%	1,595.93	11.76
"FinComBank" S.A.	1,785.7	1,078.7	60.4%	43.6	4.0%	1,289.4	518.2	29.0%	327.1	335.5	24.31%	68.03	3.81%	20.28%	1,129.93	762.80
BC "Investprivatbank" S.A.	1,598.0	1,091.5	68.3%	27.3	2.5%	1,308.4	347.5	21.7%	177.7	205.1	25.90%	6.73	0.42%	3.28%	1,345.94	844.06
BC "Energbank" S.A.	1,308.5	717.4	54.8%	34.8	4.9%	1,034.3	427.9	32.7%	211.3	227.9	36.76%	45.21	3.46%	19.84%	996.67	592.99
BC "Unibank" S.A.	582.2	278.4	47.8%	23.8	8.6%	407.5	191.5	32.9%	206.1	207.8	72.54%	22.87	3.93%	11.01%	301.92	172.88
BC "COMERŢBANK" S.A.	563.8	290.2	51.5%	9.2	3.2%	506.0	255.0	45.2%	171.9	172.2	96.06%	14.95	2.65%	8.68%	387.75	53.01
BC	274.9	139.1	50.6%	5.5	4.0%	191.1	72.7	26.4%	109.0	113.7	74.84%	2.58	0.94%	2.27%	56.75	19.62

"Universalbank" S.A.																
BC "EuroCreditBank" S.A.	228.8	85.3	37.3%	2.4	2.8%	129.9	98.5	43.1%	145.3	158.8	87.73%	23.42	10.24%	14.75%	55.53	28.31
BC "ProCreditBank" S.A.	324.9	127.7	39.3%	3.7	2.9%	262.9	141.4	43.5%	110.3	112.8	73.53%	-29.46	-9.07%	-26.12%	156.54	40.28
Total pe sistemul bancar	39,122.68	24,772.38		1202.19	4.9%	32406.1	11983.78	30.6%	6664.8	7034.7		1,270.28	3.25%	18.06%	27196.58	17096.22
Source: National Bank of Moldova																
Note: Bank signing SLAs in the project are highlighted in Yellow																

Annex F. Results of the Rural Business Development Component

Cumulative figures of RISP (Pilot) and SRISP as for 31/12/04
(exchange rate for report (1 USD) is 14.00 MDL)

Nr Indicator	Total to 30/11/04	Total to ACA	31/12/04 CCA	CDR	MEGA	Total	
1. Number of villages where information campaign held	1408	356	416	364	272	1408	
2. Number of people attending the public meetings	17759	3203	6961	3374	4305	17919	
3. Number of applications for DA support	3274	656	1183	613	916	3368	
4. Less those rejected by DA and client	1542	292	850	180	238	1560	
5. *Sub-total (3-4)*	1732	364	333	433	678	1808	
6. of which applications in progress (5-7)	190	1	40	82	80	203	
7. Service agreements signed	1542	363	293	351	598	1605	
8. Agreements terminated by DA/client	462	96	57	97	216	466	
9. remaining Service Agreements active (7-8)	1080	267	236	254	382	1139	
Of the active Service agreements (in 9 above):							
10. RBs started implementing their business/investment plans	723	212	198	168	183	761	
11. In-progress (9-10)	357	55	38	86	199	378	
Of those started implementing their business plans (in 10 above):							
12. Individualy owned businesses	479	(66,3 %) 115	145	144	106	510	(67,0 %)
13. Group owned businesses	244	(33,7 %) 97	53	24	77	251	(33,0%)
14. RBs generating revenue (of those in 10 above)	560	159	161	135	131	586	
15. RBs with final business plans with DA assistance	1090	332	250	228	326	1136	
16. RBs registered as legal entity with DA assistance	514	124	104	76	225	529	
17. Credit applications to Financial Institutions (FIs)	938	294	217	198	274	983	
18. less those rejected or withdrawn	212	88	27	22	78	215	
19. Remaining credit applications active (17-18)		726	206	190	176	196	768
Of the active credit applications:							
20. Loans disbursed to RBs	613	171	178	161	148	658	
21. Loans approved but not disbursed	25	4	4	8	6	22	
22. Loan applications still being assessed by FIs (19-20-21)	88	31	8	7	42	88	
Of the loans provided (in 20 above):							
23. Loans provided from RISP funds	452	116	139	140	92	487	
24. Loans provided from other sources	161	55	39	21	56	171	
25. RBs receiving matching grant	197	60	63	33	41	197	
26. RBs without credit (of those in 10 above)	125	44	23	16	40	123	
Of those started to implement their busines plan (in 10 above) the activities are:							
27. Agricultural	299	(41,4%) 106	84	54	69	313	(41,1%)
28. Non-agricultural	424	(58,6 %) 106	114	114	114	448	(58,9%)
29. Jobs created (at start-up)	3080	1095	748	505	834	3182	
29a. Average jobs created per RB (at start-up)	4	5	4	3	5	4	
30. Total RBs costs of all RB (in 10 above)	$9 181 750	$3 496 113	$2 166 534	$1 428 673	$2 468 778	$9 560 099	
30a. Average RB cost (in 10 above)	$12 700	$16 491	$10 942	$8 504	$13 491	$12 563	
31. Total RBs costs (of those RBs receiving credit) of which	$7 804 007	$2 861 861	$2 050 808	$1 346 058	$1 968 854	$8 227 582	
32. of which: - credits[1]	$5 229 167	$1 949 868	$1 296 649	$811 526	$1 472 802	$5 530 845	
33. - matching grant	$442 062	$168 388	$136 825	$40 360	$96 488	$442 062	
34. - contribution of beneficiaries	$2 132 779	$743 605	$617 333	$494 173	$399 564	$2 254 675	
35. average loan (incl. credit and grant) per RB (in 20 above)	*$9 252*	*$12 387*	*$8 053*	*$5 291*	*$10 603*	*$9 077*	

[1] Five RBs have received subsidies from Soros Foundation in the total amount $5 668.

Source: ICR Annex 9

Annex G. Activities of the ACSA Network

RISP ADVISORY SERVICES COMPONENT
NUMBER OF SERVICES AND THE FORM OF THEIR PROVISION, ACSA NETWORK

?	SP	Verbal consultations					Written consultations					Visits				
		techn	legal	mark	econ	Total	techn	legal	mark	econ	Total	techn	legal	mark	econ	Total
1	Anenii Noi	9305	2915	4128	2375	**19407**	633	32	45	53	**932**	1948	362	257	177	**2806**
2	Basarabeasca	730	168	72	77	**1047**	72	38	12	44	**166**	210	8	12	7	**237**
3	Balti	8420	1464	1967	1990	**13841**	22	4	1	14	**41**	1472	143	130	274	**2019**
4	Cahul	7832	532	1645	525	**10534**	709	26	30	53	**818**	2063	66	71	80	**2280**
5	Cainari	6986	1041	1197	603	**9827**	46	0	0	2	**48**	841	50	85	17	**993**
6	Calarasi	12914	1211	3612	758	**18495**	14	1	2	1	**18**	898	45	38	58	**1039**
7	Cantemir	6810	2229	2698	2241	**16078**	117	31	6	44	**256**	1406	145	144	197	**1987**
8	Causeni	12451	2483	4551	2002	**21487**	309	8	15	28	**360**	1194	62	65	69	**1390**
9	Cimislia	3737	1511	810	881	**6939**	55	14	0	52	**121**	1166	142	86	55	**1449**
10	Comrat	3120	1038	531	469	**5631**	463	193	56	134	**882**	1593	230	94	92	**2074**
11	Criuleni	6735	1074	1360	923	**10092**	150	11	10	16	**187**	564	8	12	15	**599**
12	Donduseni	13339	1320	4441	2164	**22092**	537	30	41	108	**797**	1671	82	81	239	**2090**
13	Drochia	8165	2238	2375	1924	**15480**	149	21	13	34	**274**	1205	144	178	187	**1734**
14	Edinet	7923	1026	4220	848	**14017**	63	8	11	17	**99**	1951	148	390	118	**2607**
15	Falesti	3951	717	457	474	**5599**	22	3	0	5	**30**	966	30	38	63	**1097**
16	Glodeni	19948	3207	4134	3426	**32216**	32	10	4	86	**182**	1229	200	246	240	**2144**
17	Hincesti	11238	3414	4191	1744	**22731**	875	214	116	119	**1522**	991	161	117	143	**1428**
18	Ialoveni	16244	1017	1874	1496	**20631**	123	18	4	7	**152**	2115	124	125	111	**2475**
19	Leova	6777	1263	2408	921	**11369**	447	186	55	82	**770**	1174	141	165	129	**1609**
20	Nisporeni	9330	3101	4074	3185	**20727**	316	122	44	211	**780**	1847	511	336	452	**3208**
21	Orhei	9652	2503	3226	1904	**19492**	214	67	40	89	**556**	1591	173	176	167	**2237**
22	Ocnita	6328	1360	1788	1157	**10633**	262	14	5	18	**299**	952	56	59	81	**1148**
23	Rezina	1666	364	631	233	**2894**	206	7	5	21	**239**	1324	96	91	80	**1591**
24	Sîngerei	6248	1073	1597	722	9640	22	0	0	0	**22**	1297	54	70	346	**1767**
25	Soldanesti	7873	2131	4174	1928	**16106**	101	22	18	18	**159**	1648	208	415	262	**2533**
26	Soroca	9344	1299	2991	857	**14491**	52	0	1	15	**68**	1526	62	123	80	**1791**
27	Stefan Voda	9494	2165	3419	1530	**17556**	1098	80	33	77	**1502**	1622	107	68	108	**2050**
28	Straseni	5135	1861	1450	1129	**9575**	54	10	1	3	**68**	1223	122	93	114	**1552**
29	Taraclia	2369	488	778	371	**4006**	52	20	1	40	**113**	1390	75	175	92	**1732**
30	Ungheni	10024	1392	1656	1205	**14277**	275	34	10	46	**365**	2507	216	186	224	**3133**
31	Ceadîr Lunga	1489	778	638	401	3306	11	10	6	19	**46**	308	111	118	87	**624**
32	Briceni	4387	280	503	200	5370	81	24	0	27	**132**	742	20	24	6	**792**
33	Rîscani	4606	191	338	346	**5481**	192	5	2	41	**240**	376	13	12	5	**406**
34	Telenesti	2577	1187	830	483	**5077**	415	70	26	89	**600**	740	167	123	128	**1158**
35	Floresti	2496	157	115	224	**2992**	270	7	4	27	**308**	641	7	11	7	**666**
	ACSA Network	259643	50198	74879	41716	439136	8459	1340	617	1640	13152	44391	4289	4414	4510	58445

?	SP	Round tables					Meetings					Seminars					TOTAL
		techn	legal	mark	econ	Total	techn	legal	mark	econ	Total	techn	legal	mark	econ	Total	
1	Anenii Noi	11	4	2	4	**25**	30	44	15	21	**110**	281	40	24	36	**399**	**23679**
2	Basarabeasca	38	12	3	4	**57**	113	53	40	35	**241**	7	0	0	0	**7**	**1755**
3	Balti	12	5	3	16	**36**	483	90	74	111	**758**	108	25	4	37	**174**	**16869**
4	Cahul	269	14	29	31	**343**	148	9	29	10	**196**	323	29	10	41	**403**	**14574**
5	Cainari	119	20	37	7	**183**	274	67	99	67	**507**	177	12	2	9	**200**	**11758**
6	Calarasi	8	10	16	7	**41**	193	68	83	32	**376**	74	11	2	9	**96**	**20065**
7	Cantemir	142	63	97	80	**391**	129	37	21	63	**250**	296	32	11	56	**411**	**19373**
8	Causeni	76	43	16	19	**154**	90	29	85	62	**266**	224	42	19	30	**315**	**23972**
9	Cimislia	88	38	20	14	**160**	197	163	91	75	**526**	56	9	2	2	**69**	**9264**
10	Comrat	325	89	46	80	**542**	81	19	5	16	**121**	207	34	5	41	**287**	**9537**
11	Criuleni	184	25	16	31	**256**	32	12	11	8	**63**	172	29	8	19	**228**	**11425**
12	Donduseni	91	11	12	51	**170**	244	13	25	51	**333**	232	17	12	49	**338**	**25820**
13	Drochia	83	79	77	75	**326**	213	98	72	83	**466**	182	54	8	66	**319**	**18599**
14	Edinet	42	22	8	28	**100**	331	87	85	85	**588**	125	9	4	24	**162**	**17573**
15	Falesti	178	37	49	61	**325**	128	32	14	39	**213**	150	26	3	33	**212**	**7476**
16	Glodeni	42	22	8	12	**104**	213	91	123	132	**559**	231	35	14	41	**344**	**35549**
17	Hincesti	385	137	100	113	**787**	141	66	84	78	**369**	162	18	5	9	**222**	**27059**
18	Ialoveni	26	20	3	27	**76**	189	28	13	20	**250**	121	20	3	13	**157**	**23741**
19	Leova	159	51	60	35	**305**	109	27	47	39	**222**	295	156	57	45	**553**	**14828**
20	Nisporeni	47	12	26	23	**112**	328	239	198	232	**997**	148	43	9	53	**285**	**26109**
21	Orhei	96	84	71	54	**313**	152	73	80	76	**381**	137	23	19	31	**223**	**23202**
22	Ocnita	14	9	11	8	**42**	246	82	74	91	**493**	124	4	7	16	**151**	**12766**
23	Rezina	194	36	5	28	**263**	313	98	139	98	**648**	117	15	1	11	**144**	**5779**
24	Sîngerei	76	30	14	18	**138**	127	5	20	16	**168**	202	41	19	23	**285**	**12020**
25	Soldanesti	49	62	33	46	**190**	173	76	97	84	**430**	212	36	49	67	**364**	**19782**
26	Soroca	137	88	104	73	**402**	290	70	87	72	**519**	82	31	1	19	**133**	**17404**
27	Stefan Voda	160	57	55	61	**350**	307	98	102	112	**619**	332	25	17	54	**454**	**22531**
28	Straseni	189	111	50	59	**409**	359	131	111	196	**797**	57	14	1	12	**84**	**12485**
29	Taraclia	187	34	25	32	**278**	564	86	137	64	**851**	36	3	1	1	**41**	**7021**
30	Ungheni	46	6	8	11	**71**	513	164	83	110	**870**	152	68	21	101	**342**	**19058**
31	Ceadîr Lunga	125	51	25	46	**247**	105	70	53	55	**283**	16	6	0	4	**26**	**4532**
32	Briceni	35	11	9	6	**61**	44	10	22	20	**96**	52	5	2	4	**63**	**6514**
33	Rîscani	12	0	2	0	**14**	310	38	71	75	**494**	25	4	1	7	**37**	**6672**
34	Telenesti	212	88	55	81	**436**	182	80	42	43	**347**	50	18	2	14	**84**	**7702**
35	Floresti	24	14	5	7	**50**	188	43	42	56	**329**	37	**1**	**1**	**2**	**41**	**4386**
	ACSA Network	3881	1395	1100	1248	7757	7539	2396	2374	2427	14736	5202	935	344	979	7653	540879

Source: ICR Annex 8

Annex H. Borrower's Comments

MINISTERUL FINANȚELOR AL REPUBLICII MOLDOVA

MINISTRY OF FINANCE OF THE REPUBLIC OF MOLDOVA

No. 08/1-7/240

June 22, 2009

Mr. John Heath,
The World Bank,
1818 H street N.W.
Washington D.C. 20433, USA

Re: First Rural Investment and Services Project (Credit no. 3668)
Draft project performance assessment report

Dear Mr. Heath,

Hereby the Ministry of Finance of the Republic of Moldova informs you that the Draft Project Performance Assessment Report for the above Project is acceptable to the Government and can be publicly disclosed.

Sincerely,

Mariana Durlesteanu,
MINISTER

cc: Ms Monika Huppi,
The World Bank, Manager,
Independent Evaluation Group