

Terminal Evaluation Review form, GEF Independent Evaluation Office, APR 2016

1. Project Data

Summary project data			
GEF project ID		4183	
GEF Agency project ID		4379	
GEF Replenishment Phase		GEF-4	
Lead GEF Agency (include all for joint projects)		UNDP	
Project name		Strengthening capacities to undertake environmental fiscal reform to meet national and global targets	
Country/Countries		Moldova	
Region		Europe & Central Asia	
Focal area		Multifocal Area	
Operational Program or Strategic Priorities/Objectives		BD / CC SP-1	
Executing agencies involved		Ministry of Environment	
NGOs/CBOs involvement		NA	
Private sector involvement		NA	
CEO Endorsement (FSP) /Approval date (MSP)		August 3, 2011	
Effectiveness date / project start		November 2011	
Expected date of project completion (at start)		December 2014	
Actual date of project completion		September 2015	
Project Financing			
		At Endorsement (US \$M)	At Completion (US \$M)
Project Preparation Grant	GEF funding	0.025	0.025
	Co-financing	0.025	0.025
GEF Project Grant		0.51045	0.504802
Co-financing	IA own	0.16	NA
	Government	0.25	NA
	Other multi- /bi-laterals	0.2	NA
	Private sector		
	NGOs/CSOs		
Total GEF funding		0.53545	0.529802
Total Co-financing		0.635	0.5
Total project funding (GEF grant(s) + co-financing)		1.17045	1.029802
Terminal evaluation/review information			
TE completion date		November 24, 2015	
Author of TE		Jean-Joseph Bellamy & Dr. Victor Cotruta	
TER completion date		February 15, 2017	
TER prepared by		Mathias Einberger	
TER peer review by (if GEF IEO review)		Molly Watts	

2. Summary of Project Ratings

Criteria	Final PIR	IA Terminal Evaluation	IA Evaluation Office Review	GEF IEO Review
Project Outcomes	S	S	NR	S
Sustainability of Outcomes		L	NR	ML
M&E Design		S	NR	MS
M&E Implementation		MS	NR	S
Quality of Implementation		S	NR	S
Quality of Execution		S	NR	S
Quality of the Terminal Evaluation Report		-	-	S

3. Project Objectives

3.1 Global Environmental Objectives of the project:

The project objective was “to build capacities for implementing environmental fiscal reforms (EFR) that will produce increased national and global environmental benefits through the adoption of selected subsidies, fees, fines, taxes and other appropriate fiscal instruments.” The reforms supported by the project were aimed to create favorable conditions for the undertaking of actions that deliver global environmental outcomes by decreasing the opportunity costs to do so and by providing financial incentives and disincentives. (CEO-End p. 18)

3.2 Development Objectives of the project:

The project sought to achieve its objective through 3 distinct project components, 8 related outcomes, and 14 specific outputs:

Component 1: Reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors

Outcome 1.1: Policy reform in the area of environmentally harmful subsidies

- Outputs 1.1.1: Assessment of reform of energy and agricultural subsidies and adoption of appropriate legal amendments

Outcome 1.2: Reform of environmental charges and facilitation of eco-technology investments

- Output 1.2.1: Assessment of reform of environmental charges and facilitation of eco-technology investments and adoption of appropriate legal amendments

Outcome 1.3: Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs)

- Output 1.3.1: Implementation of good international practice in NEF/LEF management

Component 2: Capacity development for EFR to build consensus among concerned stakeholders

Outcome 2.1: Capacity building for EFR

- Output 2.1.1: EFR training needs assessed
- Output 2.1.2: Training for NEF/LEF staff on new operational procedures is provided

Outcome 2.2: Communication and awareness

- Output 2.2.1: A comprehensive information campaign is designed and implemented, including a dedicated EFR website
- Output 2.2.2: Lessons Learned and Case Studies on EFR for national and global environmental goals

Outcome 2.3: A political dialogue is established

- Output 2.3.1: Moldovan EFR Commission established and active
- Output 2.3.2: Conferences and workshops implemented

Component 3: Integration of EFR in local and central planning processes

Outcome 3.1: EFR instruments integrated in the decentralization process

- Output 3.1.1: EFR is integrated in the activities of the Working Group Financial Decentralization of the Joint Integrated Local Development Programme (JILDP)
- Output 3.1.2: Identification of environmental management priorities and potential local eco-taxes in pilot towns

Outcome 3.2: EFR instruments integrated into governmental budget and MTEF process

- Output 3.2.1: Training on green budgeting and planning in line with OECD guidelines and good practices to integrate global environmental priorities in Moldova's Medium-Term Expenditure Framework (MTEF)
- Output 3.2.2: Building upon capacities developed, support the MoE in elaborating their budgets and MTEF submissions and evaluate the extent to which the MoE's budgeting process uses EFRs to better meet targeted environmental objectives, with particular emphasis on meeting Rio Convention objectives
- Output 3.2.3: Building upon EFR best practices, update existing assessments and financing strategies within the framework of the MTEF to implement the Rio Conventions, including the identification of realistic sources of

(CEO-End pp. 2-3; PRO-Doc pp. 19-25)

3.3 Were there any **changes** in the Global Environmental Objectives, Development Objectives, or other activities during implementation?

The TE does not note any significant changes to the project's objectives during implementation.

4. GEF IEO assessment of Outcomes and Sustainability

Please refer to the GEF Terminal Evaluation Review Guidelines for detail on the criteria for ratings.

Relevance can receive either a Satisfactory or Unsatisfactory rating. For Effectiveness and Cost efficiency, a six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess. Sustainability ratings are assessed on a four-point scale: Likely=no or negligible risk; Moderately Likely=low risk; Moderately Unlikely=substantial risks; Unlikely=high risk. In assessing a Sustainability rating please note if, and to what degree, sustainability of project outcomes is threatened by financial, sociopolitical, institutional/governance, or environmental factors.

Please justify ratings in the space below each box.

4.1 Relevance	Rating: Satisfactory
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The TE rates the project as relevant and the TER agrees with this assessment, rating relevance as Satisfactory.

The TE notes that the project was a direct response to a national priority in Moldova. The National Capacity Self-Assessment conducted in 2004-2005 called for the launch of an economic fiscal reform program for global environmental management, in order to meet national and global environmental commitments. The TE further notes that the project was well timed, providing the Moldovan government with additional resources to develop an environmental fiscal reform agenda at a time when it was needed.

Furthermore, the project was part of the green growth and sustainable development roadmap of Moldova and was implemented within the context of the Association Agreement with the European Union, which was signed in June 2014. Under the agreement, Moldova must harmonize its environmental legislation with EU directives and international agreements. According to the TE, the project has been highly relevant to support the government in implementing its 2014-2018 Action Plan as a part of the Association Agreement in areas like environmental taxation and regulation. (TE pp. 2, 42)

Finally, the project was designed to complement and contribute to a broader national decentralization reform process, which includes national-level policy planning, the redesigning of competencies and responsibilities of local and sub-national governments, and the reforming of local government revenue systems. (PRO-Doc p. 19)

4.2 Effectiveness	Rating: Satisfactory
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The TE rates the project's effectiveness as Satisfactory and the TER agrees. (TE p. 8)

Under component 1, reform proposals were drafted but not yet approved, capacity development under component 2 was carried out, and integration of EFR in planning processes was underway yet incomplete for component 3. The TE notes that while the project did not succeed yet to get the proposed reforms approved and endorsed by the government and parliament, an environmental fiscal reform process has definitely been launched in Moldova as a result of the project, which was a catalyst in putting EFR on the national agenda. (TE p. 3) Since the project's overall objective was to build capacities for implementing environmental fiscal reforms, it can therefore be seen as a success, despite some shortcomings on the output level.

Under **component 1: Reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors**, the project was able to partially achieve the 3 outputs it set out to deliver for achieving the desired reform outcome. It produced a study on organic agriculture and potential improvements to the system of agricultural subsidies, a comprehensive assessment of the energy subsidy scheme and its environmental impacts, an assessment of the current environmental tax and pollution charge system, and a market analysis of financing

instruments for promoting eco-technologies. The studies were presented to and discussed by relevant government, private sector, and civil society stakeholders. While corresponding proposals to modify the legal framework accordingly were put forth, they had not yet been adopted by the time of project completion. The project also provided support in justification, elaboration, and capacity building for a new regulation to restructure the National Environmental Fund (NEF). Its approval has also been delayed, due to a lack of political support and the transition to a new government, although the TE viewed the new leadership as likely to approve the relevant documents by project end. However, since the project set out to not only assess facilitation of eco-technology investments and assess reform of energy subsidies, agricultural subsidies, and environmental charges, but also to adopt the appropriate legal amendments and implement good international practice in NEF/LEF management (outputs 1.1.1 – 1.1.3), fulfillment of this project component was partially successful. (TE pp. 33-34)

For **component 2: Capacity development for EFR to build consensus among concerned stakeholders**, the project succeeded in building capacity for environmental fiscal reforms. Based on an extensive needs assessment, it produced and disseminated training manuals on the role of economic instruments in environmental policy and on ecological funds, conducted training workshops, and organized study visits to the Czech Republic and Poland, in line with outputs 2.1.1 and 2.1.2 (EFR training needs assessed, training for NEF/LEF staff provided). In terms of outputs 2.2.1 (a comprehensive information campaign is designed and implemented, including a dedicated EFR website) and 2.2.2 (lessons learned and case studies on EFR for national and global environmental goals), the project updated the communication activity plan for informing the target audience about the environmental fiscal reform, developed and maintained the www.green.gov.md web portal, produced 3 promotional videos, and published several popular studies and articles. While the project was not able to accomplish the establishment of an EFR commission as foreseen in output 2.3.1 during its lifetime, it organized several national and international events and workshops in line with output 2.3.2. Overall, achievement of these outputs was largely complete and contributed to the desired capacity development outcome. (TE pp. 34-35)

Progress towards **component 3: Integration of EFR in local and central planning processes** was successful yet incomplete. The project drafted a study on the improvement of the charges system for natural resources, building on its established partnership with the Joint Integrated Local Development Programme (JILDLP). The study includes international experience of taxation systems for natural resources, examples of good practices of the Baltic countries, a current situation analysis in Moldova, and proposals to improve the system, the action plan, and its environmental impact assessment. It remains unclear however, how much this study has contributed to the full achievement of output 3.1.1 (EFR is integrated in the activities of the Working Group Financial Decentralization of the JILDLP). In terms of output 3.1.2 (identification of environmental management priorities and potential local eco-taxes in pilot towns), the project selected 6 pilot towns, developing a training program for local public administrations and local companies in integrating environmental methodologies into strategic and local performance-based budget planning. It identified 12 local initiatives to address environmental problems and integrate them in the development plans and local budgeting processes, providing follow-up support to the pilot towns in integrating environmental priorities in their local planning processes. For outputs 3.2.1 (training on green budgeting and planning in line with OECD guidelines and good practices

to integrate global environmental priorities in Moldova's medium-term expenditure framework), 3.2.2 (support the MoE in elaborating their budgets and MTEF submissions), and 3.2.3 (update existing assessments and financing strategies within the framework of the MTEF), the project supported the MoE working group in developing the expenditures strategy in the medium-term expenditure framework for the years 2016-2018, evaluating relevant existing policies and strategies and formulating priorities for the environment sector, as well as conducting a budget analysis of previous programs and developing three new budget programs. The draft of the sector expenditure strategy, including the programs and sub-programs, was submitted to the Ministry of Finance. Achievement of the outputs under component 3 was fair, but their contribution to the overall desired outcomes of integrating EFR instruments in the governmental budget, Medium Term Expenditures Framework (MTEF), and decentralization process appears to remain incomplete. (TE pp. 35-36)

4.3 Efficiency	Rating: Moderately Satisfactory
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The TE rates the project's efficiency as Satisfactory, but this TER rates it as Moderately Satisfactory, due to several moderate shortcomings, including a substantial initial delay in implementation that necessitated a 9-month extension and a significantly less than promised materialization of co-financing.

The TE notes that the project team followed UNDP and Moldovan government procedures, used adaptive management, maintained adherence to the overall project design, and developed annual work plans with corresponding budgets, while engaging stakeholders in the implementation of project activities. In regards to these activities, the TE takes particular note of the efficiency of the implementation team that was in place for the second half of the project, helping it to adapt to a constantly changing political environment, with four different governments over the lifetime of the project. The TE also notes however, that implementation made only very limited progress during the first 18 months of the project, which is illustrated by the fact that only 10% of GEF fund were disbursed during the first year (2012) and just over 7% during the second year (2013) of the project. Following an internal review by the project board, a new project manager was thus hired in January 2014, which the TE views as a critical decision, allowing project implementation to get back on track and catch up with the planned implementation timeline. This decision, together with the request for a 9-month extension made in June 2014 by the project board, is seen by the TE as exemplary adaptive management, which allowed the project to fulfill most of its deliverables.

Finally, the TE notes that an inadequately formulated M&E framework limited the project team in providing valuable information on progress, and that only limited tracking of the planned co-financing amounts also took place for this project. The 2015 PIR reported a total materialized co-financing amount of US\$475,000, or just under 78% of the original co-financing amount expected at CEO endorsement. (TE pp. 27, 42-43)

4.4 Sustainability	Rating: Moderately Likely
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The TE rates the project's sustainability as Likely, anticipating that the Moldovan government will continue with the environmental fiscal reform agenda in the foreseeable future, using the various outputs of the project. The TER does not share this assessment completely, mainly because the reforms proposed by the project have not actually been implemented yet by project end. Over the course of the project, a high turnover in the Moldovan government and its relevant ministries has been observed, which further poses a potential concern to institutional framework and governance sustainability and may exacerbate any socio-economic risks that come with environmental fiscal reform. However, since the project successfully built capacity and was able to kick start the reform process, the TER rates its sustainability as Moderately Likely.

First, the TE takes note of the project's well thought-out sustainability strategy outlined in the project document, which recognized that since environmental fiscal reform requires very specialized skills, the project needed to institutionalize this expertise within key government organizations in order to achieve its expected outcomes.

In terms of **financial** sustainability, the TE did not find any particular financial threats to the project's sustainability and neither does the TER. The TE views financial sustainability as likely.

Socio-economic risk however, is identified as the main area of concern for the sustainability of project achievements by the TE. It notes that at the time of the terminal evaluation, no reforms had been implemented yet, but several proposals were submitted to relevant ministries for further action. In this regard, the TE acknowledges that while environmental fiscal reforms have the potential for negative socio-economic impacts (e.g. on low-income households depending on fossil fuel subsidies), these risks can be mitigated through careful implementation of the proposed reforms. The TE therefore views socio-economic sustainability as moderately likely.

What the TE does not take into account in its sustainability section however, is the high volatility of the Moldovan government noted over the course of the project's implementation, which may exacerbate any risks related to socio-economic sustainability. If a new government prioritizes socio-economic development goals over environmental ones, this could very well undermine the environmental fiscal reform momentum brought about by the project.

In terms of the **institutional framework and governance**, the TE also does not take note of high government (and by extension ministerial) turnover, but views strong country ownership and collaboration among key ministries as contributing to project sustainability along this dimension. The TE also mentions the implementation of the Association Agreement with the EU in this regard, which it views as a guarantor of continuing implementation of the environmental fiscal reform agenda. The TE views institutional framework and governance sustainability as likely.

Finally, the TE did not find any threats to the **environmental** sustainability of the project, viewing it as likely.

5. Processes and factors affecting attainment of project outcomes

5.1 Co-financing. To what extent was the reported co-financing essential to the achievement of GEF objectives? If there was a difference in the level of expected co-financing and actual co-financing, then what were the reasons for it? Did the extent of materialization of co-financing affect project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

The TE notes that only limited tracking of the planned co-financing amounts has occurred under this project. The original co-financing commitment at CEO endorsement totaled US\$610,000, or 54.4% of total planned project costs. Co-financing commitments from UNDP at CEO endorsement totaled US\$160,000 and according to UNDP's Combined Delivery Reports, a total amount of US\$62,691 was provided as a cash contribution to the project. No reporting was made on the grant contribution from Ministry of Environment (MoE). However, the 2015 PIR reported a total co-financing amount of US\$475,000 and the TE confirms that all contributors (MoE, UNDP, OECD) have provided their fair shares. (TE p. 27) The causal linkages between moderately below expected materialization of co-financing and moderately below expected achievement of project outcomes remain unclear.

5.2 Project extensions and/or delays. If there were delays in project implementation and completion, then what were the reasons for it? Did the delay affect the project's outcomes and/or sustainability? If so, in what ways and through what causal linkages?

At its June 20, 2014 meeting, the project board decided to request an extension of 9 months. Due to very low disbursement during the first 2 years of the project, it was not in a position to achieve its objective and disburse its budget within 36 months of operation. Furthermore, following a change of government after parliamentary elections in November 2014, some project activities, particularly those related to reform of the National Environmental Fund and reform of the agriculture and energy subsidies, were at the risk of being delayed. The request was granted by UNDP / GEF and allowed the project to complete its schedule of activities by September 2015. (TE pp. 42-43) Considering the noted effectiveness of the new project manager hired for the second half of the project, the decision to extend the project likely contributed to the successful delivery of many of its components.

5.3 Country ownership. Assess the extent to which country ownership has affected project outcomes and sustainability? Describe the ways in which it affected outcomes and sustainability, highlighting the causal links:

The TE notes excellent country ownership, as the project addressed key national priorities, was designed based on a quality National Capacity Self-Assessment, and engaged key national partners in project-supported activities. Accordingly, the project became de facto the environmental fiscal reform program in Moldova implemented by key government departments and the local governments in 6 pilot towns.

The TE further notes the opportune timing of the project, providing the Moldovan government with extra resources, including better skills and knowledge, for developing a national environmental fiscal reform agenda, and a time when it was needed. The TE expects this high level of country ownership to contribute to the long-term sustainability of project achievements. (TE p. 44)

6. Assessment of project's Monitoring and Evaluation system

Ratings are assessed on a six point scale: Highly Satisfactory=no shortcomings in this M&E component; Satisfactory=minor shortcomings in this M&E component; Moderately Satisfactory=moderate shortcomings in this M&E component; Moderately Unsatisfactory=significant shortcomings in this M&E component; Unsatisfactory=major shortcomings in this M&E component; Highly Unsatisfactory=there were no project M&E systems.

Please justify ratings in the space below each box.

6.1 M&E Design at entry	Rating: Moderately Satisfactory
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The TE discusses project M&E in one combined section and rates it as marginally satisfactory. It discusses M&E design at entry, noting substantial shortcomings, but rates it as Satisfactory in its rating summary table. The TER rates M&E design at entry as Moderately Satisfactory, viewing this rating as being more in line with the TE's description.

The TE notes that the project's M&E plan was comprehensive, in line with standard UNDP and GEF procedures, and included a designated budget of US\$25,000, or about 4.9% of the GEF grant. The plan listed all M&E activities to be implemented during the project, including a mid-term and terminal evaluation, identifying for each M&E activity the responsible parties, as well as the budget and timeframe. The plan was also based on the logical framework, which included a set of performance indicators along with the corresponding sources of verification.

The TE also notes however, that the M&E plan laid out in the project document was not an adequate framework to measure the project's performance, mainly because the indicators were cumbersome and not SMART. The TE's review of the 24 key indicators used by the project concludes that they were not unambiguous or not specific enough, difficult to measure, and not relevant to monitor project performance at the outcome level. Additionally, the TE criticizes that the 20 annual targets identified in the project document were not fully related to the 24 key indicators and that there were altogether too many indicators specified for this kind of project. Furthermore, while some indicators were too focused on isolated activities rather than strategic objectives and outcomes, those that did focus on the objective level were too general and in most cases difficult to be attained during the lifetime of the project, according to the TE.

The TE concludes that "the M&E plan provided in the project document was not an adequate framework to measure its progress/performance." (TE pp. 8, 27-31, 42-43)

6.2 M&E Implementation	Rating: Satisfactory
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The TE discusses project M&E in one combined section and rates it as marginally satisfactory. It discusses M&E implementation and rates it as Moderately Satisfactory in its rating summary table, but asserts that "project progress was well monitored" in two other sections of the report. The TER rates M&E implementation as Satisfactory, ascribing the identified weaknesses mostly to the design stage.

The TE notes that the set of 24 key indicators and 20 annual targets did not change over course of project implementation and that they were used for the yearly progress reports in the PIRs. The TE's review also indicates that the mid-term evaluation did not take place as planned. It was discussed at the inception workshop in June 2012 and it was decided not to conduct a mid-term evaluation. The TE views this as a missed opportunity in light of the poor performance during the first half of the project. Nevertheless, the TE also notes that the project board moved quickly enough to address the issue by replacing the project manager, citing this as an example for the use of adaptive management by the project.

The TE also notes a certain ambiguity in annual progress reporting through the PIRs, since the project team reported progress against the annual targets instead of the indicators. According to the TE, this approach was somewhat confusing and did not directly link to achievements on the outcome and objective levels. However, this weakness should be seen as a result of design rather than implementation shortcomings.

Finally, it should also be noted that despite the fact that limited focus was given to gender considerations in the project documents and no gender-based performance indicators or targets were specified, the project team did monitor and report on gender equality through the PIRs. The TE notes that a gender assessment was carried out in 2013 and that a gender sensitive approach was adopted when drafting new policies and proposed legislation. Furthermore, particular attention was given to the participation of women in consultations for the development of policy and regulatory proposals, as well as during strategic planning and budgeting processes at the local level, when gender-disaggregated data on women participation was collected and analyzed. (TE pp. 8, 27-31)

7. Assessment of project implementation and execution

Quality of Implementation includes the quality of project design, as well as the quality of supervision and assistance provided by implementing agency(s) to execution agencies throughout project implementation. Quality of Execution covers the effectiveness of the executing agency(s) in performing its roles and responsibilities. In both instances, the focus is upon factors that are largely within the control of the respective implementing and executing agency(s). A six point rating scale is used (Highly Satisfactory to Highly Unsatisfactory), or Unable to Assess.

Please justify ratings in the space below each box.

7.1 Quality of Project Implementation	Rating: Satisfactory
The TE rates quality of implementation as Satisfactory, viewing UNDP, the implementing agency, as having provided good support to the project team in its respective area of responsibility, which ensured effective implementation of the project, and as having participated actively in the design and implementation of the project. The TER follows its assessment.	

According to the TE, UNDP provided the required guidance to apply UNDP project management procedures in terms of procurement, hiring, and contracting. It also provided guidance for reporting project progress and supported quality assurance during project implementation, ensuring that the project activities were fulfilled and were of the required quality.

The TE further notes that UNDP backstopped the project with its own resources, supported the project team throughout implementation, including by participating in the decision-making process for project through implementation through the project board. (TE pp. 8, 31-32)

7.2 Quality of Project Execution	Rating: Satisfactory
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The TE rates quality of execution as Satisfactory, viewing the Ministry of Environment, the executing agency, as having provided good support to the project team in its respective area of responsibility, which ensured effective implementation of the project, and as having participated actively in the design and implementation of the project. The TER follows its assessment.

The TE notes that the Ministry of Environment played an important and positive role in the project's implementation. The project board was chaired by the Minister of Environment, who, according to the TE, provided good leadership and guidance for project implementation. Furthermore, by providing the governmental and institutional legitimacy for the project activities aimed at reforming the National Environmental Fund and pollution charges, it was an important facilitator for project implementation. The TE also notes however, that the ministry's role was somewhat affected by the high political turnover encountered especially during the last 18 months of the project, with the project board having been led by 4 different Ministers of Environment. (TE pp. 8, 31-32)

8. Assessment of Project Impacts

Note - In instances where information on any impact related topic is not provided in the terminal evaluations, the reviewer should indicate in the relevant sections below that this is indeed the case and identify the information gaps. When providing information on topics related to impact, please cite the page number of the terminal evaluation from where the information is sourced.

8.1 Environmental Change. Describe the changes in environmental stress and environmental status that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

The TE does not note any significant environmental changes occurring during the lifetime of the project, but views the achievements of the project as likely to have positive environmental impacts over the medium and long-term. (TE p. 45)

8.2 Socioeconomic change. Describe any changes in human well-being (income, education, health, community relationships, etc.) that occurred by the end of the project. Include both quantitative and qualitative changes documented, sources of information for these changes, and how project activities contributed to or hindered these changes. Also include how contextual factors have contributed to or hindered these changes.

The TE does not note any significant socioeconomic changes occurring during the lifetime of the project, but acknowledges the potential of the project's proposed environmental fiscal reform to have adverse socio-economic impacts, if not implemented carefully. (TE p. 45)

8.3 Capacity and governance changes. Describe notable changes in capacities and governance that can lead to large-scale action (both mass and legislative) bringing about positive environmental change. "Capacities" include awareness, knowledge, skills, infrastructure, and environmental monitoring systems, among others. "Governance" refers to decision-making processes, structures and systems, including access to and use of information, and thus would include laws, administrative bodies, trust-building and conflict resolution processes, information-sharing systems, etc. Indicate how project activities contributed to/ hindered these changes, as well as how contextual factors have influenced these changes.

a) Capacities

The TE notes that the project's provision of assessments, analyses, studies, recommendations, and proposals, its support for the development of a new budget system, and its capacity development activities, initiated a national environmental fiscal reform (EFR) agenda and contributed to the building of the foundations for reforming environmental taxation, environmental charges, and National Environmental Fund (NEF) regulations. According to the TE, Moldova is now equipped with more valid information on EFR and relevant stakeholders, especially staff at the Ministries of Environment, Finance and Economy, now possess improved skills and knowledge on EFR and environmental fiscal instruments available to the government, in order to move the EFR agenda forward. (TE p. 46)

b) Governance

The TE notes that the project main goal was to initiate a national EFR agenda, rather than fully implementing it, and in this sense has been a good first step in supporting the development of a programmatic policy framework for EFR and the capacities necessary for moving this agenda forward. It thus contributed to the building of the foundations for reforming environmental taxation, environmental charges, and NEF regulations. (TE pp. 45-46)

8.4 Unintended impacts. Describe any impacts not targeted by the project, whether positive or negative, affecting either ecological or social aspects. Indicate the factors that contributed to these unintended impacts occurring.

The TE does not note any unintended impacts of the project.

8.5 Adoption of GEF initiatives at scale. Identify any initiatives (e.g. technologies, approaches, financing instruments, implementing bodies, legal frameworks, information systems) that have been mainstreamed, replicated and/or scaled up by government and other stakeholders by project end. Include the extent to which this broader adoption has taken place, e.g. if plans and resources have been established but no actual adoption has taken place, or if market change and large-scale environmental benefits have begun to occur. Indicate how project activities and other contextual factors contributed to these taking place. If broader adoption has not taken place as expected, indicate which factors (both project-related and contextual) have hindered this from happening.

According to the TE's review of project activities, most of them had already been mainstreamed among relevant stakeholders, government programs and strategies. It notes strong engagement by and collaboration among these stakeholders, who fully supported development of the studies, analyses, and assessments produced by the project, institutionalizing the project's achievement in the process.

9. Lessons and recommendations

9.1 Briefly describe the key lessons, good practices, or approaches mentioned in the terminal evaluation report that could have application for other GEF projects.

The TE provides the following lessons learned:

- Environmental fiscal reform falls under public finance management and calls for the development of fiscal measures that reflect and respond to socio-economic and political realities. As a result, such projects contain an inherent political risk. A 3-year project timeframe is too short and does not provide any time buffer to mitigate political risk related to elections, change of government, or change of Ministers.
- A project that is highly relevant by responding to national needs and priorities, is often highly effective in its implementation and enjoys good country ownership.
- Considering that very specialized skills are required for this type of project, it is critical that assessments, analyses, studies, recommendations, and proposals are developed with close participation of and collaboration among key stakeholders, in order to ground the outputs in local realities.
- Performance indicators, including respective baselines and targets, are particularly important on the outcome and objective levels. They are to guide project monitoring and lead the project team to focus on high level results, which is more conducive for a results-based management approach as opposed to a management by activity.
- A mid-term review is particularly useful when there are issues with project, but less useful when project implementation goes according to plan. It provides an opportunity to the project board to review progress as assessed by independent reviewers, and to tackle the potential delays and other issues potentially affecting the progress of the project and its ability to meet its targets.
- Adaptive management is necessary for a project to be flexible and able to respond to stakeholder needs and priorities. It provides the project with the capacity to adapt to changes, including disruptive events, while maintaining overall efficiency and effectiveness.

- In addition to capacity development and technical assistance, a project providing tangible deliverables selected by stakeholders (such as the environmental projects in the 6 pilot towns), brings tangible results and positive direct impacts for these stakeholders and beneficiaries. It contributes to strong stakeholder participation in project activities and to overall greater effectiveness of project activities.
- The application of the UNDP NIM modality is an effective management tool to foster national ownership of projects funded by international donors.
- In order to ensure the mainstreaming of gender considerations in a project, it is important that gender-based expected results, indicators, and targets are identified during the formulation of the project. Once it is part of the project strategy and monitoring framework, the mainstreaming of gender considerations becomes part of project implementation and reporting.

(TE p. 48)

9.2 Briefly describe the recommendations given in the terminal evaluation.

The TE provides the following recommendations:

1. Explore opportunities to incorporate the EFR agenda in another project or locate funds for a new project to provide more support to the government in this area.

The project delivered a long list of deliverables and as a result, the Moldovan government and relevant stakeholders within it are now better equipped with more valid information on EFR and available environmental fiscal instruments. The project had a catalytic role in establishing an EFR agenda in Moldova, which is well positioned within key government organizations. However, it is still a work in progress and more activities need to be implemented in coming year in order to fulfill the agenda. The government has now a better capacity to continue the EFR agenda but still lacks extra resources to access technical assistance, develop proposals, and implement capacity development activities. The government needs additional support to move this agenda forward.

2. Transfer the ownership and future maintenance of the website www.green.gov.md to a government entity in order to sustain its operations.

The website represents a platform to promote the concepts of sustainable development and green economy, as well decentralization policies and other sectoral reforms with the aim of ensuring sustainable and green development of Moldova. The site is used to popularize green concepts and provides virtual support for the national coverage of green public events. It serves as a platform for communication and information about the efforts of all partners and as a library of relevant studies and analyses, as well as legal and normative acts regulating the greening of fiscal and sectoral policies. It also hosts a database of useful and frequently updated information for local authorities and local initiative groups. The site is already set up with a government domain name (gov.md) and hosted on a government server. However, a full transfer of ownership and responsibility for future maintenance is needed, preferably within the Ministry of Environment.

3. **The revised regulations for the NEF should align with the possibility of NEF to be accredited as a National Implementing Entity, in order to be able to receive external funds such as from the Green Climate Fund, the Adaptation Fund, and other funds, including possibly EU funds.**

To access these funds directly, a national entity needs to be accredited as a National Implementing Entity, following an assessment against a set of fiduciary standard, environmental, social safeguard, and gender policy criteria. While each fund will have its own set of criteria, there will be many similarities between them. It is therefore recommended that a review of the criteria will be conducted before any revisions are made to the NEF regulations, in order to ensure that it will be able to apply for any of these accreditations and directly access these funds.

4. **The TE's evaluation team supports the project team to present the project achievements at the international conference on decentralization planned for November 2015.**

While not a recommendation per se, the TE supports the existing plan for presenting the project's achievements at the international conference on decentralization planned for November 2015. It will be a good opportunity to showcase its achievements, particularly the ones made at the local level. It will also provide a good opportunity for encouraging replication and scaling up of project achievements in other local public administrations throughout Moldova.

5. **Showcase the achievements made in the 6 pilot towns through national bodies such as the Congress of Local Authorities, which includes 600 Mayors (out of 898 municipalities), and the Convention (Assembly) of Mayors.**

The integration of environmental considerations in local plans and budgets according to MTEF guidelines provides an opportunity to showcase project achievements made at the local level and encourage their replication and scaling-up throughout Moldova. The Congress of Local Authorities, including 600 Mayors, and the Convention (Assembly) of Mayors are meeting regularly and provide the networks for regular communication among their members. The Congress of Local Authorities is also used to consult Mayors on national and local issues. These are therefore relevant entities that should be used to communicate project achievements to local public administrations.

6. **Establish a national action plan to integrate environmental considerations in local plans and budgets according to MTEF guidelines to replicate project achievements in the 6 pilot towns.**

The project supported the mainstreaming of environmental programs into local public budgets in 6 towns across Moldova within the context of the new three-year budget system of the MTEF. These achievements were a successful demonstration of this new budgetary approach at the local level and the implementation of environmental projects. However, it is only the first step of a longer process to be completed and mainstreamed throughout the country's local government system. Given the above opportunity (recommendation 5), an action plan to replicate and mainstream the project's achievements throughout the country should be produced. During a seminar organized by either the Congress of Local Authorities or the Convention of Mayors, project achievements should be presented and an initial consultation conducted for the formulation of such an action plan.

10. Quality of the Terminal Evaluation Report

A six point rating scale is used for each sub-criteria and overall rating of the terminal evaluation report (Highly Satisfactory to Highly Unsatisfactory)

Criteria	GEF IEO comments	Rating
To what extent does the report contain an assessment of relevant outcomes and impacts of the project and the achievement of the objectives?	The report contains an assessment of relevant outcomes and impacts of the project and the achievement of its objectives.	S
To what extent is the report internally consistent, the evidence presented complete and convincing, and ratings well substantiated?	The report is internally consistent for the most part, but ratings are not always well substantiated by the evidence presented.	MS
To what extent does the report properly assess project sustainability and/or project exit strategy?	The report assesses project sustainability along the four dimensions financial, socio-economic, institutional framework and governance, and environmental.	S
To what extent are the lessons learned supported by the evidence presented and are they comprehensive?	The lessons learned are adequately comprehensive and supported by the evidence presented.	S
Does the report include the actual project costs (total and per activity) and actual co-financing used?	The report provides total GEF funds disbursed as well as an estimate of total materialized co-financing, based on the last PIR. It does not provide actual project costs by activity, but utilization of GEF funds by component.	MS
Assess the quality of the report's evaluation of project M&E systems:	The report evaluates project M&E but does not provide a clear distinction between M&E design at entry and M&E implementation in its discussion, which inhibits its ability to substantiate the provided separate ratings.	MS
Overall TE Rating		S

11. Note any additional sources of information used in the preparation of the terminal evaluation report (excluding PIRs, TEs, and PADs).