



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 03-Nov-2020 | Report No: PIDA30177



BASIC INFORMATION

A. Basic Project Data

Country Moldova	Project ID P174761	Project Name Moldova Pandemic Emergency Financing for COVID-19	Parent Project ID (if any) P173776
Parent Project Name Moldova Emergency COVID-19 Response Project	Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 28-Oct-2020	Estimated Board Date 30-Nov-2020
Practice Area (Lead) Health, Nutrition & Population	Financing Instrument Investment Project Financing	Borrower(s) Republic of Moldova	Implementing Agency Ministry of Health, Labor and Social Protection.

Proposed Development Objective(s) Parent

The objectives of the Project are to prevent, detect and respond to the threat posed by the COVID-19 pandemic in Republic of Moldova.

Components

Emergency COVID-19 Response
Implementation Management and Monitoring and Evaluation

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	3.48
Total Financing	3.48
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS

Non-World Bank Group Financing

Trust Funds	3.48
Pandemic Emergency Financing Facility	3.48



Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

B. Introduction and Context

Country Context

- 1. Moldova is a lower-middle-income country with an estimated gross domestic product (GDP) per capita of US\$3,217 (IMF, 2018) and a population of approximately 3.5 million people (World Development Indicators, 2018).** Moldova has experienced strong economic growth, with an average annual growth rate of 4.6 percent since 2000. Despite heightened political instability in 2019, the economy grew by 3.6 percent in 2019 driven by strong investments and robust private consumption financed by remittances, pre-election tax cuts, and increases in public wages and transfers. Increased employment and growth in disposable income for the bottom two quintiles, as well as increasing earnings in the agricultural sector, have contributed to recent reductions in poverty. However, during 2019 the unemployment rate increased by 2.2 percentage points on average compared with the previous year, largely driven by increases in unemployment in rural areas.
- 2. Moldova still has high poverty despite significant progress in poverty reduction.** According to the Commitment to Equity report,¹ 18.6 percent of families are below the national poverty line.² For some vulnerable categories, such as families with more than two children and single-parent families, the rates is much higher – 38.3 percent and 27.1 percent respectively. Poverty is projected to increase as households grapple with the adverse effects of COVID-19. Remittances previously played a significant role in increasing disposable income and mitigating poverty. The overall remittances before the COVID-19 outbreak were sizable - 15 percent of GDP, of which almost half was delivered home personally in cash, mostly to vulnerable households. High levels of migration to and remittances from the European Union (EU) and Russia could decline because of a recessionary development there as well in attempts to contain the outbreak. Additionally, many precarious jobs in these countries have been closed, with migrant workers the first to lose jobs and returning home without social insurance benefits. Potential additional shocks - such as health shocks to earners in the household, higher domestic prices due to shortages and interruptions in supply chains, and lower employment and/or earnings stemming from lower aggregate demand - are all likely to contribute to increased poverty. The effects are likely to be disproportionately felt by households with inadequate coping strategies or insurance mechanisms.
- 3. Before the global outbreak of COVID-19, the outlook for the Moldovan economy was positive, despite notable risks and challenges, but the country now faces significant domestic and external risks.** Against the

¹ Alexandru Cojocaru, Mikhail Matytsin, and Valeriu Prohntchi. 2019. "Fiscal Incidence in Moldova: A Commitment to Equity Analysis".

² Moldova stopped publishing official poverty rates in 2015. Commitment to Equity aims to take a deeper look at poverty by including the distributional effects of the tax and expenditure sides of the fiscal system and, examining the contribution of different taxes and transfers to poverty and inequality reduction in Moldova. The report measures poverty using various income concepts. Provided poverty rates are calculated using the disposable income concept, which incorporates pensions and direct transfers (such as family benefits, child benefits) and deducts direct taxes (such as PIT, social security contributions).



background of lower remittances, the dissipation of fiscal stimuli, and heightened uncertainty in the region and on the global markets, the macroeconomic environment faces significant challenges and risks. Growth projections are now challenged by the larger global downturn arising from the COVID-19 crisis as large economies across the Eurozone, as well as in Russia and China, struggle to deal with the combined impact of supply- and demand-side shocks, including the impact of lockdowns and the shuttering of businesses. In addition, the economy struggles with low productivity, unfavorable demographics, and serious governance challenges.

Sectoral and Institutional Context

4. The Ministry of Health, Labour and Social Protection (MoHLSP) is responsible for the organization and regulation of health services provided to individuals and the public, and for ensuring the state surveillance of population health, as well as for managing the social protection programs of the Government of Moldova.

The financing of most health services is the responsibility of the *Compania Națională de Asigurări în Medicină*,³ a stand-alone governmental institution, not subordinated to MoHLSP that covers approximately 86 percent of the population. It finances access to an essential package of emergency, primary, and inpatient services without payment at the point of care. The system also provides universal access to primary health care (PHC), for both uninsured and insured patients (including mental health, cancer screening, HIV/AIDS⁴, tuberculosis, etc.). Inpatient care is provided at the municipal, district (secondary care), and republican (tertiary care) levels; highly specialized tertiary services are concentrated in Chisinau.

5. Moldova's health system has made progress in recent years, but it still lags behind others in the region.

While life expectancy at birth increased from 64.8 years in 1990 to 72.0 years in 2016, infant and maternal mortality rates are high for the region. Infant and under-five mortality rates were 9.7 and 11.4 per 1,000 live births, respectively in 2016, more than twice the EU average of 3.4 and 4.1 per 1,000 live births. The maternal mortality rate of 17.6 per 100,000 live births⁵ was more than double the EU average of 8 per 100,000.⁶ Non-communicable diseases (NCDs) have become the major burden of mortality and illness for the population and account for a total of 90 percent of causes of deaths. High blood pressure (hypertension) and smoking are among the leading NCD risks. In addition, Moldova's population is aging, with about 18.4 percent of the population aged 60 and above and 2.4 percent is 80 and above.⁷ In addition, while total health spending is high for Moldova's income level, out-of-pocket health spending is still high. In 2016, the Government of Moldova spent approximately US\$83.50 per capita on health, with government health expenditure representing around 49 percent of total health expenditure. Total health expenditure, as a share of GDP increased from 5.9 percent in 2000 to 9 percent in 2016. This is substantially higher than the averages for the Europe and Central Asia Region (8.3 percent) and the Commonwealth of Independent States (6.5 percent). However, out-of-pocket health spending contributes around 46 percent of total health expenditure and points to an underlying vulnerability for poorer populations, which could be particularly at risk as COVID-19 unfolds. The health system has limited resilience, and it needs financing to ensure that, in a time of crisis and a rapidly unfolding pandemic, it is better positioned to meet the needs of citizens, particularly such vulnerable citizens as low-income, disabled, and elderly people, isolated communities, and Roma communities.

³ National Health Insurance Company

⁴ HIV/AIDS: human immunodeficiency virus/acquired immunodeficiency syndrome.

⁵ MoHLSP, 2017

⁶ World Bank, 2015

⁷ Statistical Yearbook of the Republic of Moldova, 2019



6. **The first case of coronavirus in Moldova was reported on March 8, 2020.** Since then, cases have increased rapidly. As of October 27, 2020, there were a total of 72,460 confirmed cases, and 1,710 deaths due to COVID-19. Following Parliament’s declaration of the state of emergency on March 17, 2020, a strong set of measures aimed at slowing the spread of the virus were introduced. Critical restrictions were imposed on movement, in line with social distancing practices worldwide. All educational institutions and many public venues - including gyms, museums, and theaters, bars, and restaurants - were closed. Strict transportation restrictions were introduced, such as the suspension of air and rail traffic, 70 of Moldova’s 81 land border crossings with Romania and Ukraine were closed. Additional quarantine measures have followed, including the establishment of a special working regime for all entities (public sector working hours 7:30 – 16:00); prohibition of meetings, public events and other mass events; requiring that schools and universities shift to online and distance-learning methods; and the temporary suspension of nearly all courts processing criminal and administrative cases (with exceptions). The Government decided to make all medical care related to COVID-19 free, whether or not patients have medical insurance. While incidence of new cases and fatality changes daily, Moldova’s COVID-19 outbreak is among the worst in the ECA region.

C. Proposed Development Objective(s)

Original PDO

The objectives of the Project are to prevent, detect and respond to the threat posed by the COVID-19 pandemic in Republic of Moldova.

Current PDO

The objectives of the Project are to prevent, detect and respond to the threat posed by the COVID-19 pandemic in Republic of Moldova.

Key Results

7. **The progress towards achieving the PDO and overall implementation progress (IP) are currently rated Moderately Satisfactory.** Although the project has been effective for just over three months, EUR 8.2 million, (27 percent) of funding allocated to health care needs, has been disbursed. As of mid-October 2020, EUR 6.2 million in 16 critical contracts have been signed for ICU beds (196 units), electrocardiographs (42 units), emergency ambulances (8 units), vehicles for transportation of COVID-19 tests (4 units), reagents for testing (100 000 tests), and patient monitors (200 units), among other things. The Bank completed its due diligence and determined that six contracts, with a value of EUR 3.5 million, are acceptable for retroactive financing, and the suppliers have already signed the Bank’s Anti-Corruption Guidelines and the Sanctions Framework acceptance letter.

8. **The parent project also includes social and financial support to the poor families especially vulnerable to the economic consequences of COVID-19.** Measures to scale up the existing means-tested Ajutor Social program were taken to offer increased support to poor and vulnerable families. The project supported these measures through Subcomponent 1.4, which provides social and financial support to poor households. EUR 21.9 million was allocated to this subcomponent, conditional on the achievement of two disbursement-linked indicators (DLIs) – increasing the program’s budget and achieving both increase in coverage and the benefit size for the beneficiaries of the Ajutor Social program. The Government submitted justification for achievement of the DLIs on August 26, 2020. However, the confirmation of results is still ongoing in light of a new government



initiative that may have impacted DLIs. Clarification is expected by the end of October 2020. The Government of Moldova paid out an equivalent of EUR 13.5 million to support on average over 58,000 poor households between April and August 2020.

D. Project Description

9. **The Moldova Emergency COVID-19 Response Project (P173776, EUR 52.9 million) was prepared as part of Moldova's emergency response to COVID-19 under the Strategic Preparedness and Response Program (SPRP) using the Multiphase Programmatic Approach (MPA).** It was approved on April 24, 2020, signed on April 28, 2020 and declared effective on May 28, 2020. The project closing date is April 30, 2022.

10. **The Moldova Emergency COVID-19 Response Project is made up of two components,** which are outlined in detail below.

- **Component 1: Emergency COVID-19 Response.** Component 1 is made up of four sub-components:
 - **Subcomponent 1.1: Case Confirmation** strengthens disease surveillance systems and the capacity of selected public health laboratories to confirm cases by financing medical supplies and equipment, including personal protective equipment (PPE) and hygiene materials, COVID-19 test kits, laboratory reagents, polymerase chain reaction equipment, specimen transport kits, and light vehicles for safe and rapid transportation of samples.
 - **Subcomponent 1.2: Health System Strengthening** finances the strengthening of public health facilities to provide critical care to COVID-19 patients and minimize the risk that health care staff and other patients will be infected. The project finances PPE and hygiene materials, and training on infection prevention and control practices to mitigate potential shortages of staff able to provide care to suspected and confirmed cases. It also provides equipment, drugs, medical supplies, and training to respond to the surge in patients requiring admission to ICUs, finances ambulances for urgent transportation of patients, and supports minor interior refurbishment to remodel ICUs and increase the availability of isolation rooms.
 - **Subcomponent 1.3: Communication Preparedness** supports information and communication activities to increase the attention and commitment of the Government, the private sector, and civil society to the COVID-19 pandemic, and to raise awareness, knowledge and understanding among the general population about the risk and potential impact of the pandemic. Specific activities include developing and implementing a national communication and outreach strategy, and developing and distributing communication materials on COVID-19 and general preventive measures to the general public.
 - **Subcomponent 1.4: Social and Financial Support to Households** is strengthening the social protection for the poor through the revised design of the Ajutor Social program so that it better targets vulnerable populations that may be adversely affected.

- **Component 2: Implementation Management and Monitoring and Evaluation.**

11. **The proposed additional financing (AF) will be financed by a US\$3.48 million grant from the Pandemic Emergency Financing Facility Fund (PEF),** which will support: (i) increasing testing and laboratory capacity (under Component 1.1); and (ii) procurement of additional mobile X-Rays and provision of training for health care workers (under Component 1.2), in line with Moldova's strategic preparedness and response plan. The proposed AF is fully aligned with, and will maintain, the PDO of the parent project. It is also consistent with the



COVID-19 Strategic Preparedness and Response Program using the Multiphase Programmatic Approach (P173789). Furthermore, there are no additional environmental and social risks that are likely to arise from activities supported under the AF. The environment and social risk classification will also remain unchanged (Substantial).

12. The proposed AF will scale-up activities under Component 1 with a specific focus on testing, equipment and laboratory services, as the country’s needs are increasing with the increase in number of COVID-19 cases. In addition, new testing methods, such as antigen-detection, are becoming available and are included in Moldova’s overall testing strategy. Furthermore, chest imaging can support diagnostic and orientation of patient to the right level of care. Support will prioritize procurement of tests and will be complemented by ongoing communication and training on the importance of testing being implemented under the parent project. By increasing the testing capacity, and more broadly the overall diagnostic capacity, the proposed AF will support sustained preventive social distancing measures in the context of the relaxation of the lockdown and management of a possible increase in cases, thus complementing the parent project. This AF further enhances the impact and development effectiveness of the parent project by contributing to expanding the country’s capacity to detect COVID-19.

Legal Operational Policies	
	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

13. The Environmental and Social risk rated is Substantial (Environmental Substantial and Social Moderate). The four major areas of risk for the project are: (a) risks related to the rehabilitation of existing health care facilities; (b) risks related to medical waste management and disposal; (c) risks related to spread of the virus among health care workers; risk related to exclusion for most needy and vulnerable population in marginal areas, and (d) risks related to the spread of COVID-19 among the population at large. These risks are covered by ESS 1, ESS 2, ESS 3, ESS 4, and ESS 10. No additional land required for rehabilitation of health care facilities and all the refurbishments will take place within the premises of the existing facilities. To mitigate the above-mentioned risks the MoHLSP has prepared an ESMF that will contain provisions for storing, transporting, and disposing of contaminated medical waste and will outline guidance in line with international good practice and WHO standards on COVID-19 response on limiting viral contagion in health care facilities. ESMF also outlines social risk management including inclusion of vulnerable and disadvantaged groups, labor and working condition procedures etc. In addition to the ESMF, Stakeholder Engagement Plan (SEP) which sets out approach and methodology of engaging stakeholders during the project implementation. The environment and social risk management actions are clearly spelled out in the ESCP which will be implemented by the MoHLSP.



E. Implementation

Institutional and Implementation Arrangements

14. **The AF will use the same institutional and implementation arrangements as the parent project.** The MoHLSP will be the implementing agency for the project and will take the lead in coordinating and implementing activities and the existing Project Implementation Unit (PIU) will implement the activities of this project. Working with the current PIU in the MoHLSP will enhance the likelihood of successful implementation of project activities and speedy disbursement to achieve desired outcomes. The PIU consists of a team of consultants including a Project Coordinator, Procurement Specialist, and FM Specialist. The PIU has extensive experience in the World Bank's fiduciary and implementation procedures as it has worked for the Health Transformation Project for several years. The ongoing Project's progress toward achieving its development objective and implementation progress is currently rated Moderately Satisfactory.

15. **The AF will follow the same disbursement arrangements of the parent project.** However, given that the additional financing is provided as a grant, a separate Designated Account for its purpose will be opened in the National Bank of Moldova. Retroactive financing is available for up to 40 percent of the total financing value, to be made against eligible expenditures as defined in the parent project Financing Agreement incurred after March 31, 2020, the date on which the PEF Activation Criteria (trigger) were met.

16. **The AF will follow the same procurement arrangements of the parent.** Procurement will be conducted in accordance with the World Bank's Procurement Regulations for IPF Borrowers for Goods, Works, Non-Consulting and Consulting Services, dated July 2016 (revised in November 2017 and August 2018). The project will be subject to the latest World Bank's Anticorruption Guidelines.

CONTACT POINT

World Bank

Volkan Cetinkaya
Senior Economist

Roman Zhukovskyi
Strategy Officer

Borrower/Client/Recipient

Republic of Moldova

Implementing Agencies



Ministry of Health, Labor and Social Protection.
Alexandru Holostenco
State Secretary
alexandru.holostenco@msmps.gov.md

FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

APPROVAL

Task Team Leader(s):	Volkan Cetinkaya Roman Zhukovskyi
----------------------	--------------------------------------

Approved By

Practice Manager/Manager:		
Country Director:	Ann Akhalkatsi	05-Nov-2020