



**ENPI - Neighbourhood - Mediterranean & Eastern Europe**

**Support to the Implementation of the Pilot  
Regional Development Programmes (PRDPs)**

**Republic of Moldova**

**Regional Planning and Project Pipelines for  
Development Regions North, South, Centre in  
the Republic of Moldova**

**ENPI/2013/328-631**

***Implementation Report***

***Reporting Period:***

***January – December 2016***

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**giz** Deutsche Gesellschaft  
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## Acronyms and abbreviations

APA	Academy of Public Administration
CALM	Congress of Local Authorities of Moldova
CCI	Chamber of Commerce and Industry
CPSS	Complementary Private Sector Support
DR	Development Region
DRC	Development Region Center
DRN	Development Region North
DRS	Development Region South
EC	European Commission
EE	Energy Efficiency in public buildings
EaP	Eastern Partnership
ENP	European Neighbourhood Policy
EU	European Union
GIZ	Deutsche Gesellschaft für Internationale Zusammenarbeit
IFI	International Financial Institution
LPA	Local Public Administration
MLPS	Modernization of Local Public Services
MTRI	Ministry of Transport and Roads Infrastructure
MRDC	Ministry of Regional Development and Construction
NFRD	National Fund for Regional Development
PDP	Project Development Pathway
PPC	Possible Project Concept
PRDP	Pilot Regional Development Programme
PWG	Project Working Group
RBM	Results Based Monitoring
RD	Regional Development
RDA	Regional Development Agency
RDC	Regional Development Council
RDS	Regional Development Strategy
RLR	Regional and Local Roads

ROP	Regional Operational Plan
RPP	Regional Planning and Programming
RSP	Regional Sector Programme
RSWG	Regional Sector Working Group
SC	Steering Committee
SEDS	Socio-Economic Development Strategy
SRA	State Road Administration
SWM	Solid Waste Management
VPC	Viable Project Concept
WMZ	Waste management zone
WSS	Water Supply and Sanitation

# 1. Summary and context of the Action

In October 2013, GIZ and EU signed a Delegated Agreement No ENPI/2013/328-631, according to which the EU has delegated the implementation of the '*Regional Planning and Project Pipelines for Development Regions North, South, Centre in the Republic of Moldova*' to the project 'Modernization of Local Public Services' (MLPS) that GIZ has managed in Moldova since 2010.

Since the start of the project implementation, several actions and revisions have been required as a necessary response to the highly dynamic project development. The most important of them are exposed in chronological order as it follows.

- In March 2014, in accordance with the Special Conditions of the Delegation Agreement, GIZ submitted to the Delegation of the European Union in the Republic of Moldova an Inception Report<sup>1</sup>, which sets the background for the implementation of the Action in the regional development area in the Republic of Moldova in accordance with the updated developments on the area. The findings of this report were presented to the counterparts and approved by the MLPS Steering Committee on 13 June 2014.
- In March 2015, GIZ submitted the first Implementation Report for the period October 2013 - December 2014<sup>2</sup>; some adjustments to the report were done at the request of the Delegation of the European Union in April - May 2015.
- In October 2015, the Result Oriented Monitoring (ROM) review mission was carried out by an independent external consultant contracted by the European Commission.
- In December 2015, the parties agreed and signed the Addendum 1 to the Delegation Agreement which provided a three months extension of the project's implementation. By signing this Addendum, GIZ expressed the need for revision of the targets as outlined in the Inception Report from March 2014 and presented at the MLPS Steering Committee Meeting on 13 June 2014. Additionally, these changes were reflected in the Implementation Report for the period October 2013 – December 2014. All these documents were endorsed by the Project's national counterparts and by the involved development partners.
- In March 2016, the parties agreed and signed the Addendum 2 to the Delegation Agreement (see **Annex 1**) by which the revised versions of Annex I 'Description of the Action and Description of the Delegated Tasks' and Annex III 'Budget for the Action' of the project proposal, as well as, an additional non-cost extension of six

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<sup>1</sup> The Inception Report can be accessed on:

<http://serviciulocale.md/doc.php?l=en&id=855&idc=69&t=/Progress-Reports/Inception-Report-Regional-Planning-and-Project-Pipelines-for-Development-Regions-North-South-Central-in-the-Republic-of-Moldova/>

<sup>2</sup> The first Implementation Report can be accessed on:

<http://serviciulocale.md/doc.php?l=en&idc=69&id=1129&t=/Progress-Reports/Regional-Planning-and-Project-Pipelines-for-Development-Regions-North-South-Central-in-the-Republic-of-Moldova-October-2013-December-2014>

months of project implementation were approved. The request for this time extension was based on the need for completion of three feasibility studies in Water Supply and Sanitation and two feasibility studies and environmental impact assessments in Solid Waste Management, which could not be concluded due to challenges encountered during the project implementation as described in the Implementation Report for the reporting period January – December 2015.

- In April 2016, GIZ submitted the second Implementation Report for the period January - December 2015<sup>3</sup>.
- In August 2016, the parties agreed and signed the Addendum 3 to the Delegation Agreement (see **Annex 2**) by which the period of project implementation has been extended with nine months and established within 44 months. The demand for a last non-cost extension was desired for the finalisation of feasibility studies and environmental impact assessment for two Waste Management Zones due to the delayed decisions taken by Local Public Authorities in relation to the allocation of landfill sites for creation of integrated Waste Management Systems.

The summary of the Action is presented in the table below.

**Table 1: Project Summary<sup>4</sup>**

<b>Title/Number</b>	Pilot Regional Development Programmes (PRDPs) – Component 2 ‘Regional Planning and Project Pipelines for Development Regions North, South, Central in the Republic of Moldova’
<b>Contribution</b>	To the ‘Modernization of local public services in the Republic of Moldova’ project
<b>Overall objective</b>	To support Moldova in advancing its economic, social and territorial cohesion with focus on the development of the policy, legal, institutional and developmental framework for an effective development policy for Moldova’s regions
<b>Purpose</b>	To facilitate a regional planning process leading to the development of a project pipeline relevant to specified areas and concerns of Moldovan RD and EU Cohesion Policy To develop capacities essential to sustaining the above objectives and support the wider regional development process

<sup>3</sup> The second Implementation Report can be accessed on:  
<http://serviciilocale.md/doc.php?l=en&idc=69&id=1379&t=/Progress-Reports/Regional-Planning-and-Project-Pipelines-for-Development-Regions-North-South-Central-in-the-Republic-of-Moldova-January-December-2015>

<sup>4</sup> According to the Addendum 3 to Delegation Agreement No ENPI/2013/328-631 that has been agreed between parties in August 2016 (see Annex 2).

<b>Expected results</b>	<p>Detailed regional sector programmes covering four thematic fields essential to the development of Moldova's regions (water and sanitation, solid waste management, energy efficiency in public buildings, regional and local roads) of key importance and for each region (N, S, C)</p> <p>Complementary private sector support at the national and regional level</p> <p>Validated capacity among responsible bodies relevant to the above results, including capacity to continuously manage a project pipeline</p> <p>A pipeline of viable project concepts in the four thematic fields</p>
<b>Beneficiary</b>	Ministry of Regional Development and Construction of the RM
<b>Duration</b>	The project is planned for 44 months
<b>Budget</b>	European Commission EUR 5 million
<b>Implementing Agency</b>	Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH
<b>Component II</b>	Indirect centralised management
<b>DAC-code</b>	43010 Sector multi-sector aid
<b>CRIS</b>	ENPI/2012/023-418

The given project is implemented through indirect centralised management by the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) GmbH within MLPS project and the assistance is channelled through Intervention Area 2 'Regional Planning and Programming'. The core Action was implemented by a consultancy consortium headed by GOPA which provided support in implementation of the MLPS component on Regional Planning and Programming in four priority sectors agreed with Moldovan authorities: Energy Efficiency in public buildings (EE), Water Supply and Sanitation (WSS), Solid Waste Management (SWM), and Regional and Local Roads (RLR). Also, Sequa GmbH - a development organisation which operates worldwide - offered specific support measures for Complementary Private Sector Support under the given Action. The list of cross-cutting activities that aims to increase the capacity development of local actors is delivered through the Academy of Public Administration.

The institutional counterpart and the main beneficiary of this component of MLPS project is the Ministry of Regional Development and Construction (MRDC), being responsible for the overall policy management of regional development in Moldova, while the main implementing bodies are the three Regional Development Agencies. The target groups are Local Public Authorities (LPAs) from I and II levels. In a broader sense, the project is expected to benefit the citizens of Moldova living in the three Development Regions and the country as a whole.

In addition, the following actors are continuously engaged in the project implementation:

*At the national level (other than MRDC)*

- Ministry of Environment



- Ministry of Economy
- Ministry of Transport and Roads Infrastructure (MTRI)
- Ministry of Education
- Ministry of Health
- Chamber of Commerce and Industry (CCI)
- State Chancellery
- Academy of Public Administration (APA)
- Donor community, particularly, those likely to finance projects to be developed
- and others, i.e. Congress of Local Authorities of Moldova (CALM).

*At the regional/local level*

- Regional Development Councils (RDCs)
- Regional Development Agencies (RDAs)
- Rayons
- Villages and towns (or LPAs) in the three regions
- Civil Society
- Business sector.

The current Implementation Report covers the reporting period from January to December 2016 and is structured in accordance with the provisions of the Annex II, Article 2 of the General conditions to the European Union Delegation Agreement for indirect centralised method of implementation. The details on the progress achieved during the reporting period are laid down in the chapters presented below.

## **2. Summary of implemented activities under the Action during the reporting period**

### ***2.1. Progress achieved in the implementation of activities***

Since the project is in the final stage of implementation, only limited activities were implemented during 2016 to fulfil the tasks under the Action. This refers specifically to the completion of three Feasibility Studies in WSS sector (Balti, Ialoveni and Hincesti) and to the preparation of Feasibility Studies and Environmental Impact Assessments in SWM sector for the Waste Management Zones from Centre Development Region (Calarasi, Nisporeni and Ungheni rayons) and North Development Region (Briceni, Donduseni, Edinet and Ocnita rayons).

During the reporting period the most important results achieved in implementation of the Action were the following:

- In February 2016, the handover process for the results achieved in 2015 in the development of investment projects emerging from regional planning and programming in four priority sectors took place during the three RDC meetings (North, Centre and South). Feasibility studies or their equivalents that were prepared with MLPS support for a total of 36 projects in WSS, EE, SWM and RLR sectors with an estimated investment value of EUR 186,000,000 were transmitted

to MRDC, RDAs and relevant LPAs. The handover acts can be found in **Annexes 3a-3c**.

- In WSS sector, three Feasibility Studies (for Balti, Ialoveni and Hincesti)<sup>5</sup> with an estimated investment value of EUR 8,400.000 were completed and handed over to the North and Centre RDAs and relevant LPAs during RDC meetings in October 2016. The handover acts are presented in **Annex 4**. The Feasibility Studies were endorsed by local councils as follows: Balti (4 November 2016), Ialoveni (1 November 2016) and Hincesti (28 October 2016).
- In SWM sector:
  - the assistance to the MRDC, South RDA and relevant local public authorities in organising public debates<sup>6</sup> and developing environmental impact assessment procedures for South Waste Management Zone which includes localities from Cahul, Cantemir, Taraclia Rayons and ATU Gagauzia (for localities from Ciadir Lunga and Vulcanesti)) for obtaining the environmental permission to be issued by the Ministry of Environment was delivered;
  - the continuous support to central public authorities and various public authorities from Centre and North Development Regions in the identification of sites for relevant facilities (landfills and transfer stations) within an integrated Solid Waste Management Systems was provided. To ensure the involvement of all stakeholders in support of these actions and the sustainability of the decisions approved by local authorities, it was agreed to sign in August 2016 (two) Memoranda of Understanding for the preparation of Feasibility Studies and Environmental Impact Assessments for the above-mentioned zones between relevant LPAs, RDAs, Ministry of Environment, MRDC and the MLPS project. The Memoranda of Understanding for two Waste Management Zones can be found in **Annex 5**.

Besides that, the actions for project pipeline promotion to potential donors were undertaken. The summary of the actions for particular sectors are described below.

- In WSS and EE sectors, the draft Description of the Action on preparation of technical design and tender documentation for construction works for selected 10 WSS and 8 EE projects emerging from regional planning processes with indicative investment value of EUR 39.8 million, including technical assistance and complementary measures, is prepared under the EU Annual Action Programmes. The delegation of the implementation of this action is to be granted to GIZ, due to the already established efficient cooperation of its project 'Modernization of Local Public Services' with national, regional and local stakeholders.
- In SWM sector, at the GIZ MLPS initiative, the coordination meeting on technical assistance supported by MLPS project took place at the end of September 2016

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<sup>5</sup> See <http://serviciulocale.md/pageview.php?l=en&idc=35&id=1310&t=/Regional-Planning-and-Programming/Feasibility-Studies/>

<sup>6</sup> See [http://adrsud.md/public/files/2016\\_09\\_14\\_raport\\_participarea\\_publicului\\_EIM\\_ZMD3\\_1.pdf](http://adrsud.md/public/files/2016_09_14_raport_participarea_publicului_EIM_ZMD3_1.pdf)

with representatives from the Ministry of Environment, MRDC and RDAs to define and agree the needs for support. During the meeting, the creation of the National Working Group in SWM under the Ministry of Environment was agreed through which to discuss sectoral particularities and to agree with potential donors (EIB and EBRD) the modalities for implementation of projects from the sector.

- In RLR sector, at the GIZ MLPS initiative, the coordination meeting took place in June 2016 with representatives from MTRI, MRDC, World Bank and German Embassy in Moldova to promote the roads corridors developed with MLPS support and to agree on modalities for their implementation under the World Bank Local Road Improvement Project.

The progress in implementation of the main activities during the reporting period in WSS and SWM sectors is presented below.

### **Water Supply and Sanitation**

In WSS sector, considering that the local authorities for Balti, Ialoveni and Hincesti Viable Project Concepts (VPCs) did not submit or were late in submitting the data required to complete the feasibility studies in 2015 and based on the summary reports on implemented activities that were prepared for these VPCs, the development of those 3 feasibility studies was relaunched starting with April 2016 and completed in August 2016.

The Elaboration of feasibility studies included the following tasks:

- Elaboration of legal and institutional chapters;
- Elaboration of financial and economic, including risk analysis chapter;
- Elaboration of technical chapters, including options analysis;
- Elaboration of environmental, social and gender chapters;
- Elaboration of conceptual (outline) drawings.

The Project Working Group meetings to review the outcomes of the development VPCs, as well as, to collect the necessary data for elaboration of the feasibility studies were held on 4 May 2016 in Ialoveni, 6 May 2016 in Balti, and 13 May 2016 in Hincesti, respectively.

The main work outputs comprise in preparation of 3 feasibility studies and preliminary conceptual designs for Balti VPC from North Development Region, and Ialoveni and Hincesti VPCs from Centre Development Region. The feasibility studies were presented and handed over to the respective beneficiaries during RDC meetings on 11 October 2016 (Ialoveni and Hincesti VPCs) and on 13 October 2016 (Balti VPC) and are available both in Romanian and English.

As it was communicated in the previous Implementation Report, due to the need for coordination of GIZ/KfW future involvement in the financing of WSS investments in Cahul, it was determined that the available technical report ('pre-feasibility' study) for Cahul VPC prepared with MLPS support at the end of 2015 would be enough, since the development of the feasibility study for water production facilities (from intake up to water treatment), as well as, for wastewater treatment plant has to be done entirely by the KfW project. KfW feasibility study will, also, cover the town water distribution and sewerage systems, given that the scope of KfW works included a hydraulic model and a more detailed assessment.

## **Solid Waste Management**

In SWM sector, all project development work was based on the approved Regional Sector Programmes (RSP) – for the Centre and North Development Regions – and the approved Waste Management Strategy for the South Development Region.

The development of the Viable Project Concept (VPC) was approved within the Inter-Ministerial Commission on 9 April 2015 for three waste management zones (WMZs):

- South Development Region, WMZ 1 according to the National Waste Management Strategy (WMZ 3 according to the Waste Management Strategy for the South Development Region): Cahul, Cantemir, Taraclia, Vulcanesti, and Ceadir-Lunga rayons;
- Centre Development Region, WMZ 5 according to the National Waste Management Strategy (WMZ 2 according to the RSP for the Centre Development Region): Calarasi, Nisporeni and Ungheni rayons;
- North Development Region, WMZ 8 according to the National Waste Management Strategy (WMZ 2 according to the RSP for the North Development Region): Edinet, Briceni, Ocnita, and Donduseni rayons.

The current state of VPC development for the three WMZs, as well as, the activities carried out in 2016 are presented below.

### WMZ 1, South Development Region

The Feasibility Study for WMZ 1 was completed in 2015. Also, the environmental impact assessment procedure (EIA) began in 2015, and the EIA report was developed.

The activities carried out in 2016 included:

- Continuing the EIA procedure:
  - Organising public debates in localities where waste management plants will be built (Cahul – regional landfill, sorting station, and composting station, Taraclia – transfer station, sorting station, and composting station and Cania – transfer station and composting station);
  - Drawing up the report on public participation and submitting it with the Ministry of Environment.
- Translating the Feasibility Study into Romanian and beginning the approval procedure by local public authorities.

For the SWM project for WMZ 1, South Development Region to be complete (end of stage 3 'VPC at pre-final stage'), the only thing needed is for the Ministry of Environment to issue the environmental permit.

### WMZ 5, Centre Development Region

In spite of considerable efforts made, none of the possible locations identified for the regional landfill and transfer station was approved by local authorities by the end of 2015. During 2016, the support provided by RDA and LPAs in the decision making process

regarding the allocation of sites for the investments to be made within the SWM system continued. Thus, **all the sites necessary for the investments in the SWM system were selected**, as follows:

- The site for the regional landfill in Floritoaia Veche:
  - The Local Council Decision no. 3/1 of 15 April 2016 on selecting the site necessary for the integrated waste management centre, which proposes site in Floritoaia Veche village, and sets up the commission for selecting the land;
  - The document regarding the selection of the site was approved by all the members of the commission on 11 July 2016.
- The site for the transfer station in Niscani on the current dumpsite:
  - The Local Council Decision no. 03/07 of 11 May 2016 on selecting the site necessary for the transfer station, which proposes a site located in Niscani and sets up the commission for selecting the land;
  - The document regarding the selection of the land for the location of the Transfer Station was approved by all the members of the commission on 8 June 2016.

Once the sites have been selected and approved, the VPC development process continued for WMZ 5, including the following activities within the elaboration of the **Feasibility Study**:

- Each selected site was *characterised from the point of view of environmental conditions and criteria used for locating the waste management plants*;
- Field studies were carried out both for Floritoaia Veche and for Niscani sites (topographic, hydro-geological, and geotechnical studies), and the related reports were drawn up;
- In order to *assess the current situation* on waste management, all the local public authorities and all the sanitation operators received questionnaires. In addition, field visits were organised. During the field visits, GIZ experts met representatives of local public authorities and of the sanitation operators. Also, the experts visited the dumpsites identified as possible temporary storage sites;
- The *database on the current situation* was elaborated;
- The *population forecast and the municipal waste generation forecast* were made;
- The chapters on the *general legislative framework*, as well as, on the *objectives and targets* were drawn up;
- Based on the data regarding the current situation and on the objectives and targets set, *options were identified*, and the analysis process began.

## WMZ 8, North Development Region

Until the end of 2015, none of the potential sites identified for the location of the regional landfill and of the transfer stations for the SWM system was approved by local authorities.

During 2016, similar to WMZ 5, the support provided by RDA and LPAs in the decision making process regarding the allocation of sites for the investments to be made within the SWM system continued. Thus, **all the sites necessary for the investments were selected**, as follows

- The site for the regional landfill in Donduseni:
  - The Local Council Decision no. 6/3 of 27 May 2016 on the selection of the site for the location of the integrated waste management centre, proposing a site of 16 ha and setting up the land selection commission;
  - The document regarding the selection of the site for the location of the Integrated Waste Management Centre was approved by all members of the commission on 7 September 2016.
- The site for the transfer station in Edinet:
  - The Local Council Decision no. 13/10 of 14 December 2016 on the selection of the site for the location of the waste transfer station, proposing a 2 ha land and setting up the land selection commission;
  - The opinion of the Geology and Mineral Resources Agency no. 492/151.12.2016, confirming that there are no useful explored mineral resources on the site identified for building the transfer station;
  - The document regarding the selection of the land for the location of the Transfer Station was approved by all members of the commission on 30 December 2016.
- The site for the transfer station in Briceni:
  - The Local Council Decision Briceni no. 3/1 of 14 July 2016 on the selection of the site for the location of the waste transfer station, proposing a 2 ha land in Briceni town and setting up the land selection commission;
  - The document on the selection of the land for the location of the Transfer Station was approved by all members of the commission on 7 September 2016;
  - The opinion of the Ecologic Inspection Briceni no. 20/406 of 12 September 2016 granting the land for the location of the transfer station.
- The site for the transfer station in Ocnita:
  - The Local Council Decision Briceni no. 04/05 of 11 July 2016 on the selection of the site for the location of the waste transfer station, proposing a 2.18 ha land in Ocnita town on the site of the current dumpsite and setting up the land selection commission;

- The document regarding the selection of the land for the location of the Transfer Station was approved by all members of the commission on 2 September 2016.

Once all the sites have been selected and approved, the VPC development process continued for WMZ 8, including the following activities within the elaboration of the **Feasibility Study**:

- Each selected site was *characterised from the point of view of environmental conditions and the criteria used for locating the waste management plants*;
- Field studies were carried out both for Donduseni and for Edinet and Briceni sites (topographic, hydro-geological, and geotechnical studies), and related reports were drawn up. For Ocnita site, there are previously made measurements, which are going to be used if the options analysis shows that a transfer station will be located in Ocnita;
- In order to *assess the current situation* on waste management, all local public authorities and all sanitation operators in WMZ 8 received questionnaires. In addition, field visits were organised. During such field visits, GIZ experts met representatives of local public authorities and of sanitation operators. Also, the experts visited the dumpsites identified as possible temporary storage sites;
- The *database on the current situation* was elaborated;
- The *population forecast and the municipal waste generation forecast* were made;
- The chapters on the *general legislative framework*, as well as, on the *objectives and targets* were drawn up;
- Based on the data regarding the current situation and on the objectives and targets set, *options were identified*, and the analysis process began.

During 2016, in addition to activities on the selection of sites and elaboration of feasibility studies, **additional activities** were also carried out, namely:

- Signing **Memoranda** regarding the development of the Feasibility Study and the Environmental Impact Assessment in order to set up the Integrated Waste Management System in WMZ 5, and in WMZ 8. The Memoranda were signed between the Ministry of Regional Development and Constructions, the Ministry of Environment, the Regional Development Agencies, level II local public authorities (Rayon Councils) and level I local public authorities (town halls where waste management plants are going to be built), and GIZ. These Memoranda include the obligations of each party and the action plan regarding the process of drawing up the Feasibility Study and the Environmental Impact Assessment procedure.
- Drawing up the draft **Regulation on setting up and operation of the Local Steering Committee** elaborating the Feasibility Study and the Environmental Impact Assessment for the Integrated Waste Management System in WMZ 5, and in WMZ 8. The Local Steering Committee is formed in order to serve as the main collaboration platform for all parties during the development of the Feasibility Study

and the Environmental Impact Assessment procedure. The first meeting of the Committees is scheduled for January 2017.

- **Participating in working meetings organised by the Ministry of the Environment** regarding the coordination of development of feasibility studies for WMZs by GIZ and the EIB consultant.
- **Providing support to partners** in promoting the project pipeline and consultation with donors on financing possibilities.

The Feasibility Studies and EIA Reports both for WMZ 5, Centre Development Region, and for WMZ 8, North Development Region are estimated to be completed in June 2017.

## **2.2. Information on expenditures actually committed and incurred**

As foreseen in the Delegation Agreement, the total budget of the Action (PRDP Component 2 – Regional Planning and Project Pipelines for Development Regions North, South and Centre) constitutes EUR 5,000,000.00. The total disbursed amount is EUR 4,946,610.00, from which the first tranche in the amount of EUR 2,305,529.00 was received on 27 November 2013 and the second in the amount of EUR 2,641,081.00 – on 17 June 2015. In addition to the EU resources, at the initial phase, the MLPS project was also co-financed by the Government of Sweden and the Government of Germany.

The detailed information on costs underpinning this agreement indicates that GIZ shall provide certain elements of financial resources to common administrative support to the entire ‘Modernization of Local Public Services in the Republic of Moldova’ – from which PRDP – Component 2 activities substantially benefits, and that in the absence of this support, a higher level of administrative and back-office management costs would necessarily have had to be attributed to the PRDP Component 2 budget.

A summary of the expenditures incurred during the project implementation period is presented in the table below.

**Table 2: Summary of expenditures incurred until 31 December 2016**

Budget line	Approved budget (in EUR)	Revised budget as of 15 March 2016 (in EUR)	Expenditures incurred		Outstanding amount as of 31 Dec. 2016
			Total spent up to 31 Dec. 2016	During the reporting period	
Human resources	4,153,000.00	4,247,600.00	4,201,753.33	623,806.43	45,846.67
Other expenses	847,000.00	752,400.00	713,352.56	55,653.50	39,047.44
<b>Total</b>	<b>5,000,000.00</b>	<b>5,000,000.00</b>	<b>4,915,105.89</b>	<b>679,459.93</b>	<b>84,894.11</b>

Source: GIZ Project ‘Modernization of Local Public Services in the Republic of Moldova’

In 2016, the expenditures incurred were in the amount of EUR 679,459.93. As per provisions of the Delegated Agreement, the total amount of expenditures incurred during the project implementation period as of 31 December 2016 is EUR 4,915,105.89 which



constitutes 98.3% of the total budget. The outstanding amount is EUR 84,894.11. The overall financial statement is presented in the **Annex 6**.

### **3. Difficulties encountered and measures taken to overcome problems**

The main challenge faced during the reporting period was linked to the delayed decisions taken by Local Public Authorities in relation to the allocation of landfill sites for the integrated Waste Management Systems (landfills and transfer stations). Despite many efforts made, the process took longer than expected due to various disagreements and misunderstandings of involved LPAs, mainly due to the lack of experience in the sector and related unrealistic expectations and concerns. As a mitigation measure, MLPS proposed conclusion of Memoranda of understanding between involved parties.

Since the reason for the delay was outside of MLPS direct influence, this entailed additional request for time extension to allow the finalisation of feasibility studies and environmental impact assessment for two Solid Waste Management projects.

### **4. Changes introduced in implementation**

During the reporting period two amendments to the Delegation Agreement were demanded and agreed between parties, as follows:

- In March 2016, the parties agreed and signed the Addendum 2 to the Delegation Agreement (see **Annex 1**) by which the revised versions of Annex I 'Description of the Action and Description of the Delegated Tasks] and Annex III 'Budget for the Action' of the project proposal as well as an additional non-cost extension of six months of project implementation were approved.
- In August 2016, the parties agreed and signed the Addendum 3 to the Delegation Agreement (see **Annex 2**) by which the period of project implementation has been extended with nine months and established within 44 months.

The request for the non-cost time extension was based on the need for completion of three feasibility studies in Water Supply and Sanitation and two feasibility studies and environmental impact assessments in Solid Waste Management, which could not be concluded due to the challenges encountered during the project implementation as described in the Implementation Report for the reporting period January – December 2015.

## 5. Achievements/results by using the indicators included in the Agreement

### 5.1 Main achievements

As described in Chapter 2, during the reporting period the work continued on completion of the Action and Delegated Tasks.

The status of the Regional Sector Programmes (RSPs), Possible Project Concepts (PPCs) and Viable Project Concepts (VPCs) is summarised in the table below.

**Table 3: Status of RSPs, PPCs and VPCs as of 31 December 2016**

Sector	RSPs Approval	Number of PPCs Prepared (1 <sup>st</sup> phase/ 2 <sup>nd</sup> phase)	Inter-ministerial Commissions meetings	Prioritised concepts for development at VPC stage
Energy efficiency in public buildings (EE)	February 2014	124/33	November 2014	13
Solid waste management (SWM)	February 2014	6/6	April 2015	3
Water supply and sanitation (WSS)	June 2014	45/29	February 2015	12
Regional and local roads (RLR)	March/April 2015	28/28	November 2015	15
<b>Total number of projects</b>		<b>198/96</b>		<b>43</b>

Source: GIZ Project 'Modernization of Local Public Services in the Republic of Moldova'

As mentioned in the second Implementation Report, the development of 11 RSPs in the 4 thematic areas was completed in 2015. All RSPs were approved by the Regional Development Councils.

Simultaneously, the pipeline of projects was identified and further developed according to the Pathway development methodology. Based on methodology agreed with development partners, the VPCs for which feasibility has been demonstrated, but for which financing has not yet been secured, are to be developed up to the pre-final stage. This involves developing of the following documentation per sectors:

- Energy Efficiency in public buildings – technical and economic assessment and refurbishment concept (equivalent to feasibility study) and conceptual design of the project;
- Solid Waste Management – feasibility study and environmental impact assessment;
- Water Supply and Sanitation – feasibility study;
- Regional and Local Roads – inventory and condition survey report (equivalent to feasibility study).

The next table provides an update of targets, status of project preparedness and the indicative investment value of the projects.

**Table 4: Project Development - Targets vs current status as of 31 December 2016**

Sector	The revised targets		Prioritised concepts for development at VPC stage	Status of preparedness (number of VPCs)		Estimated investment value, including technical assistance, M€
	Number of VPCs at pre-final stage	M€ (indicative)		Completed	To be completed	
Energy Efficiency in public buildings	13	11.8	13	12	1 <sup>7</sup>	19.0
Solid Waste Management	3	26.1	3	1	2	17.6
Water Supply and Sanitation	12	25.0	12	11	1 <sup>8</sup>	32.1
Regional and Local Roads	12	40.0	15	15	-	125.7
<b>All 4 sectors</b>	<b>40</b>	<b>102.9</b>	<b>43</b>	<b>39</b>	<b>4</b>	<b>194.4</b>

Source: GIZ Project 'Modernization of Local Public Services in the Republic of Moldova'

As it was foreseen in the Description of the Action, the main indicator will be financial indicator, size and number of projects is for estimation only.

## 5.2 Key lessons learned and recommendations

During the development of sectoral projects, a number of key lessons were revealed that need to be taken into consideration in any current and future endeavours to identify and develop priority investment projects, as well as, support in their implementation.

The main lessons and recommendations are highlighted below:

- In all sectors, **inter-ministerial communication and cooperation requires strengthening** to improve projects and to communicate the priorities to national and international financing institutions. Despite assistance in establishing supporting structures to share sectoral activities between ministries, overlapping responsibilities in various ministries can lead to duplication of effort, conflicting activities, or dilution of responsibility so that no decisions are taken.
- Projects identified for development have to be based on a clear commitment reflected in the appropriate planning and programming documents at local and regional levels in order to ensure policy support for and priority of the projects.
- Financial commitment needs to be obtained much earlier in the project development process.

<sup>7</sup> One VPC (High School 'ilvian Lucaci' from Costesti, Riscani rayon) remains at PPC level due to the fact that this project was already taken over by the Ministry of Education for development under a local schools programme to be financed by the World Bank.

<sup>8</sup> Given the fact that the ongoing KfW feasibility study for Cahul water production facilities (from intake up to water treatment), as well as, for wastewater treatment plant will, also, cover the town water distribution and sewerage systems, it was agreed during coordination meeting with partners that there is no need for completion of feasibility study for Cahul VPC since the already prepared technical report ('pre-feasibility' study) is sufficient.

- **National financing mechanisms need to be harmonised and aligned.** For example, in the EE sector projects were developed according to the approved Regional Sector Programmes. The project selection criteria of the Energy Efficiency Fund, on the other hand, are not consistent with and only weakly contribute to the achievement of sectoral objectives set out in the RSPs.
- **Capacities of local government** to develop and promote proposals for funding major regional projects need to be strengthened.
- In SWM and WSS, **tailor-made inter-municipal cooperation mechanisms need to be strengthened and more practical.** Institutional structures for managing an integrated solid waste management system need to be introduced.
- For the success of investment projects, **public information activities need to be implemented**, in particular in the WSS and SWM sectors.
- **Enforcement of environmental protection regulations needs to be strengthened** as a pre-condition for the implementation of an integrated solid waste management system, so that illegal dumping is prevented and discouraged.
- **Technical standards need to be updated** (WSS and EE sectors), including to allow the use of new technologies and materials. Technical standards for full detailed design need to be adapted for appropriate level of details used in other countries (RLR sector).

## 6. Visibility

GIZ MLPS adheres to the European Commission (EC) visibility guidelines as laid down in the EC regulation and in Article VII 'Visibility and ex-post publication' of the General Conditions to the Delegation Agreement and the Communication and Visibility Manual for EU External Actions from April 2008.

All MLPS materials (website [www.serviciilocale.md](http://www.serviciilocale.md), leaflets, print and web banners) are being regularly updated with recognition of the EU co-financing. The MSPL/GIZ project activities were reflected and promoted via [www.serviciilocale.md](http://www.serviciilocale.md), online platforms of MRDC and RDAs and social networks. The contribution of the EU was mentioned and highlighted in events that were organised within the MSPL/GIZ project (meetings with donors and Moldovan officials, meetings with MRDC and RDAs' representatives, project steering committees' meetings, conferences and seminars etc.). Also, the EU banner is posted on MLPS/GIZ website.

Besides that, on 14 May 2016, MLPS project participated with success in European village 2016 event, under the aegis of EU co-financed project. All distributed materials had relevant EU logo inserted. Appropriate photos and information related to the event were shared on social media networks <https://www.facebook.com/serviciilocale/posts/1066680490058294>. Also, within the event, MLPS organised a contest with questions about EU in the Republic of Moldova.

In 2016, an article on preparation of the selected regional development projects for ready-to-procure stage was published in August-September 2016 Newsletter Edition of the Delegation of the European Union to the Republic of Moldova.

The support of EU for this project within the wider 'Modernization of Local Public Services' project is and will continue to be clearly communicated to stakeholders and the wider public.

## **7. Information on the Action monitoring, control and audit measures to which the Delegatee body itself has been subjected**

The implementation of the Action has been continuously monitored during the reporting period in accordance with the GIZ rules and procedures on Results-based Monitoring and Evaluation. The progress achieved, challenges faced and the recommendations for the necessary changes are presented at MLPS steering committee meetings. The MLPS progress reports are available on [www.serviciilocale.md](http://www.serviciilocale.md).

In October 2015, the Result Oriented Monitoring (ROM) review mission was carried out by an independent external consultant contracted by the European Commission.

## **8. Overall financial statement providing an account of the use of the funds transferred to the Delegatee body**

The overall financial statement is presented in **Annex 6**, attached in a separate file.

## **9. Work plan for January – June 2017**

The activities to be implemented during the next period are limited to the extension periods and to the outstanding financial resources.

The work plan for the period January – June 2017 is presented in **Annex 7**.

## **Annexes**

(See separate files)

