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TERMINAL EVALUATION

of the UNDP-supported-GEF-financed Project

“Strengthening capacities to undertake environmental fiscal reform to meet national and global environmental priorities”

(Moldova)

(Project ID GEF: 4183 – Atlas: 78482)

Final Report

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List of Abbreviations and Acronyms

| | |
|-------|---|
| AA | Association Agreement |
| AWP | Annual Work Plan |
| ANRE | National Energy Regulatory Agency |
| APR | Annual Progress Report |
| BTOR | Back To Office Report |
| CBD | Convention on Biological Diversity |
| CCA | Common Country Assessment |
| CDR | Combined Delivery Report |
| CPD | Country Programme Development |
| CO | Country Office |
| CPA | Central Public Authority |
| DCT | Direct Cash Transfer |
| EAP | Environmental Action Plan |
| EE | Energy Efficiency |
| EFR | Environmental Fiscal Reform |
| EFRC | Environmental Fiscal Reform Commission |
| EGPRS | Economic Growth and Poverty Reduction Strategy |
| EU | European Union |
| FACE | Funding Authorization and Certification of Expenditures |
| GCF | Green Climate Fund |
| GE | Green Economy |
| GEF | Global Environment Facility |
| GHG | Greenhouse Gas |
| HACT | Harmonized Approach to Cash Transfer |
| JILDP | Joint Integrated Local Development Programme |
| LEF | Local Environmental Fund |
| LPA | Local Public Administration |
| M&E | Monitoring and Evaluation |
| MAFI | Ministry of Agriculture and Food Industry |
| MDG | Millennium Development Goals |
| MEA | Multi-lateral Environmental Agreement |
| MOE | Ministry of Environment |
| MOEco | Ministry of Economy |
| MOF | Ministry of Finance |
| MRDC | Ministry of Regional Development and Construction |
| MTEF | Medium Term Expenditures Framework |
| MTRI | Ministry of Transport and Road Infrastructure |
| NCSA | National Capacity Self-Assessment |
| NCSD | National Commission for Sustainable Development |
| NEF | National Environmental Fund |
| NIM | National Implementation Modality |
| NGO | Non-Governmental Organization |
| OECD | Organization for Economic Co-operation and Development |
| PA | Project Assistant |
| PB | Project Board |
| PBB | Programme Based Budgeting |
| PIR | Project Implementation Review |
| PM | Project Manager |
| PT | Project Team |
| RBM | Results-Based Management |
| RDA | Regional Development Agency |
| RDC | Regional Development Council |
| REC | Regional Environmental Center |
| SBBA | Standard Basic Framework Agreement |
| SEI | State Ecological Inspectorate |
| SMART | Specific, Measurable, Attainable, Relevant and Time-bound |
| TOR | Terms of Reference |
| UN | United Nations |
| UNCCD | United Nations Convention to Combat Desertification |
| UNDAF | United Nations Development Assistance Framework |

| | |
|--------|---|
| UNDP | United Nations Development Programme |
| UNECE | United Nations Economic Commission for Europe |
| UNEP | United Nations Environment Programme |
| UNFCCC | United Nations Framework Convention on Climate Change |
| UNIDO | United Nations Industrial Development Organization |
| UNPF | United Nations Partnership Framework |
| USD | United States Dollar |
| VAT | Value Added Tax |

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DISCLAIMER

This report is the work of independent consultants and does not necessarily represent the views, or policies, or intentions of the United Nations Development Programme (UNDP) or of the Government of Moldova.

1. Main Conclusions and Recommendations¹

1.1. Background - Introduction

This report presents the findings of the Terminal Evaluation of the UNDP-supported-GEF-financed Project “*Strengthening capacities to undertake environmental fiscal reform to meet national and global environmental priorities*” (Moldova). This terminal evaluation was performed by an Evaluation Team composed of Mr. Jean-Joseph Bellamy and Dr. Victor Cotruta on behalf of the United Nations Development Programme (UNDP).

The budget for the environmental sector in Moldova was very limited; it constituted just under 0.5% of the total national budget in 2009 and 2010 and was 0.69% in 2011. Most of this funding covered staff costs and did not allow the Ministry of Environment (MOE) to implement its core activities nor to promote necessary policies. In the other sectors, environmental concerns were virtually non-existent. Although the agriculture sector benefited from 3.1% of the national budget in 2009, only limited environmental issues figure on the sector’s development plan. In addition, existing environmental pollution charges earmarked in the Law on Payment for Environmental Pollution that constitute the revenues of the National and Local Environmental Funds have mobilized only around US\$ 15.6 million of revenues for the NEF’s, and around US\$ 685,000 of revenues for the LEFs in 2009. These limited resources did not allow important environmental investments in Moldova in order to support the implementation of national and local environmental policies that have demonstrable benefits for the global environment. It was found that this lack of resource allocation to the environmental sector was attributed to three main root causes:

- Failure to integrate environmental concerns in sectoral policies and plans;
- Failure to allocate resources to environmental protection; and
- Weak national cooperation and partnerships related to EFR.

One of the top priorities identified through the National Capacity Self-Assessment (NCSA) conducted in Moldova in 2004-2005 was a call to launch an economic fiscal reform programme for global environmental management meeting national and global environmental commitments. This assessment found four main constraints: (i) a tax system whereby the payment of charges for environmental pollution was not specified within the Tax Code; (ii) an assessment of natural resources that was under-developed, whereby the market price did not reflect the real economic value of land; (iii) a weak environmental penalties and compensations scheme that prevents to be a deterrent to reduce pollution, degradation, or over-exploitation; and (iv) an inadequate financing for environmental protection.

On the basis of this assessment, 3 main areas were identified for priority capacity development objectives:

- Develop economic instruments to generate revenues from activities which have a negative impact on the environment;
- Develop financial instruments to establish new sources of environment funding and strengthen the National Environmental Fund (NEF);
- Strengthen the investment climate in order to identify investments for environment protection activities.

As a response to these issues, constraints and priorities, this project was developed to create conditions, financial incentives and disincentives, and decreased opportunity costs to undertake actions that deliver global environmental outcomes. The project was to initiate and pilot EFR instruments targeted to meet Rio Convention objectives and ensure their integration within national plans and policies, especially in national taxation and within the decentralization process in Moldova. The project was to establish a strong basis for the institutionalization of an EFR programme at the national level with the support of concerned governmental institutions such as MOE, the Ministry of Finance, and other line Ministries through the establishment of a Moldovan EFR Commission that would initially be established as a project steering committee and eventually evolve to continue as Moldovan EFR Commission.

The Environmental Fiscal Reform (EFR) project was a UNDP supported, GEF and the Government of Moldova financed project. It was funded by a grant from GEF of USD 510,450, a grant from UNDP of USD

¹ Conclusions and Recommendations are in Chapter 1 with a brief background section. It is structured as an Executive Summary and a stand-alone section presenting the highlights of this final evaluation.

110,000 and an in-kind contribution estimated at USD 500,000 from the Government of Moldova, OECD and UNDP. It started in November 2011 and will end at the end of September 2015 after a 9-month time extension. The Ministry of Environment and OECD were the implementing partners of this project.

The objective of the project was to build capacities for implementing environmental fiscal reforms (EFR) that would produce increased national and global environmental benefits through the adoption of selected subsidies, fees, fines, taxes and other appropriate fiscal instruments. This objective was to be achieved through three outcomes (and 8 outputs):

1. Reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors: a) Introduce policy reform in the area of environmentally harmful subsidies; b) Reform of environmental charges and facilitation of eco-technology investments; and c) Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs)
2. Capacity development for EFR to build consensus among concerned stakeholders: a) Capacity building for EFR; b) Communication and awareness; and c) A political dialogue is established
3. Integration of EFR in local and central planning processes: a) EFR instruments integrated in the decentralization process; and b) EFR instruments integrated into governmental budgeting and MTEF processes.

This terminal evaluation report documents the achievements of the project and includes five chapters. Chapter 1 presents the main conclusions and recommendations; chapter 2 presents an overview of the project; chapter 3 briefly describes the objective, scope, methodology, evaluation users and limitations of the evaluation; chapter 4 presents the findings of the evaluation. Lessons learned are presented in Chapters 5 and relevant annexes are found at the back end of the report.

1.2. Conclusions

Project Design / Formulation

a) The project was highly relevant for Moldova to support the development of a national EFR agenda.

Its timing was good; it provided the Government of Moldova with additional resources to develop an EFR agenda at a time when it was needed. The project was a direct response to a national priority that was identified during the National Capacity Self-Assessment (NCSA) conducted in 2004-2005 in Moldova, which was calling for the launch of an economic fiscal reform programme for global environmental management meeting national and global environmental commitments. Three main priority capacity development needs were identified: (a) implement economic instruments to generate additional revenues for the environmental sector; (b) implement financial instruments to establish additional sources of funding for the environmental sector; and (c) improve the investment climate to increase investments for protecting the environment. As a result, this project was conceptualized to create conditions, financial incentives and disincentives, and decreased opportunity costs to undertake actions to meet Rio Convention objectives and ensure their integration within national plans and policies, especially in national taxation and within the decentralization process in Moldova.

The project has also been part of the green growth and sustainable development roadmap of Moldova and was implemented within the context of the Association Agreement (AA) with the EU that was signed in June 2014, to promote economic integration and political association. Under this agreement, Moldova must harmonize/approximate its environmental legislation with the EU Directives (Acts) and international agreements (AA: Article 91 and Article 97) but also other Articles such as Article 195 on Fees and Charges that needs to be taken into account when reforming the NEF, Annex XI to Chapter 16 (Environment) and Annex XII to Chapter 17 (Climate Action) stipulating a full range of conditions to be met in the environmental area. The project has been very relevant to support the government in implementing its Action Plan 2014-2018 that is part of this AA in areas such as environmental legislation related to environmental taxation and regulations.

b) The project had a good and logical strategy (Strategic Results Framework) but necessitated a strong political commitment to be fully successful.

The project was a coherent model that was developed 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*”. It included a good set of expected results with a logical “*chain of results*” – 8 Outputs → 3 Outcomes → Objective.

However, the nature of this project is such that from the outset it implied a strong political commitment from the government for the project to be fully successful and produce changes in the EFR area. Reforming environmental harmful subsidies, introducing green subsidies, strengthening environmental charges and reforming an environmental fund are part of a complicated national fiscal reform agenda that may impact the economy and the social stability of Moldova. Therefore, as much as this coherent project was a direct response to national priorities, from a political point of view it was an ambitious project to kick-start the environmental fiscal reform process in Moldova and its progress was hampered by the political uncertainty of the last 18 months: three governments, four different Ministers of Environment, 5 Deputy Ministers and two State Secretaries.

Project Implementation

c) Key stakeholders have been engaged from the outset of the project, providing a good country ownership and efficient management arrangements.

Project stakeholders, including their roles and responsibilities, were clearly identified during the formulation phase of the project under the leadership of MOE and stayed engaged throughout the implementation. It also provided a good participation of stakeholders to capacity development activities supported by the project and adequate management arrangements for an effective implementation of the project.

The project benefited from a valuable partnership between the project Team, MOE, MOF and MOEco; leading project activities in their respective areas. They participated actively to the Project Board and provided overall guidance to the implementation of project activities. Considering the nature of this project – environmental fiscal reform – any proposals had a political side to be approved and implemented; these stakeholders provided the necessary political links between project activities and higher levels of government. They provided the project with a good “conduit” to communicate and collaborate with key government services.

However, the project document was developed with the concept that all these partners will be brought together in a national commission on EFR. Despite a good stakeholder engagement, discussions and development of proposals to set up this commission, the political instability of the last few years in Moldova has so far prevented the creation of such body. Nevertheless, the concept is not “buried” and the topic of EFR should end up in a new commission or in an existing body in the near future to carry out the necessary reforms to comply with EU regulations in the context of implementing the Association Agreement (AA).

d) The project used adaptive management extensively to secure project deliverables while maintaining adherence to the overall project design.

Adaptive management was used as a management approach to particularly allocate effectively and efficiently project financial resources, including the provision of international and national technical expertise. On one hand, the log-frame gave the project team an overall plan to guide the implementation and on the other hand the project management team used adaptive management to properly allocate the financial resources available and find ways to stay on time.

Following a difficult first half with very limited progress made, a new Project Manager (PM) was hired in January 2014 with excellent credentials, including experience as a Deputy Minister of Economy in the government and also as a highly performing PM for another UNDP funded project. It was one of the most critical decisions made on this project that allowed the project implementation to get back on track and catch up with the planned implementation timeline. As a result, the project delivered most of the planned activities. The project did not succeed yet to get the proposed reforms approved and endorsed by the government and Parliament but an Environmental Fiscal Reform (EFR) process has been definitely launched in Moldova as a result of the project. It has been a catalyst to put EFR on the national agenda.

Adaptive management was also used regularly to adapt to a constantly changing environment, particularly the political environment with four different governments over the lifetime of the project, and including several changes at the Ministry of Environment with four different Ministers, 5 Deputy Ministers and two State Secretaries in the last 18 months. Finally, adaptive management was used when the Project Board (PB) decided to request a time extension of 9 months for the project at its June 20, 2014 meeting. This request was based on a very low financial disbursement during the first 2 years of the project and a risk of delays for some project activities such as those related to the reform of the NEF and the reform of the agriculture and energy subsidies due to the November 2014 Parliamentary election. The decision to request a 9-month time extension to end of September 2015 allowed the Project Team to complete the project implementation plan.

e) The overall quality of monitoring and evaluation (M&E) of the project was marginally satisfactory due mostly to a weak set of indicators and targets to measure the performance of the project.

A comprehensive M&E plan was developed during the formulation of the project with a budget of USD 25,000 representing about 4.9% of the GEF grant. It included a set of 24 indicators and 20 targets to monitor the performance of the project. However, these indicators were not really SMART indicators; in most cases, these indicators were somewhat ambiguous and not specific enough. There were also difficult to measure and not relevant enough to monitor the performance of the project; some of them were too focused on activities to be conducted – such as indicators to monitor the second outcome - and not enough on expected development results. Furthermore, indicators at the objective level were somewhat too general and in most cases difficult to be attained during the lifetime of the project. Finally, the targets identified in this M&E plan were not fully related to the list of indicators, but could be seen as another set of indicators to be monitored.

Using this monitoring framework, PIRs reported progress against identified targets but not against indicators; additionally, since no targets existed at the objective level, no progress reporting was done at this level. As a result, annual progress reports were produced timely but somewhat cumbersome to complete and not focused enough on the measurement of progress made at the strategic level: outcomes and objective.

Project Results

f) An effective project that delivered key outputs for developing an EFR agenda in Moldova.

The project delivered a rather long list of deliverables. It provided support to a broad range of activities that include several assessments, analyses, studies, stakeholder consultations, development of proposals, collaboration mechanisms (working groups, committees, commissions), as well as training, information material and study tours to raise skills and knowledge of relevant stakeholders, and finally technical assistance to MOE to implement the MTEF guidelines and the related three-year budgetary system at both the central level and local levels with the support to 6 towns, including the granting of one priority project per town.

As a result of this support, Moldova is now better equipped with more valid information on EFR, relevant stakeholders – particularly staff at MOE, MOF and MOEco – with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward. The project certainly delivered critical results against its expected outputs and outcomes. It provided assessments, analyses, studies and proposals necessary to “*reform environmentally harmful subsidies, green subsidies, environmental charges and a better functioning NEF*” (outcome 1); it supported the implementation of “*capacity development (activities) to engage and build consensus among all stakeholders*” (outcome 2); and finally it supported activities to “*integrate EFR in local and central planning processes*” (outcome 3).

g) Two main “Impact Drivers” impacted positively the project but the overall success of the project was hampered by two main factors.

The EFR agenda on Moldova was greatly strengthened with more information available, better access to environmental economic instruments, and better skills and knowledge of key stakeholders to undertake environmental fiscal reform activities. Using the *Theory of Change* approach to analyze the progress made by the project, two “*drivers for change*” contributed to the achievement of these results:

- The existence of the Association Agreement (AA) between Moldova and the EU that was signed in June 2014. In order to comply with this agreement, which is to promote economic integration and

political association, Moldova must align the country's policies, legislation, standards, norms, etc. with those of the EU. EFR has been part of the process to harmonize/approximate its environmental legislation with the EU Directives and international agreements.

- Moldova made EU integration a priority, which implies that the government of Moldova must align its environmental management framework with the EU, including its environmental fiscal area.

However, to be fully successful, the project needed to achieve “*the adoption of selected subsidies, fees, fines, taxes and other appropriate fiscal instruments*”. Instead, key deliverables ended up as proposals that were submitted to the relevant government authorities for approval and endorsement; there are not adopted yet. It is due to two main factors:

- The implementation of the project during the first half was very slow with only 17% of the budget disbursed during the first 2 years (66% of the time). The volume of activities increased substantially in 2014 following the hiring of a new Project Manager. The project was able to catch up on most of its deadlines but it did not have enough time to “push” further the proposals developed.
- The nature of this project implied a strong political commitment from the government to produce significant changes in the EFR area. Reforming environmental harmful subsidies, introducing green subsidies, strengthen environmental charges and reforming an environmental fund are part of a complicated national fiscal reform agenda that may impact the economy and the social stability of Moldova. Despite that the project was successful in initiating an environmental fiscal reform process in Moldova, the political uncertainty of the last 18 months: three governments, four different Ministers of Environment, 5 Deputy Ministers and two State Secretaries hampered the progress to adopt these proposals at the political level during the timeframe of the project.

h) The prospect for the long-term sustainability of project achievements is good.

The project was a direct response to national priorities and highly relevant in the context of an overall government strategy to promote a green economy and sustainable development in Moldova. It definitely contributed to moving the EFR agenda forward; it strengthened Moldova's capacity with more information available on EFR, access to environmental economic instruments, and better skills and knowledge of key stakeholders to pursue environmental fiscal reform activities. It is anticipated that the government will continue with its EFR agenda in the foreseeable future using the various outputs of the project as a basis for implementing these reforms. Therefore, project achievements should be sustained in the medium-term and used as a base to continue the reform process of environmental taxation, charges and regulations of the NEF.

A good sustainability strategy was developed in the project document. It recognized from the outset that environmental fiscal reform falls within the field of public finance management, requiring very specialized skills. As a result, in order for the project to achieve sustainable results, the project was to institutionalize the availability and access to this expertise within key organizations such as MOE, MOF, MOEco, MAFI and ANRE as well as Local Administrations, as well as developing fiscal measures that will be applied and tested in two particular sectors and a particular sub-region in Moldova. It was also anticipated that the project would support the sharing of similar experiences with other countries in the region and the development of user-friendly manuals and guidelines on EFR, which were used to provide training to a large complement of staff that was responsible for EFR in their respective organizations. This sustainability strategy was adopted by the project and will certainly contribute to the long-term sustainability of project achievements. The EFR project facilitated the government's long-term commitment to environmental fiscal reform, including the development of the supporting policy/programmatic framework. Capacities were strengthened and should be used in the future to pursue reforms of environmental taxation, charges as well as regulations of NEF.

i) The project had a catalytic role to initiate an EFR agenda in Moldova.

Using the interpretation of the catalytic role of projects of the Global Environment Facility (GEF), the achievements of this project will attract additional resources and greater results are expected in the foreseeable future. The EFR project produced public goods with the provision of assessments, analyses, studies, recommendations, proposals, support to develop a new budget system aligned with the MTEF guidelines, capacity development activities, etc. It initiated a national EFR agenda; it contributed to building foundations for reforming environmental taxation, environmental charges and reforming the NEF regulations. Moldova is

now equipped with more valid information on EFR, relevant stakeholders – particularly staff at MOE, MOF and MOEco – with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward.

The project is ending but the EFR agenda is well positioned within key government organizations and will continue to move forward. A good example is the recent Cabinet Decision No 376 of June 16, 2015 that created an inter-ministerial working group to review the Law 1540 on environmental charges, including the environmental pollution payments and the regulations of NEF. This working group was tasked to propose to the government necessary changes to update the Law 1540 with a 4-month timeframe and including the necessity that these proposed changes be aligned/comply with Article 195 on “Fees and Charges” of the Association Agreement with the EU. This process was ongoing at the time of this evaluation.

1.3. Recommendations

Based on the findings of this terminal evaluation, the following recommendations are suggested.

Recommendation 1: It is recommended to explore opportunities to incorporate the EFR agenda in another project or to find funds for a new project to provide more support to the government in this area.

Issue to Address

The EFR project delivered a long list of deliverables. As a result, Moldova is now better equipped with more valid information on EFR, relevant stakeholders – particularly staff at MOE, MOF and MOEco – with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward. The project had a definite catalytic role in establishing an EFR agenda in Moldova and this agenda is well positioned within key government organizations. However, it is still a work in progress and more activities need to be implemented in the years to come for fulfilling this EFR agenda. The government has now a better capacity to continue this 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 EFR agenda forward.

Recommendation 2: It is recommended to transfer the ownership and future maintenance of the website www.green.gov.md to a government entity to sustain its operations.

Issue to Address

This website was created with the support of the UNDP/GEF Project “*Environmental Fiscal Reform*” and represents a platform to promote the concepts of sustainable development and green economy, decentralization policies and other sectorial reforms, all together with the aim to ensure sustainable and green development of the Republic of Moldova. The site is also used to popularize the “*green concept*”; it is a platform for communication and information about the efforts of all partners constituting the institutional framework for sustainable development and greening the economy. It is a library of legal and normative acts regulating the “greening” of fiscal and sectorial policies; including the draft legislation that are under public review. It is a library of relevant studies and analyses, a virtual support for the national coverage of “green” public events, such as conferences, seminars, public consultations, and round tables; and a database of useful and frequently updated information for local authorities and local initiative groups.

It is already set up with a government domain name (gov.md) and hosted on a government server. However, a full transfer of ownership and future maintenance is needed; preferably within the ministry of environment.

Recommendation 3: It is recommended that the revised regulations for the NEF be compliant with the possibility of NEF to be accredited as a *National Implementing Entity* (NIE) in order to be able to receive external funds such as the recently set up green climate fund (GCF), the Adaptation Fund and other funds such as possibly EU funds.

Issue to Address

To access these funds directly, a national entity needs to be accredited as an NIE through an assessment against

a set of criteria, which are often around fiduciary standards, environmental and social safeguards and gender policy. Each fund would have its own set of criteria; however, a review of all these criteria would reveal that lots of them are similar.

It is recommended that such a review be conducted before any revisions are made to the regulations of NEF, in order for this entity to also be able to apply for any of these accreditations and access directly these funds.

Recommendation 4: The Evaluation Team supports the Project Team to present the project achievements at the international conference on decentralization planned in November 2015.

Issue to Address

It is not a recommendation as such but based on the review conducted by the Evaluation Team, it supports the existing plan to present the project achievements at the international conference on decentralization planned in November 2015. It will be a good opportunity to showcase these achievements; particularly the achievements made at the local level. It is a good opportunity to seek replication and scaling up of project achievements to other local public administrations throughout Moldova.

Recommendation 5: It is recommended to showcase the achievements made in the 6 towns through national bodies such as the Congress of Local Authorities that includes 600 Mayor members (out of 898 municipalities) and the Convention (Assembly) of Mayors.

Issue to Address

Similar to the previous recommendation, there are other opportunities to showcase project achievements – mostly the integration of environmental considerations in local plans and budgets according to MTEF guidelines - made at the local level and seek their replication and scaling-up throughout Moldova. Local administrations have at least 2 processes where they come together. The Congress of Local Authorities regrouping 600 Mayors and the Convention (Assembly) of Mayors. These entities are meeting regularly and regular communications happened among their members through networks. The Congress of Local Authorities organizes 2-3 seminars per year on different topics of interest to Mayors and regularly sends relevant information to members by email. This entity is also used to consult Mayors on national and local issues. They are, therefore, relevant entities that should be used to channel project achievements to local public administrations.

Recommendation 6: It is recommended to establish a national action plan to integrate environmental considerations in local plans and budgets according to MTEF guidelines in order to replicate the project achievements in the 6 towns.

Issue to Address

The project supported the mainstreaming of environmental programmes into local public budgets in 6 towns across Moldova within the context of the new three-year budget system according to MTEF guidelines. These achievements were a successful demonstration of this new budgetary approach at the local level, including the implementation of environment projects. However, it is only the first step of a process that will take a longer time to be completed/mainstreamed throughout the local government system in Moldova. Using the opportunity of presenting these achievements to all Mayors in Moldova (*see Recommendation #5 above*), it is recommended to formulate an action plan to replicate/mainstream these achievements throughout the country. It is suggested that during a seminar organized by either the Congress of Local Authorities or the Convention of Mayors, project achievements be presented and an initial debate/consultation be conducted on the formulation of such an action plan.

1.4. Rating Table

Below is the rating table as requested in the TORs. It includes all the required performance criteria rated as per the rating scales presented in the TORs. Supportive information is provided throughout this report in the respective sections.

Table 1: Rating Table

| Evaluation Ratings: | | | |
|-------------------------------------|---------------|---|---------------|
| 1. Monitoring and Evaluation | <i>Rating</i> | 2. IA& EA Execution | <i>Rating</i> |
| M&E design at entry | S | Quality of UNDP Implementation | S |
| M&E Plan Implementation | MS | Quality of Execution - Executing Agency | S |
| Overall quality of M&E | MS | Overall quality of Implementation / Execution | S |
| 3. Assessment of Outcomes | <i>Rating</i> | 4. Sustainability | <i>Rating</i> |
| Relevance | R | Financial resources: | L |
| Effectiveness | S | Socio-political: | ML |
| Efficiency | S | Institutional framework and governance: | L |
| Overall Project Outcome Rating | S | Environmental: | L |
| | | Overall likelihood of sustainability: | L |

Rating Scales

| | |
|--|--|
| <p>Outcomes, Effectiveness, Efficiency, M&E, I&E Execution ratings:</p> <p>Highly Satisfactory (HS): no shortcomings Satisfactory (S): minor shortcomings Moderately Satisfactory (MS) Moderately Unsatisfactory (MU): significant shortcomings Unsatisfactory (U): major problems Highly Unsatisfactory (HU): severe problems</p> | <p>Sustainability ratings:</p> <p>Likely (L): negligible risks to sustainability Moderately Likely (ML): moderate risks Moderately Unlikely (MU): significant risks Unlikely (U): severe risks</p> |
| <p>Relevance ratings:</p> <p>Relevant (R) Not relevant (NR)</p> | <p>Impact Ratings:</p> <p>Significant (S) Minimal (M) Negligible (N)</p> |

2. CONTEXT AND OVERVIEW OF THE PROJECT

1. The budget for the environmental sector in Moldova was very limited; it constituted just under 0.5% of the total national budget in 2009 and 2010 and was 0.69% in 2011. Most of this funding covered staff costs and did not allow the Ministry of Environment (MOE) to implement its core activities nor to promote necessary policies. In the other sectors, environmental concerns were virtually non-existent. Although the agriculture sector benefited from 3.1% of the national budget in 2009, only limited environmental issues figure on the sector's development plan. In addition, existing environmental pollution charges earmarked in the Law on Payment for Environmental Pollution that constitute the revenues of the National and Local Environmental Funds have mobilized only around US\$ 15.6 million of revenues for the NEF's, and around US\$ 685,000 of revenues for the LEFs in 2009. These were limited resources that cannot allow for many important environmental investments in Moldova in order to support the implementation of national and local environmental policies that have demonstrable benefits for the global environment.

2. The lack of resource allocation to the environmental sector was attributed to three main root causes:
- *Failure to integrate environmental concerns in sectoral policies and plans*, which is compounded by the fact that Moldova did not have a comprehensive and modern environmental policy, especially in relation to the requirements of European Union policies.
 - *Failure to allocate resources to environmental protection*: The Law on Payment for Environmental Pollution serves as the basis for establishing the National and Local Environmental Funds. However, with the exception of Payments for Goods causing Environmental Pollution, environmental charges did not provide sufficient incentives to decrease pollution, nor were they able to provide sufficient funds for environmental investments in Moldova that would support the implementation of environmental policies.
 - *Weak national cooperation and partnerships related to EFR*: The OECD Environmental Action Plan (EAP) initiated some support to MOE in the area of EFR with the development of a brief stocktaking paper addressing institutional capacity for environmental management in Moldova. This paper was the basis for launching national policy dialogues on environment and development starting in late 2009. However, despite that EFR was considered a priority area of intervention, efforts remained insufficient to trigger a national process for effectively developing and integrating EFR instruments into sectoral policies and budgets as well as at the local level; partly due to the absence of formal cooperation and partnership agreements to legitimately tie EFR to other development sectors, both at the central and local levels.

3. One of the top priorities identified through the National Capacity Self-Assessment (NCSA) conducted in Moldova in 2004-2005 was a call to launch an economic fiscal reform programme for global environmental management, meeting national and global environmental commitments.

4. The key findings of this NCSA highlighted the following constraints at the time:
- *Tax system*: The payment of charges for environmental pollution was not specified within the Tax Code that was approved in 1997, while the Law on Payment for Environmental Pollution was approved in 1998 and amended in 2008.
 - *Natural resource assessment*: The land resources market in Moldova was under-developed, thus the market price did not reflect the real economic value of the land. Such an approach for price establishment did not allow the proper assessment of land resources. Similarly, as the market of renewable resources was undeveloped, the prices couldn't be considered opportune. In addition, for this type of resources, the market was not transparent.
 - *Environmental penalties and compensations*: The level of the established fines for environmental pollution and degradation was very low and did not reflect the value of lost environmental goods and services or lost economic potential. Moreover, the relatively low level of environmental fines was not sufficient to act as a deterrent to reduce pollution, degradation, or over-exploitation.
 - *Financing for environment protection*: State budgetary allocations for environmental protection were inadequate to finance the needed protection measures.

5. The NCSA identified the following priority capacity development objectives:
- Economic instruments

- a) To generate revenues from activities which can impact the environment;
 - b) To provide the coherence between the provisions of the specific normative acts and documents of general character related to environment;
 - c) To assess the environment resources by elaborating the methodology and concept of assessment;
- Financial instruments
 - a) To establish sources of environment funding and to provide the financial sustainability of the protected areas;
 - b) To generate sources for financing the measures of environment protection by strengthening the capacity of the National Ecological Fund;
 - c) To ensure financial support for an efficient implementation of the national priorities in the field of environment protection;
- Improvements in investment climate
 - a) To strengthen the investment climate in order to draw up investments for the environment protection activities.

6. In order to address these constraints and respond to this national priority, the project focused on creating conditions, financial incentives and disincentives, and decreased opportunity costs to undertake actions that deliver global environmental outcomes. The project was to initiate and pilot EFR instruments targeted to meet Rio Convention objectives and ensure their integration within national and local plans and policies, especially in national taxation and within the decentralization process in Moldova. It included such possible instruments such as eco-taxes and environmental charges levies; other fiscal and tax instruments such as import duty differentiation, value-added tax (VAT) rate differentiation, accelerated depreciation; emissions trading; green subsidies, such as investment grants, soft loans, interest subsidies and equity finance; reform of environmentally harmful subsidies; green public procurement; greening the yearly or longer term public budgeting processes; and greening commercial finance.

7. The project was to establish a strong basis for the institutionalization of an EFR programme at the national level with the support of concerned governmental institutions such as MOE, the Ministry of Finance, and other line Ministries through the establishment of the Moldovan EFR Commission that will initially be established as a project steering committee and eventually evolve to continue as Moldovan EFR Commission.

8. The Environmental Fiscal Reform (EFR) project was a UNDP supported, GEF and the Government of Moldova financed project. It was funded by a grant from GEF of USD 510,450, a grant from UNDP of USD 110,000 and an in-kind contribution estimated at USD 500,000 from the Government, OECD and UNDP. It started in November 2011 and will end at the end of September 2015 after a 9-month time extension. The Ministry of Environment was the implementing partner of this project.

9. The objective of the project was to build capacities for implementing environmental fiscal reforms (EFR) that would produce increased national and global environmental benefits through the adoption of selected subsidies, fees, fines, taxes and other appropriate fiscal instruments. This objective was to be achieved through three outcomes and 8 outputs:

- **Outcome 1:** Reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors: a) Introduce policy reform in the area of environmentally harmful subsidies; b) Reform of environmental charges and facilitation of eco-technology investments; and c) Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs)
- **Outcome 2:** Capacity development for EFR to build consensus among concerned stakeholders: a) Capacity building for EFR; b) Communication and awareness; and c) A political dialogue is established;
- **Outcome 3:** Integration of EFR in local and central planning processes: a) EFR instruments integrated in the decentralization process; and b) EFR instruments integrated into governmental budgeting and MTEF processes.

3. EVALUATION FRAMEWORK

10. This terminal evaluation - a requirement of UNDP & GEF procedures - has been initiated by UNDP Moldova as the UN Implementing Agency. This evaluation provides an in-depth assessment of project achievements and recommendations for further interventions in the sector, as well as other similar UNDP-GEF supported projects in the region and worldwide.

3.1. Objectives

11. The objectives of the evaluation were to assess the achievement of project results, and to draw lessons that can both improve the sustainability of benefits from this project, and aid in the overall enhancement of UNDP programming. More specifically, the evaluation did:

- Assess the overall performance against the project objective and outcomes as set out in the project document including the project's Result and Resources Framework and other related documents;
- Assess the national leadership and ownership;
- Assess the efficiency of the project, including the equality and horizontality such as maximizing the use of local capacities;
- Analyze critically the implementation and management arrangements of the project;
- Assess the progress to date towards achievement of the outcomes;
- Review planned strategies and plans for achieving the overall objective of the project within the timeframe;
- Assess the sustainability of project's interventions, including the potential for replication and scaling up of project achievements;
- Assess project relevance to national priorities (including achieving gender equality goals);
- List and document lessons concerning project design, implementation and management;
- Provide guidance for closing project activities.

3.2. Scope

12. Below is a summary of the elements that were covered by this evaluation. Each element was assessed and those marked with an “*” were rated as per the Terms of Reference (TOR) (*see Annex I*). These elements are:

- **Project Formulation**
 - Analysis of the *Result and Resources Framework* including the intended outputs and their corresponding targets and planned activities)
 - Assumptions and Risks
 - Planned stakeholder participation
 - Replication approach
 - UNDP comparative advantage
 - Linkages between project and other interventions within the sector
 - Management arrangements
- **Project implementation**
 - Adaptive management (changes to the project design and project outputs during implementation)
 - Partnership arrangements (with relevant stakeholders involved in the country/region)
 - Feedback from M&E activities used for adaptive management
 - Project Finance and co-financing
 - Monitoring and evaluation: design at entry and implementation (*)
 - Contribution of quality of project execution/implementation by UN Agency (*)
- **Project results (outputs, outcomes and objectives)**
 - Overall results (attainment of objectives) (*)
 - Relevance (*)
 - Effectiveness & Efficiency (*)
 - Country ownership
 - Mainstreaming

- Sustainability: financial resources, socio-political, institutional framework and governance, and environmental risks (*)
- Impact

3.3. Methodology

13. The methodology used to conduct this terminal evaluation complied with international criteria and professional norms and standards; including the norms and standards adopted by the UN Evaluation Group and the GEF guidance.

3.3.1. Overall Approach

14. The evaluation was conducted in accordance with the guidance, rules and procedures established by UNDP and GEF as reflected in the “*UNDP Guidance for Conducting Terminal Evaluations of UNDP-supported, GEF financed Projects*”². It was undertaken in-line with GEF principles, which are: *independence, impartiality, transparency, disclosure, ethical, partnership, competencies/capacities, credibility and utility*. It considered the two GEF evaluation objectives at the project level: (i) promote accountability for the achievement of GEF objectives; including the global environmental benefits; and (ii) promote learning, feedback and knowledge sharing on results and lessons learned among the GEF and its partners.

15. The Evaluation Team developed evaluation tools in accordance with the UNDP and GEF policies and guidelines to ensure an effective project evaluation. The evaluation was conducted and the findings were structured around the GEF five key evaluation criteria; which are also the five internationally accepted evaluation criteria set out by the Development Assistance Committee of the Organization for Economic Co-operation and Development. There are:

- *Relevance* relates to an overall assessment of whether the project was in keeping with donors and partner policies, with national and local needs and priorities as well as with its design.
- *Effectiveness* is a measure of the extent to which formally agreed expected project results (outcomes) have been achieved, or can be expected to be achieved.
- *Efficiency* is a measure of the productivity of the project intervention process, i.e. to what degree the outcomes achieved derive from efficient use of financial, human and material resources. In principle, it means comparing outcomes and outputs against inputs.
- *Impacts* are the long-term results of the project and include both positive and negative consequences, whether these are foreseen and expected, or not.
- *Sustainability* is an indication of whether the outcomes (end of project results) and the positive impacts (long term results) are likely to continue after the project ends.

16. In addition to the UNDP and GEF guidance for project evaluation, the Evaluation Team applied to this mandate their knowledge of evaluation methodologies and approaches and their expertise in global environmental issues. It also applied several methodological principles such as (i) *Validity of information*: multiple measures and sources were sought out to ensure that the results are accurate and valid; (ii) *Integrity*: Any issue with respect to conflict of interest, lack of professional conduct or misrepresentation was immediately referred to the client if and when needed; and (iii) *Respect and anonymity*: All participants had the right to provide information in confidence.

17. The evaluation was conducted following a set of steps presented in the table below:

Table 2: Steps Used to Conduct the Evaluation

| | |
|---|---|
| <p>I. Review Documents and Prepare Mission</p> <ul style="list-style-type: none"> ▪ Start-up teleconference/finalize assignment work plan ▪ Collect and review project documents ▪ Elaborate and submit Inception Report ▪ Prepare mission: agenda and logistic | <p>III. Analyze Information</p> <ul style="list-style-type: none"> ▪ In-depth analysis and interpretation of data collected ▪ Follow-up interviews (if necessary) ▪ Elaborate and submit draft evaluation report |
|---|---|

² UNDP Evaluation Office, 2012, *Project-Level Evaluation – Guidance for Conducting Terminal Evaluations of UNDP-Supported, GEF-Financed Projects*.

| | |
|--|--|
| II. Mission / Collect Information <ul style="list-style-type: none"> ▪ Mission to Moldova for the Team Leader ▪ Interview key Stakeholders and conduct field visits ▪ Further collect project related documents ▪ Mission debriefings | IV. Finalize Evaluation Report <ul style="list-style-type: none"> ▪ Circulate draft report to UNDP/relevant stakeholders ▪ Integrate comments and submit <u>final report</u> |
|--|--|

18. Finally, the Evaluation Team signed and applied the “*Evaluation Consultant Code of Conduct and Agreement Form*” (see Annex 2). The Evaluation Team conducted evaluation activities, which were independent, impartial and rigorous. This terminal evaluation contributed to learning and accountability and the Evaluation Team has personal and professional integrity and was guided by propriety in the conduct of his business.

3.3.2. Evaluation Instruments

19. The evaluation provided evidence-based information that is credible, reliable and useful. The findings were triangulated through the concept of “*multiple lines of evidence*” using several evaluation tools and gathering information from different types of stakeholders and different levels of management. To conduct this evaluation the following evaluation instruments were used:

Evaluation Matrix: An evaluation matrix was developed based on the evaluation scope presented in the TOR, the project log-frame and the review of key project documents (see Annex 3). This matrix is structured along the five evaluation criteria and includes all evaluation questions; including the scope presented in the guidance. The matrix provided overall directions for the evaluation and was used as a basis for interviewing people and reviewing project documents.

Documentation Review: The Evaluation Team conducted a documentation review in Moldova and in Canada (see Annex 4). In addition to being a main source of information, documents were also used as preparation for the mission of the Team Leader in Moldova. A list of documents was identified during the start-up phase and further searches were done through the web and contacts. The list of documents was completed during the mission.

Interview Guide: Based on the evaluation matrix, an interview guide was developed (see Annex 5) to solicit information from stakeholders. As part of the participatory approach, the Evaluation Team ensured that all parties view this tool as balanced, unbiased, and structured.

Mission Agenda: An agenda for the mission of the Team Leader to Moldova was developed during the preparatory phase (see Annex 6). The list of Stakeholders to be interviewed was reviewed, ensuring it represents all project Stakeholders. Then, interviews were planned in advance of the mission with the objective to have a well-organized and planned mission to ensure a broad scan of Stakeholders’ views during the limited time allocated to the mission.

Interviews: Stakeholders were interviewed (see Annex 7). The semi-structured interviews were conducted using the interview guide adapted for each interview. All interviews were conducted in person with some follow up using emails when needed. Confidentiality was guaranteed to the interviewees and the findings were incorporated in the final report. When needed more information from stakeholders was researched by the National Evaluator following the mission of the International Evaluator.

Field Visits: As per the TORs, field visits were conducted during the mission of the Team Leader in Moldova; it ensured that the Evaluation Team had direct primary sources of information from the field and project end-users (beneficiaries). It gave opportunities to the Evaluation Team to observe project achievements and obtain views from beneficiaries.

Achievement Rating: The Evaluation Team rated project achievements according to the guidance provided in the TORs and consisting of four specific rating scales for rating (1) Outcomes, Effectiveness, Efficiency, M&E and Execution; (2) Sustainability; (3) Relevance; and (4) Impact.

3.4. Limitations and Constraints

20. The approach for this terminal evaluation is based on a planned level of effort of 2 X 20 days. It comprises a six-day mission to Moldova to interview key stakeholders, collect evaluative evidence. Within the context of these resources, the independent Evaluation Team were able to conduct a detailed assessment of actual results against expected results and successfully ascertained whether the project met its main objective - as laid down in the project design document - and whether the project initiatives are, or are likely to be, sustainable after completion of the project.

21. The Evaluation Team also made a few recommendations that should be useful to reinforce the long-term sustainability of project achievements. Finally, the report contains lessons learned, which could be further taken into consideration during the development and implementation of other similar projects in Moldova, in the region and elsewhere in the world.

4. EVALUATION FINDINGS

22. This section presents the findings of this terminal evaluation adhering to the basic structure proposed in the TOR and as reflected in the UNDP evaluation guidance for GEF financed projects.

4.1. Project Design / Formulation

23. This section discusses the assessment of the formulation of the project – including its relevance - and its overall design.

4.1.1. Analysis of Results and Resource Framework

24. The Results and Resource Framework identified during the design phase of this project presents a good set of expected results. No changes were made during the inception phase. The review of the expected results indicates an adequate and logical “*chain of results*” – Outputs → Outcomes → Objective. Project resources were used to implement activities to reach a set of expected outputs (8), which would contribute to achieve a set of expected three outcomes, which together should contribute to achieve the overall objective of the project. This framework also includes a set of yearly targets for each outcome as well as a set of indicators to monitor the performance of the project; though, as discussed in section 4.2.4, these indicators and yearly targets did not provide the best performance monitoring framework to measure the progress made by the project. Nevertheless, this Result and Resources Framework was used as a “*blueprint*” by the implementation team for implementing the project on a day-to-day basis.

25. As discussed in Section 2 above, the project has been addressing environmental fiscal issues that should help to increase the allocation of financial resources to this sector over the long-term. It is also a project that is aligned with the Association Agreement between the EU and Moldova, which set a roadmap for Moldova to harmonize the management of its environment with EU Directives. The review of this Results and Resource Framework indicates that this project was well aligned with national priorities and its logic was appropriate to address national needs.

26. The logic model of the project presented in the *Result and Resources Framework* is summarized in table 3 below. It includes one objective, three outcomes and eight outputs. For each expected outcome, yearly output targets and indicative outputs were identified.

Table 3: Project Logic Model

| PROJECT OBJECTIVE | |
|---|---|
| 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. | |
| Outcome 1 - Reform of environmentally harmful subsidies, green subsidies as well as environmental charges: <ul style="list-style-type: none"> ● Output 1.1: Introduce policy reform in the area of environmentally harmful subsidies ● Output 1.2: Reform of environmental charges and facilitation of eco-technology investments ● Output 1.3: Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs). | <ul style="list-style-type: none"> ● Target (Year 1): <ul style="list-style-type: none"> - Identification of tax and duties on energy and agriculture products - Market analysis for eco-technology solutions - Procedures for PCM for NEF/LEFs spending areas ● Targets (Year 2) <ul style="list-style-type: none"> - Identification of options for greening and reforming subsidies and charges - Short and long-term spending strategy of NEF/LEFs ● Targets (Year 3) <ul style="list-style-type: none"> - Recommendations for legislative texts and technical guidelines elaborated and submitted for and adoption |
| Outcome 2: Capacity development to engage and build consensus among all stakeholders: <ul style="list-style-type: none"> ● Output 2.1: Capacity building for EFR ● Output 2.2: Communication and awareness | <ul style="list-style-type: none"> ● Targets (Year 1): <ul style="list-style-type: none"> - A training needs assessment conducted - A comprehensive information campaign is designed - An EFR website is developed, put online and continuously updated ● Targets (Year 2): |

| | |
|--|---|
| <ul style="list-style-type: none"> • Output 2.3: A political dialogue is established | <ul style="list-style-type: none"> - A set of training sessions are implemented in line with the training needs assessment - A comprehensive information campaign is implemented • Targets (Year 3): <ul style="list-style-type: none"> - Three case studies are published based the lessons learned related to improved national financing for CBD, UNCCD, and UNFCCC implementation through the EFR in Moldova - Capacity Scorecard ratings show improvement at final evaluation |
| <p>Outcome 3: Integration of EFR in local and central planning processes:</p> <ul style="list-style-type: none"> • Output 3.1: EFR instruments integrated in the decentralization process • Output 3.2: EFR instruments integrated into governmental budgeting and MTEF processes | <ul style="list-style-type: none"> • Targets (year 1): <ul style="list-style-type: none"> - Yearly joint work plan between the UNDP/GEF EFR project and JILDLP - Assessment of environmental management priorities within the Local Development Strategies - Initiate costing study and financing strategy to implement Rio Conventions • Targets (year 2): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Complete costing study and financing strategy to implement Rio Conventions • Targets (year 3): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Comparative analysis of past MTEF with new and improved MTEF prepared by the end of the project to meet Rio Convention targets |

27. It was a coherent model that was developed 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*”. A more detailed list of outcomes and their respective targets and indicative activities is presented in Annex 8.

28. However, the Evaluation Team also noted a low focus on gender considerations in the project design. It is only mentioned once in the project document stating “*The fiscal and associated institutional reforms will take a holistic approach to ensuring that national socio-economic benefits, including addressing gender priorities are fully addressed as these will play a critical role in the achievement and sustainability of global environmental benefits*”. This review indicates that gender considerations were not taken into account in the project strategy and monitoring plan; no mention of gender considerations were made in the set of expected results and the list of monitoring indicators and targets.

29. Finally, the nature of this project is such that from the outset it implied a strong political commitment from the government for the project to be fully successful and produce changes in the EFR area. Reforming environmental harmful subsidies, introducing green subsidies, strengthen environmental charges and reforming an environmental fund are part of a complicated national fiscal reform agenda that may impact the economy and the social stability of Moldova. Therefore, as much as this coherent project was a direct response to national priorities, from a political point of view it was an ambitious project to kick-start the environmental fiscal reform process in Moldova.

4.1.2. Assumptions and Risks

30. Project risks were identified at the formulation stage and documented in the project document; including the risk mitigation strategy for each identified risk. It is a good list of five anticipated risks linked with the implementation of this project and appropriate mitigation measures identified at the outset of the project. These five risks focus mostly on the limited skills and government support to the project. However, one risk that is not in this list is the “*lack of political will to endorse the proposed environmental fiscal reforms*”. Somehow, the project formulation did not focus much on the political risk that adopting proposed environmental fiscal reforms may be subject to difficulties/delays at Government and Parliament level due to coming elections, change of government, change of Ministers, etc.

31. The list of risks and mitigation measures identified at the outset of the project is presented in the table

below.

Table 4: List of Risks and Mitigation Measures Identified at the Formulation Phase

| Project Risks | Rating | Mitigation Measures |
|--|--------|--|
| Governmental support to adopt EFR decreases with technical and political challenges | Low | <ul style="list-style-type: none"> The project will facilitate a process that allows experts and politicians to negotiate and agree on the appropriate EFR instruments to meet project objectives and goals. The prioritization process will be based on national and global priorities as well as economic feasibility and will ensure ownership of the EFR instruments agreed upon. The institutionalization of the EFR instruments within the strategic plans at national level will also allow strong and long-term commitment to the proposed measures. |
| Limited specialized skills required in the field of public finance management in Moldova for EFR | Low | <ul style="list-style-type: none"> The project strategy aims at mobilizing highly competent international expertise on a short-term but regular manner, in order to work in parallel with national expertise that will be called upon extensively and on a longer-term basis. This will allow transfer of expertise and know-how and strengthen the institutional sustainability EFR instruments to meet Rio Convention objectives. |
| Multiple levels of bureaucracy involved in the implementation of fiscal measures. | Low | <ul style="list-style-type: none"> Moldovan EFR Commission allows experts and decision-makers to agree on the priority and optimal set of fiscal measures. The communication and training programme will facilitate full awareness and understanding among key agencies on their roles, responsibilities, and accountabilities with respect to the EFR process. |
| The potential to ascertain full transparency in implementing fiscal measures is not accepted by all concerned parties. | Medium | <ul style="list-style-type: none"> The project will give careful attention to apply the principles of adaptive collaborative management so as to ensure that all concerned stakeholders (including the MoE, MAFI, MoF, ANRE, State Chancellery, regional and local public administrations, private sector and other non-state actors) adopt and enforce EFR recommendations as part of the Environment Law, Tax Code and other national legislation and policies. Monitoring and reporting activities undertaken by the project will be mainstreamed within the existing structures of the concerned national institutions, ensuring high monitoring standards. The wide dissemination of results will further promote transparency and ensure commitment to the EFR process. |
| Despite the interest, the local authorities where the EFR instruments are piloted lose their interest in the project | Low | <ul style="list-style-type: none"> Securing the political commitment of local authorities is central to the success of EFR, and special attention will be given to ensuring that their concerns and priorities are fully addressed. EFR and the improved fiscal measures will be undertaken in a way that provides substantive financial and environmental gains to local authorities. The integration of the EFR within the decentralization processes through a multi-stakeholders consultative process should reduce resistance to proposed EFR measures. |

Source: Project Document

32. Since the start up of the project, the Project Team and UNDP monitored the risks linked to the implementation of project activities and recorded it in the UNDP-Atlas system. Table 5 is a copy of the risk log that was in the Atlas system at the time of this evaluation.

Table 5: List of Risks Logged in Atlas

| Risks / Assumptions | Type | Priority |
|---|-----------|----------|
| 1. The political crisis can lead to uncertainty of the legal framework improvement process, related to elaborated amendments and proposals to existing laws, as well as to the institutional and operational development of the National Environmental Fund | Political | Medium |

| Risks / Assumptions | Type | Priority |
|--|------------|----------|
| 2. Environmental protection policies does not represent a top priority for the Moldova Government at the moment due to different reasons, which make the process of fiscal reform for environment protection more difficult. | Strategic | Medium |
| 3. The parliamentary elections planned for November 2014 could lead to delay in implementing EFR project activities. | Political | Medium |
| 4. Due to complexity of the project and its inter-sectorial characteristics, the environmental fiscal reform has not achieved yet a full understanding of objectives among policy decision makers and local community | Strategic | Medium |
| 5. New Law of the public finances and budgetary-fiscal responsibility approved by the Parliament on the July 29, 2014 needs adjustments on the NEF Regulation. | Regulatory | Medium |

Source: Risk Log from UNDP Atlas system

33. The review conducted for this terminal evaluation reveals that during the implementation of the project, the Project Team monitored these risks and reported it in the PIRs; though considering that none were seen as critical during the implementation period, limited reporting was necessary in these PIRs.

34. It was also noted that these risks/assumptions were reflecting better the reality in Moldova to implement an EFR agenda when compared to the initial list documented in the project document; particularly from a political and strategic point of view. Furthermore, despite the fact that none were critical, all five risks monitored were rated as medium at the time of this evaluation and it is confirmed by the review conducted by the Evaluation Team. It was a good set of risks, which were regularly monitored. It was a good management instrument used by the Project Team to help identifying measures to mitigate risks when needed.

4.1.3. Linkages Between the Project and Other Interventions within the Sector

35. This project was conceptualized to address national constraints and respond to the national priority on environmental fiscal reform. It was a direct follow-up to the NCSA conducted in Moldova in 2004-2005, which called for a launch of an economic fiscal reform programme in Moldova. The project was to initiate and pilot EFR instruments targeted to meet Rio Convention objectives and ensure their integration within national plans and policies, especially in national taxation and within the decentralization process in Moldova. The plan was to establish a strong basis for the institutionalization of an EFR programme at the national level with the support of concerned governmental institutions such as MOE, the Ministry of Finance, and other line Ministries through the establishment of a Moldovan EFR Commission.

36. The project was part of an overall government strategy to promote a green economy and sustainable development in Moldova. At a presentation given by Mr. Vadim Ceban, Director, Department of Energy Security and Efficiency, Ministry of Economy at a Green Growth and Sustainable Development Forum in Paris in December 2013, the project was part of this green growth and sustainable development roadmap that included:

- 2010 - First Round Table on Green Economy (GE) with Parliament, supported by OECD and UNDP
- 2011 - National Workshop on GE organized by the Ministry of Environment, UNDP, UNEP, OECD
- 2012 – Submission of the National Report for the UN Conference on Sustainable Development Rio+20, containing a Chapter on GE
- **2012 – Launch of the UNDP Environmental Fiscal Reform project aimed at improving the existing subsidy system in the energy sector as one of the major polluting sectors in Moldova**
- 2013 - Ministry of Economy signs the Statement on “Green Industry Platform” - initiative launched in 2012 by UNIDO, UNEP and other partners
- 2013 - Draft National Environmental Strategy developed by the Ministry of Environment with the major objective of promoting the Sustainable Development of the country through the implementation of the Green Economy in all sectors
- 2013 – Launching of the EU-supported program “Greening Economies in the Eastern Neighborhood” in Moldova, implemented by the OECD jointly with UNECE, UNEP and UNIDO. Three major projects are being implemented by the OECD:
 - Monitoring of green growth (MOE and NBS)

- Greening of small and medium enterprises (MOE)
- Energy subsidies and climate change (MOE and MOE)

37. To this roadmap above, we need to add the launching in 2014 of the Moldova's Green Development Offer, programme supported by UNDP, GEF through the EFR project and the Government of Denmark. A memorandum of cooperation promoting green growth was signed between three ministries, Ministry of Environment, Ministry of Economy and Ministry of Agriculture and Food Industry.

38. Under the “*Greening Economies in the Eastern Neighborhood*” programme funded by the EU and launched in 2013, the OECD – as one of the four implementing partners of this programme – developed an environmental action plan, which included a component on environmental fiscal reform for Moldova.

39. At a steering committee meeting of this programme in September 2013 in Tbilisi, Georgia, it was recognized that the feedback from stakeholders included that “*Changes in pricing and patterns of government support, as well as environmental fiscal reforms, are often mentioned as crucial policy instruments; their more effective application could be enhanced by better analysis*”. Furthermore, it was stated, “*the interest to improve product taxation was signaled in Moldova*”. At this meeting it was noted that “*Environmental fiscal reform and removal of environmentally harmful subsidies*” was identified as highly relevant for Moldova.

40. Finally, environmental fiscal reform is part of the environmental strategy for Moldova that was endorsed in 2014. Under the Specific Objective 4 of this strategy “Regulatory framework for activities with impact on environment”, one proposed action is “*to improve and increase efficiency of fiscal and economic instruments in the field of environmental protection*” in order to take into account the limited role of current environmental pollution payments system in terms of generating revenues for ecological funds. The strategy stated that it is necessary to perform a comprehensive reform of this system: a) review of environmental taxes and pollution charges; b) creation and implementation of a mechanism to participate in emission allowances trade through the establishment of environmental emission limits and allowances; and c) creation and implementation of ecological assurance mechanism.

41. This project was strongly linked with the government strategy to reform the environmental fiscal and economic instruments in place in Moldova in order to improve environmental protection, including the production of global environmental benefits. It was a key project focusing on the fiscal aspects in Moldova.

4.1.4. Lessons from other Relevant Projects/Initiatives

42. Limited lessons from other relevant projects seem to have been taken into account in the design of the project. The concept of this project was relatively unique and new for Moldova; hence needed to be innovative. As discussed in the previous section, it was a direct response to a national need and has been part of a roadmap to implement a green growth programme in Moldova, and part of the national strategy to improve environmental management in Moldova since 2014.

43. The Evaluation Team noted that international best practices were used during the implementation of the project. Studies conducted to develop revisions to the National Environment Fund (NEF) and also to the Law on pollution charges included a review of best practices; particularly in the European context. These studies also included a review of the requirements from the EU environmental management framework and an overview of environmental taxes and charges as well as of environmental funds in Eastern European countries that were used to propose revisions that would be aligned with EU Directives.

44. This project was set up as a support to the government to initiate environmental fiscal reform process in Moldova. By providing extra resources to the government, it had a strong catalytic role. Despite that the proposed revisions were not approved by the government (see Section 4.3.1), all key stakeholders participated and benefited from capacity development activities supported by the project. There is now a better national capacity to continue to address these environmental fiscal issues. As Moldova is seeking to strengthen and widen its relations with the EU, the building blocks built with the support of the project should be used in the future for Moldova to continue to harmonize its environmental fiscal framework with the rest of Europe.

4.1.5. Planned Stakeholder Participation

45. A stakeholder analysis was conducted during the formulation phase to identify key stakeholders and their responsibility(ies) related to environmental taxes and charges as well as the operations of the NEF. This analysis identified the following list of key stakeholders:

Table 6: List of Stakeholders and their Main Functions

| Stakeholders | Main Functions |
|---|---|
| Ministry of Environment (MOE) | <ul style="list-style-type: none"> The Ministry of Environment (MOE) is responsible for ensuring the development, promotion and implementation of state policy on environmental protection and rational use of natural resources. MOE basic functions is to ensure the integration of environmental requirements in the processes of economic and sector policy reform, management of the National Ecological Fund, and coordination of local environmental funds, etc. The main agencies of MOE which play a key role in EFR are the following: <ul style="list-style-type: none"> State Ecological Inspectorate (SEI). Ecological Funds. Ecological funds were established in accordance with the Law on Environmental Protection for the collection of additional resources to finance environmental protection and restoration of ecosystems. Local Ecological Funds (LEF) are subordinated to the State Ecological Inspectorate and the National Ecological Fund (NEF) to the Ministry of Environment |
| Ministry of Agriculture and Food Industry (MAFI) | <ul style="list-style-type: none"> The MAFI has the mission to ensure national policies promoting sustainable development of the country's agro industrial sector by increasing productivity and competitiveness of the sector and ensure food sufficiency and safety of the country in order to create prerequisites for permanent increase in welfare. Under MAFI, the Agency for Payments and Intervention in Agriculture (APIA) is an administrative body responsible for managing and monitoring the distribution of financial resources intended to support agricultural producers, as well as quantitative and qualitative assessment of the impact caused by measures to support farmers by the state. |
| Moldsilva Agency | <ul style="list-style-type: none"> Moldsilva is the central administrative agency, under the MOE, empowered to promote the state policy in the areas of forestry and hunting. The responsibilities of Moldsilva is to promote sustainable development of forestry and hunting sectors, protection, protection of forests and wildlife, maintaining and preserving biodiversity, conducting organizational reforms and economic developments in the areas managed. In August 2015, this Agency was subordinated to MOE. |
| Ministry of Finance (MOF) | <ul style="list-style-type: none"> The MOF's mission is to develop and implement state policy on public finance (budget and fiscal). The MOF basic functions that contribute to the promotion of environmental management include the accumulation of government budget revenue, management and control of public finances for its intended use, compliance with the legal framework for budget and tax at European and international standards and practices. |
| Ministry of Economy (MOEco) | <ul style="list-style-type: none"> The MOEco is responsible for ensuring the development of a sustainable economy by optimizing the framework for entrepreneurial activity, creating an attractive investment environment and predictable international economic cooperation. The MOEco tasks that contribute to the promotion of environmental management is the participation in organizing the budget process, developing the draft state budget law, submitting proposals to amend the tax system. |
| National Energy Regulatory Agency (ANRE) | <ul style="list-style-type: none"> The ANRE is the regulatory body for the energy sector, and falls under to the Ministry of Economy. The ANRE has the following tasks: ensuring the transparency of prices and regulated tariffs for electricity and natural gas, development of methodologies for calculating, determining the adjustment, |

| | |
|---|--|
| | approval, and changes in prices and tariffs for energy services, etc. |
| Ministry of Transport and Road Infrastructure (MTRI) | <ul style="list-style-type: none"> The MTRI's mission is to promote and implement state policy on transport and road infrastructure. |
| Ministry of Regional Development and Construction (MRDC) | <ul style="list-style-type: none"> The MRDC develops and promotes the state policy in territory planning, architecture, urban planning, construction, construction materials production, housing and regional development. The MRDC develops, monitors, and evaluates the implementation of national and regional development strategies, managing the National Fund for Regional Development, and proposes funding mechanism for regional development. The Regional Development Agencies (RDA) are subordinated to the authorities in implementing regional development policy, created under the law, to implement regional development strategy and operational plan. The Regional Development Council (RDC) is established for the coordination and promotion of regional development policy at local level within each region. The RDC is responsible for the overall development of the region and approval of regional development strategy and action plan. |
| Local Public Administrations (LPAs) | <ul style="list-style-type: none"> The LPAs promote the general interests of the inhabitants of territorial-administrative units. The LPAs are divided into two levels: first level - public authorities, which are established and operating in the village (commune), city (municipality), the second level - public authorities, which are established and operating in the district, Chisinau, in autonomous territorial unit with special legal status. The LPAs are based on the principles of local autonomy, decentralization of public services, eligibility and public consultation on local issues of interest. The LPAs are legal entities of public law and has a heritage distinct of the State and other administrative units. |
| Non Government Organizations (NGOs) | <ul style="list-style-type: none"> The State Register of non-commercial organizations in Moldova includes more than 7,000 organizations, of which over 400 focus on sustainable development and environment. REC Moldova also has a database of more than 250 NGOs working in the field of environment in Moldova. Some NGOs are able to contribute to the preparation of policies, mechanisms and instruments to promote environmentally oriented behavior, participate in consultations on actions to reform fiscal management. |

46. The Evaluation Team noted that project stakeholders were clearly identified during the formulation phase and the review conducted for this evaluation confirms that all key stakeholders were involved in the project and that they played key roles in the implementation of the project, particularly MOE, MOF, MOEco and the LPAs in Calarasi, Ungheni, Cahul, Floresti, Soroca and Telenesti.

47. The identification of stakeholders from the outset of the project was also critical as the second component of the project was completely focused on raising the capacity of these stakeholders: "*Capacity development for EFR to build consensus among concerned stakeholders*". It was part of the project strategy to ensure the adherence and involvement of all concerned stakeholders in the EFR process, its contribution to meeting obligations under the Rio Conventions, and in the implementation of reforms. By ensuring the visibility of national and global environmental priorities in Moldova, the development of capacity of stakeholders was also seeking to establish a multi-stakeholder consultative process to catalyze policy processes in the future.

4.1.6. Planned Replication Approach

48. The nature of this project – environmental fiscal reform – is such that to have a long-term impact, its achievements will need to be approved by the government, to be implemented, and enforced over the long-term. As described in the project document, environmental fiscal reform falls within the field of public finance management, requiring very specialized skills. Highly trained expertise is called for to develop fiscal measures

that reflect and respond to socio-economic and political realities. Once the environmental fiscal reforms are approved and endorsed by the government and Parliament - that is for the project to produce its desired outcomes - the measures/reforms developed with the support of the project will be institutionalized and be part of the public finance management framework of Moldova.

49. Therefore, the impact of the critical achievements of the project – such as proposals to reform the NEF and the pollution charges - over the long-term depends mostly on the government and Parliament's abilities to endorse these proposals. They would become part of the national fiscal measures, be implemented and enforced to increase the allocation of financial resources for the management of the environment in Moldova and by extension the greater protection of this environment. This endorsement is a work in progress that is depending a lot on the political will of the government in place to approve and endorse these reforms.

50. In addition to project achievements that need to be endorsed by the government – such as proposals to reform the NEF and the pollution charges, the project also supported activities at the local level to integrate environmental considerations in local policies, strategies and budgets such as implementing the MTEF guidelines and the related three-year budgetary system at the local level. These activities were implemented in 6 towns across Moldova (see Section 4.3.1 and Annex 9). The sustainability of these achievements will depend on the replication of these results throughout Moldova's towns. Therefore, the need to showcase these results to other Mayors in Moldova is important for the replication of these achievements throughout the country.

4.1.7. UNDP Comparative Advantage

51. UNDP has been supporting the development of Moldova since October 1992 when it signed an agreement (SBBA) with the Government of Moldova to detail the conditions under which UNDP will assist the government in carrying out its development agenda. UNDP functions as a knowledge-based organization, providing technical assistance and support to Moldova in achieving its development goals. Its programs in Moldova are part of the UN Development Assistance Framework (UNDAF) that provides an overarching framework to guide and facilitate the development of partnerships between the UN, the Government of Moldova, other stakeholders as well as donor agencies.

52. Based on a Common Country Assessment (CCA) conducted in 2005, which focused on a comprehensive assessment of the human development situation in Moldova, the UN system in Moldova developed an UNDAF for the period 2007-2011. At the time, it focused on three collective priorities for the UN System: a) Governance and participation; b) Increasing access to quality services; and c) Regional and local development. Each of these priority areas of cooperation made a strategic contribution to the achievement of the Millennium Development Goals (MDGs) in Moldova; there were also aligned closely with the Economic Growth and Poverty Reduction Strategy (EGPRS) and the EU-Moldova Action Plan.

53. Following the evaluation of the UNDAF 2007-2011, the UN Country Team and the Government of Moldova developed collectively a UN-Republic of Moldova Partnership Framework "*Towards Unity in Action*" (UNPF) for the period 2013-2017. It provides focus and direction to the UN Development System in Moldova in setting its operational priorities. It was designed with a view to supporting Moldova's efforts to achieve the MDGs, as well as its European integration ambitions. This framework is organized in three thematic pillars: *Pillar 1*: Democratic Governance, Justice, Equality and Human Rights (Enabling Environment); *Pillar 2*: Human Development and Social Inclusion (Sector Capacity); and *Pillar 3*: Environment, Climate Change and Disaster Risk Management (Sector Capacity). Under each pillar expected outcomes were identified for a total of 10 UNPF outcomes.

54. Under the third pillar, two outcomes have been identified: *Outcome 3.1*: Improved environmental management in increased compliance with international and regional standards; and *Outcome 3.2*: Strengthened national policies and capacities enable climate and disaster resilient, low emission economic development and sustainable consumption. Under outcome 3.1 it was planned that the UN will provide support to reform and modernize its environmental management system, including the development and use of market-based instruments and fiscal mechanisms for environmental management.

55. In the context of the UNPF, UNDP formulated its Country Programme Development (CPD) for the same period 2013-2017 in partnership with the government of Moldova and in harmony with strategic

documents of Moldova, including the “*Moldova 2020*” strategy. This programme was developed on the basis of a comprehensive assessment of development results conducted in 2011, which found several strategic advantages for UNDP intervention in Moldova. As a result, a programme was formulated following the same structure – three pillars - as the UNPF 2013-2017. Under the two UNPF outcomes which are under the third pillar “*Environment, Climate Change and Disaster Risk Management*”, UNDP planned to provide advice and enhance capacity for environmental management in line with EU/international requirements, as well as supporting innovative climate change adaptation/mitigation, energy efficiency and disaster risk management for a total indicative regular budget of \$3.1M and an additional indicative budget from external sources of \$23M.

56. The project has been directly aligned with the UNDP Country Programme 2013-2017 and the UNPF 2013-2017 (outcome 3.1), contributing to “improving environmental management in increased compliance with international and regional standards”.

4.1.8. Management Arrangements

57. The management arrangements planned at the onset of the project included:

- A *Moldovan EFR Commission (EFRC)* was to be established and act as the project’s coordination and decision-making body (*Project Board*). This body was to be responsible for ensuring that the project remains on course to deliver products of the required quality to meet the outcomes as defined in the project document. Its role was to include: (i) overseeing project implementation; (ii) approving all project work plans and budgets submitted by the Project Manager (PM); (iii) approving any major changes in project plans or programmes; (iv) providing technical input and advice; (v) approving major project deliverables; (vi) ensuring long-term commitment of resources and accountability to support project implementation; (vii) arbitrating any conflicts within the project and/or negotiating solutions between the project and any parties beyond the scope of the project; and (viii) overall project evaluation. The composition of the EFRC was to include: MOE, Ministry of Finance, Ministry of Agriculture, Ministry of Economy, ANRE, Ministry of Regional Development and Construction, Chamber of Commerce, private sector representative (one commercial bank, one industry representative) and UNDP as well as representatives of NGOs, civil society and Local Public Administrations. The Secretariat function was to be provided by the Project Management Unit (PT).

The review conducted for this evaluation indicates that this EFRC has never been formalized as a national commission on EFR. However, a *Project Board (PB)* was structured along these lines to perform the same functions and roles as presented above; particularly those related to the implementation of the project. The PB met once a year to oversee the progress of the project and approve the annual work plans and twice a year in 2015. At the same time, the concept of creating a national EFR Commission was kept alive as a discussion topic throughout the implementation of the project. At the time of this terminal evaluation no concrete steps have been taken to formalize the proposal to create a national commission on EFR.

- A *Project Team* carried out day-to-day implementation of the project that was comprised of a *Project Manager (PM)* and a *Project Assistant (PA)* recruited on a competitive basis. A project unit was set up in government premises. The PT managed the implementation of all project activities, including the preparation of progress reports, work plans, budgets, record keeping, accounting, technical specifications, and other documents as necessary; was responsible for hiring and supervising consultants and suppliers, organizing duty travel, seminars, public outreach activities and other project events, and maintaining working contacts with project partners at the central and local levels. The Project Manager (PM) liaised and worked closely with all concerned stakeholders, at local, national and international levels, and linked the project with complementary national programmes and initiatives.
- *Technical assistance* was provided by the project through the deployment of specialized international and national technical expertise to ensure that up-to-date and relevant know-how is accessible, and that national capacities are strengthened through on-the-job implementation of project activities.

58. During the formulation of the project, roles and responsibilities were clearly identified and accepted,

including the need to follow administrative procedures from UNDP and the Government of Moldova. The project was implemented using the National Implementation (NIM) modality of UNDP (*see Section 4.2.3*) with the Ministry of Environment being the Executing Agency of the project.

59. The review indicates that the management arrangements were adequate and effective for the implementation of the project. They provided the project with clear roles and responsibilities as well as clear reporting lines of authority. The good functioning of the PB provided an effective way to communicate and keep stakeholders engaged, contributing to an effective use of project resources and a good national ownership of project achievements. This oversight body met 6 times during the implementation of the project including the inception workshop on June 12, 2012. The last recorded meeting was on July 21, 2015 to review the progress of the first half of this year, endorse the work plan for the remaining period of the project and approve the grants for environmental projects in 6 pilot towns throughout Moldova.

4.2. Project Implementation

60. This section discusses the assessment of how the project has been implemented. It assessed how efficient the management of the project was and how conducive it was to contribute to a successful project.

4.2.1. Adaptive Management

61. The management of the project was adequate. The Project Team followed the Government of Moldova and UNDP/GEF procedures for the implementation of the project and used adaptive management to secure project deliverables while maintaining adherence to the overall project design. The review indicates that project achievements are aligned with the project document that was endorsed by stakeholders. As discussed in Section 4.1.1, the *Result and Resources Framework* identified during the design phase of this project presents a good and logical “chain of results” that was used as a “blueprint” to guide the implementation of the project.

62. An efficient implementation team was in place for the second half of the project, detailed work plans were guiding the implementation, assignments were conducted with the required participation of relevant stakeholders and the project progress was well monitored. Adaptive management was used regularly to adapt to a constantly changing environment, particularly the political environment with four different governments over the lifetime of the project, and including several changes at the Ministry of Environment with four different Ministers, 5 Deputy Ministers and two State Secretaries in the last 18 months. Adaptive management was used as a mechanism to respond to stakeholders’ needs and priorities and address issues at hand, including finding ways to “push” the government to approve and endorse the proposed reforms developed with the support of the project to revise the pollution charges and reform the NEF and its operations. As a result, activities supported by the project benefited from a good participation of stakeholders. Each assignment was conducted following well-defined terms of reference.

63. However, the review conducted by the Evaluation Team also indicates that the implementation of the project had a difficult first half. A PM was leading the implementation of the project but very limited progress was made during the first 18 months of implementation. Following an internal review at the Project Board level, the decision was taken to change the PM. A new PM was hired in January 2014 with excellent credentials, including experience as a Deputy Minister of Economy in the government and also as a highly performing PM for another UNDP funded project. The adaptive measure to change the PM at this stage was an important and critical decision that allowed the project implementation to get back on track and, through fast-track operations to catch up with the planned implementation timeline. The result of this change was that overall, the project delivered most of the planned activities. As discussed in Section 4.3.1, the project did not succeed yet to get the proposed reforms approved and endorsed by the government and Parliament but an Environmental Fiscal Reform (EFR) process has been definitely launched in Moldova as a result of the project. It has been a catalyst to put EFR on the national agenda.

64. Following this change of PM, adaptive management was also used when the PB decided to request a time extension of 9 months for the project at the June 20, 2014 PB meeting. Due to a very low disbursement during the first 2 years of the project, the project was not in a position to achieve its objective and to disburse its budget after 36 months of operation. Furthermore, following the Parliamentary election that took place in

November 2014 and a change of government, there was a risk of delays of some project activities, particularly those related to the reform of the NEF and the reform of the agriculture and energy subsidies. Financial resources were available for a 9-month-extension. This extension was granted by UNDP-GEF and the closing date for the project was postponed to end of September 2015.

65. Finally, the Evaluation Team noted that the Project Team and UNDP did not use the option of conducting a mid-term review to review how well the project was progressing. Due to the project size and duration, a decision was made at the inception workshop on not conducting a mid-term review of the project. However, considering that the project was not doing well up to its mid-point and that the project total duration was only 36 months, an external review at the mid-point would have certainly provided valuable insights on the overall progress of the project and helped the Project Board to make decisions to address the issues at hand at the time. Nevertheless, the Evaluation Team also noted that the Project Board with UNDP lead made the right decision and move quickly enough to address the issue by replacing the PM.

66. In conclusion, the review of project management activities reveals that adaptive management was used as a management approach to particularly allocate effectively and efficiently project financial resources, including the provision of international and national technical expertise. On one hand, the log-frame gave the project team an overall plan to guide the implementation and on the other hand the project management team used adaptive management to properly allocate the financial resources available and find ways to stay on time. This approach certainly contributed to the long-term sustainability of project achievements.

4.2.2. Partnership Arrangements

67. As discussed in Sections 4.1.5 and 4.1.8 above, the Stakeholders engagement and the management arrangements of the project were adequate for the implementation of the project. Most of them were already involved in the implementation of the National Capacity Self-Assessment (NCSA) and they were consulted during the formulation of this project, which is a follow up to the NCSA. As a result, clear roles and responsibilities for each party engaged in the implementation were identified at the outset of the project. The list of Stakeholders and their main functions is provided in table 6 in Section 4.1.5.

68. The Evaluation Team particularly noted the valuable partnership between the project Team, MOE, MOF and MOEco. These stakeholders played a key role in the implementation of the project. They participated to the functions of the Project Board and provided overall guidance to the implementation of project activities. They also provided the political links between project activities and the high level of government. Due to the nature of this project – environmental fiscal reform – any proposal has a political side. All activities conducted to review the existing NEF, to learn from similar international experiences and to develop a proposal to reform it ended up at the political level for a final decision to approve and endorse the proposal before any changes can take place. The same is true for reforming the pollution charges. A review of the existing Law was conducted, international best practices were analyzed and a proposal to change these charges was developed. This proposal needs now to be approved and endorsed by the Parliament to become a new Law in order for changes to take place.

69. These partnership arrangements provided a good collaboration between government services and the project. It provided the project with a good “conduit” to communicate and collaborate with key government services. Ultimately, the project document was developed with the concept that all these partners will be brought together in a national commission on EFR, which would have acted also as the project’s coordination and decision-making body (Project Board) during the lifetime of the project. At the time of this evaluation, this commission has not been created yet. Proposals and discussions took place during the implementation of the project to set up such as commission but the political instability of the last few years in Moldova has so far prevented the creation of such body. However, the concept is not “buried” and the topic of EFR may end up in a new commission or in an existing body. Based on interviews of stakeholders conducted by the Evaluation Team, there is a strong interest to continue “pushing” for these reforms in Moldova to – ultimately – comply with the EU regulations in the context of implementing the Association Agreement (AA) (*see Section 4.3*).

4.2.3. Project Finance

70. As indicated in Section 4.1.8, the implementation modality of the project to allocate, administer and

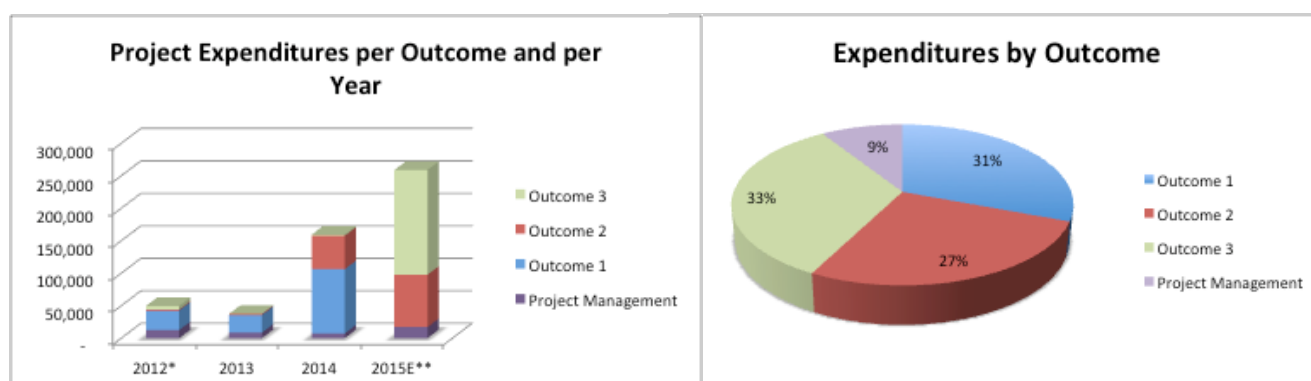
report on project resources was the UNDP support to NIM³ (National Implementation Modality) approach; that is project activities were carried out by the Project Team in partnership with the Ministry of Environment.

71. At the time of this evaluation, the review of financial records – including both the actual expenditures for the years 2012 to 2014 and actual expenditures plus estimates for the remaining period in 2015 - indicates that about 99% (\$504,802) of the original GEF budget (USD 510,450) will be expended by the end of the project (end of September 2015); an implementation period of 47 months. The breakdown of project expenditures by outcome and by year is presented in the table below.

Table 7: UNDP-GEF Funds Disbursement Status (in USD)

| Component | Budget | 2012 ⁴ | 2013 | 2014 | 2015 ⁵ | Total | Total/ Budget |
|--------------------|----------------|-------------------|---------------|----------------|-------------------|----------------|------------------|
| Outcome 1 | 157,500 | 29,890 | 27,032 | 98,784 | - | 155,706 | 98.9% |
| Outcome 2 | 137,200 | 1,463 | 1,713 | 51,616 | 80,526 | 135,318 | 98.6% |
| Outcome 3 | 169,750 | 5,821 | - | 1,654 | 161,228 | 168,703 | 99.4% |
| Project Management | 46,000 | 12,631 | 8,623 | 7,340 | 17,140 | 45,735 | 99.4% |
| TOTAL | 510,450 | 49,805 | 37,369 | 159,394 | 258,894 | 505,462 | 99.0% |

Sources: UNDP Atlas Financial Reports (CDRs) and information collected from the Project Team.



72. These financial figures presented above indicate that almost an equal part of the GEF grant was expended on the three outcomes with 31% on outcome 1 that was to “reform environmentally harmful subsidies, green subsidies as well as environmental charges”; 26% on outcome 2 that was to “develop the capacity to engage and build consensus among all stakeholders”; 34% on outcome 3 that was to “integrate of EFR in local and central planning processes”; and the rest (9%) expended on project management. This is well in line with the budget formulated in the project document.

73. As discussed in section 4.2.1 above, the project had a difficult period during the first 18 months of its implementation with very limited progress made. This is well illustrated on the graph above on the left where we can see limited disbursements during the years 2012 and 2013; mostly on outcome 1 with some initial work on environmental fiscal reform. It is only in 2014 that the project disbursements started to happen, which is a reflection on a huge acceleration in project activities being implemented. Since the hiring of the new PM, project activities were ramped up; first by focusing on outcome 1 with studies on pollution charges, green taxes, and to some extent on outcome 2 with capacity development activities during the year 2014 and then

3 UNDP defines NIM (National Implementation Modality) as the management of UNDP programme activities in a specific programme country carried out by an eligible national entity of that country. It is expected to contribute most effectively to: (i) greater national self-reliance by effective use and strengthening of the management capabilities, and technical expertise of national institutions and individuals, through learning by doing; (ii) enhanced sustainability of development programmes and projects by increasing national ownership of, and commitment to development activities; and (iii) reduced workload and integration with national programmes through greater use of appropriate national systems and procedures. (Source: UNDP Financial Resources)

4 Includes some expenditures expended in 2011.

5 Includes provisional data for the remaining part of the project.

focusing on outcome 3 in the last year of the project.

74. Considering the implementation timeline of the project, the project disbursed 9.9% the first year (2012), 7.4% the second year (2013), 31.6% the third year (2014), and 51.2% the fourth year (2015), which was only 9 months of operations to end of September. Three years of implementation is already short for a project of this nature involving a lot of political activities to approve/endorse the achievements. The initial 18 months of this project with very limited progress, certainly hampered the overall achievements of this project; particularly its chance to get the various proposals approved by the government. There was no sufficient time to lobby the government and the Parliament properly at the end of the project (*see also Section 4.3.6*).

Co-financing

75. The co-financing commitments at the outset of the project totaled the amount of USD 610,000 (*see table below*), which represented over 54% of the total budgeted amount in the project document of USD 1,120,450 (GEF grant + co-financing). Co-financing commitments included an estimated \$250,000 as a grant from MOE, a further grant of USD 110,000 and in-kind contributions from OECD (USD 200,000) and from UNDP Moldova (USD 50,000). Official letters confirmed all these commitments during the formulation stage of the project and were attached to the project document.

Table 8: Co-financing Status

| Partner | Type | Commitments (US\$) | Actuals (US\$) |
|-------------------------|---------|--------------------|----------------|
| Ministry of Environment | Grant | 250,000 | |
| OECD ⁶ | In-kind | 200,000 | |
| UNDP Moldova | Grant | 110,000 | 62,691 |
| UNDP Moldova | In-kind | 50,000 | |
| Total (US\$) | | 610,000 | 62,691 |

Source: Project Document and UNDP CDRs

76. Limited tracking of the planned co-financing amounts were done for this project. As per the “*Combined Delivery Reports (CDRs)*” of UNDP, a total amount of USD 62,691 was reported as an UNDP-Core Programme cash contribution to the project. No reporting was made on the grant contribution from MOE and limited reporting was made on the in-kind contribution from OECD and from UNDP in the PIR 2013 when they partnered to implement capacity development activities. However, a total co-financing amount of USD 475,000 is being reported in the 2015 Project Implementation Review (PIR).

77. However, despite limited reporting on these co-financing commitments throughout the project, the Evaluation Team confirmed that MOE, OECD and UNDP have definitely contributed their fair share to the implementation of this project.

4.2.4. Monitoring and Evaluation (M&E) Approach

78. A comprehensive M&E plan was formulated during the formulation of the project in accordance with standard UNDP and GEF procedures, including the UNDP monitoring and evaluation practices for National Implementation (NIM) projects. An M&E budget of USD 25,000 was allocated representing about 4.9% of the GEF grant.

79. This plan listed all monitoring and evaluation activities that were to be implemented during the lifetime of the project, including a mid-term evaluation and a terminal evaluation. For each M&E activity, the responsible party(ies) were identified, as well as the budget and the timeframe. The plan was based on the logical framework matrix that included a set of performance monitoring indicators along with their corresponding sources of verification.

⁶ The OECD co-financing commitment was 150,000 euros converted to USD 200,000 at the time of the project formulation.

80. A summary of the operating modalities of the M&E plan were as follows:
- Performance indicators: A set of indicators with their baselines and yearly targets were identified and documented in the *Result and Resources Framework*.
 - GEF Capacity Development Scorecard: This tool was to be implemented as a time-series evaluation, assessing the crosscutting capacity development to meet global environmental benefits at time 0, project mid-point, and project conclusion. Indicators were rated at the formulation stage. However, no further ratings were completed during the implementation of the project (at mid-point). An assessment was conducted during this final evaluation (see *Annex 10 and Section 4.3.2*) and is part of assessing the extent to which the project has made a contribution to institutionalizing the sustainability of EFR and associated project outcomes.
 - A project inception workshop was completed on June 12, 2012 to summarize the inception phase conducted at the beginning of the project. This phase was an opportunity to explain the project objectives to all Stakeholders, to review the overall project strategy, management arrangements, monitoring indicators, risks, etc. and to review the project work plan and budget. No changes to the project strategy were made during the inception phase and no inception report was produced.
 - Annual Work Plans: Project Team prepared Annual Work Plans (AWPs) detailing out project activities and budgets required for the year and also to ensure that project activities were in line with the project document.
 - Periodic Monitoring through site visits: UNDP Country Office (CO) conducted visits to project sites to assess first hand project progress. Field Visit Reports/BTORs were prepared by the CO and circulated to the PT and the PB.
 - Quarterly Reviews: Monthly meetings between the Project Implementation Team and UNDP (project assurance) were organized to review progress and to discuss issues related to project management and implementation. Quarterly meetings were undertaken to discuss quarterly progress and work plans as well as risk analysis with the regular update of the risk log in the UNDP Atlas system.
 - Annual Project Reviews (APR) / Project Implementation Reviews (PIR): These annual reports were prepared to monitor progress made during the previous reporting period (30 June to 1 July). The APR/PIR combined both UNDP and GEF reporting requirements. It included: progress made toward project objective and project outcomes – using the indicators and their baseline data and end-of-project targets; project outputs delivered per project outcome; lesson learned/good practice; AWP and other expenditure reports; and risk and adaptive management. Three APR/PIRs were produced for this project: 2013, 2014, and 2015.
 - Project Board Meetings: Annual review meetings, involving all key stakeholders were organized to review overall progress and to discuss and review the annual work plan of the following calendar year. In addition to the inception workshop, five PB meetings took place during the implementation of this project: 1 in 2012, 1 in 2013, 1 in 2014 and 2 in 2015. Another final Board meeting will take place in October 2015 to close the project.
 - External mid-term and final project evaluations: No mid-term evaluation was conducted as per the inception workshop decision given the size and duration of the project; the final evaluation is underway following UNDP-GEF evaluation guidelines.
 - Audits: The project was to be audited by a legally recognized auditor according to the establish procedures and international standards within the framework of the Harmonized Approach to Cash Transfer (HACT). However, due to the low disbursements for most years except in 2015, the project was not audited.
 - Project-closing workshop: A closing workshop is planned in October 2015 to allow all stakeholders to review project achievements and lessons learned and to identify feasible follow up actions to pursue the government agenda on EFR.
 - Project Terminal Report: A comprehensive report – a UNDP-GEF requirement - will summarize the results achieved (objectives, outcomes, outputs), lessons learned, problems met and areas where results may not have been achieved. It will also lay out recommendations for any further steps that may need to be taken to ensure sustainability of the project's results.

81. The review indicates that the mid-term evaluation did not take place as planned. The subject was discussed at the inception workshop in June 2012 and a decision was taken not to conduct a mid-term evaluation. However, as discussed in section 4.2.1, the project was not progressing well until its mid-point on

a 36 months implementation timeline. The decision of not doing a mid-term review was a missed opportunity that would have helped the Project Board to review the implementation timeline, provide valuable insights on the overall progress of the project and identify measures to mitigate these delays. Nevertheless, the Evaluation Team also noted that the Project Board with UNDP lead move quickly enough to address the issue by replacing the PM.

82. The set of indicators presented in the *Result and Resources Framework* was reviewed during this evaluation. It includes a set of 24 indicators and 20 targets (9 for Y1, 6 for Y2, and 5 for Y3) to monitor the performance of the project at the outcome level. The list of indicators and targets is presented in the table below:

Table 9: List of Performance Indicators

| Project Outcomes | Indicators | Targets |
|---|---|---|
| Objective - 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. | <ul style="list-style-type: none"> • Demonstrated global environmental benefits through the adoption of EFR instruments related to biodiversity conservation, reducing GHG emissions and combating land degradation • Capacity development scorecard ratings increase in a consistent manner (initial rating to be established at project inception workshop) • Regulatory and operational guidelines adopted by the EFR commission for 5 EFR instruments addressed by the project: <ul style="list-style-type: none"> ○ Agricultural subsidies scheme/programme, ○ Energy subsidies scheme/programme, ○ Environmental charges; ○ Green/environmental subsidies through NEF/LEF; ○ New eco-technology subsidies • Medium-Term Expenditure budget reflects increased national allocations to meet CBD, CCD, and FCCC targets | <i>No targets were set at this level</i> |
| Outcome 1 - Reform of environmentally harmful subsidies, green subsidies as well as environmental charges: <ul style="list-style-type: none"> • Output 1.1: Introduce policy reform in the area of environmentally harmful subsidies • Output 1.2: Reform of environmental charges and facilitation of eco-technology investments • Output 1.3: Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs). | <ul style="list-style-type: none"> • Feasibility of reform proposals to energy pricing and subsidies and adoption of appropriate legal amendments and implementation measures is confirmed • Feasibility of reform proposals to agricultural subsidies and adoption of appropriate legal amendments and implementation measures is confirmed • Feasibility of reform proposals for several environmental charges currently in force is confirmed • Number of identified eco-technologies that have true potential to be mainstreamed in Moldova • Readiness of eco-technology investment scheme for implementation • Implementation of good international practice in managing public environment expenditure programmes applied to NEF/LEF management, especially the areas governance, spending strategies, project cycle management, procurement and reporting/promotion | <ul style="list-style-type: none"> • Target (Year 1): <ul style="list-style-type: none"> - Identification of tax and duties on energy and agriculture products - Market analysis for eco-technology solutions - Procedures for PCM for NEF/LEFs spending areas • Targets (Year 2) <ul style="list-style-type: none"> - Identification of options for greening and reforming subsidies and charges - Short and long-term spending strategy of NEF/LEFs • Targets (Year 3) <ul style="list-style-type: none"> - Recommendations for legislative texts and technical guidelines elaborated and submitted for adoption |
| Outcome 2: Capacity development to engage and build consensus among all stakeholders: | <ul style="list-style-type: none"> • A training needs assessment conducted • A set of training sessions are implemented in line with the training needs assessment • Training for NEF/LEF staff on new operational procedures completed | <ul style="list-style-type: none"> • Targets (Year 1): <ul style="list-style-type: none"> - A training needs assessment conducted - A comprehensive information campaign is designed |

| Project Outcomes | Indicators | Targets |
|--|---|--|
| <ul style="list-style-type: none"> • Output 2.1: Capacity building for EFR • Output 2.2: Communication and awareness • Output 2.3: A political dialogue is established | <ul style="list-style-type: none"> • A comprehensive information campaign is implemented • An EFR website is developed, put online and continuously updated • Semi-annual e-newsletters and other relevant communication products including at least two case studies on adoption of EFR in Moldova have been disseminated widely • Moldovan EFR Commission met on quarterly basis • Conferences and workshops with international participation were implemented to further discuss proposed new EFR instruments has of reform to existing instruments in Moldova | <ul style="list-style-type: none"> - An EFR website is developed, put online and continuously updated • Targets (Year 2): <ul style="list-style-type: none"> - A set of training sessions are implemented in line with the training needs assessment - A comprehensive information campaign is implemented • Targets (Year 3): <ul style="list-style-type: none"> - Three case studies are published based on lessons learned related to improved national financing for CBD, CCD, and FCCC implementation through the EFR in Moldova - Capacity Scorecard ratings show improvement at final evaluation |
| <p>Outcome 3: Integration of EFR in local and central planning processes:</p> <ul style="list-style-type: none"> • Output 3.1: Sub-Component 3.1: EFR instruments integrated in the decentralization process • Output 3.2: Sub-Component 3.2: EFR instruments integrated into governmental budgeting and MTEF processes | <ul style="list-style-type: none"> • A common coordination work plan with the Joint Integrated Local Development Programme (JILDP) developed • Regular meetings of the Sub-group under the working group Financial Decentralization were held • Identification of environmental management priorities within the Local Development Strategies took place • Greening JILDP's Performance Based Budgeting system to address local environmental priorities • Budget and MTEF planning is effectively greened in line with good international practice • Increased and improved budget allocations and investment finance for biodiversity conservation, addressing climate change, and activities to combat land degradation (all per Rio Convention targets) | <ul style="list-style-type: none"> • Targets (year 1): <ul style="list-style-type: none"> - Yearly joint work plan between the UNDP/GEF EFR project and JILDP - Assessment of environmental management priorities within the Local Development Strategies - Initiate costing study and financing strategy to implement Rio Conventions • Targets (year 2): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Complete costing study and financing strategy to implement Rio Conventions • Targets (year 3): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Comparative analysis of past MTEF with new and improved MTEF prepared by the end of the project to meet Rio Convention targets |

Source: Project Document and PIRs

83. This set of 24 key indicators and 20 did not change over the lifetime of the project. They were used yearly to report progress made in the PIRs. The review of these indicators reveals that they are not really SMART indicators⁷. In most cases, these indicators were not unambiguous enough indicators; they were not specific enough, difficult to measure, and not relevant enough to monitor the performance of the project at the outcome level. Additionally, the targets identified in the project document are not fully related to the list of indicators; they can be seen as another set of indicators to be monitored. This is confirmed by the fact that there are 24 indicators but only 20 yearly targets.

84. Furthermore, indicators at the objective level were somewhat too general and in most cases difficult to be attained during the lifetime of the project. For instance, the objective of the project 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”; however, one indicator to monitor the achievements towards the objective implies that in order for the project to succeed, the medium-term expenditure budget must reflect an increased national allocations to meet CBD, CCD, and FCCC targets. This is not really attainable during the lifetime of the project and it is not specific enough to monitor how well the project achieves its objective.

⁷ SMART: Specific, Measurable, Attainable, Relevant and Time-bound.

85. When reviewing the indicators at the outcome level, there are too numerous. A set of about 15 SMART indicators to monitor this project would have been more appropriate, including 3-4 indicators to monitor the progress at the objective level. Some indicators are also too focus on activities to be conducted. This is the case of few indicators to monitor the progress made under outcome 2. The fact of measuring the training needs assessment conducted, as well as training sessions conducted is not directly measuring how well the project is progressing in developing the “*capacity to engage and build consensus among all stakeholders*”. An indicator to measure this engagement would be more appropriate than these 2 indicators. Also, one indicator such as “*an EFR Commission created and operational*” would have been a key indicator to measure the adoption by the government of project achievements.

86. However, it was also noted that despite the fact that a limited focus was on gender considerations in the project document (see Section 4.1.1), including no gender-based performance indicators and targets to monitor the project performance, the Project Team did monitor and report on gender equality through the PIRs. A gender assessment was carried out in 2013 and a gender sensitive approach was adopted when drafting new policies and legislation proposals. Moreover, a particular attention was paid to the participation of women in consultations conducted when developing policy and regulatory proposals, as well as when conducting strategic planning and budgeting processes at the local level where gender-disaggregated data on women participation was collected and analyzed. It was also noted that this gender sensitive approach was also done within a local environment priorities, which included a strong gender-focus.

87. Finally, the Evaluation Team noted a certain ambiguity when reporting annually the progress made by the project. In the PIRs, the section on “*Progress toward Development Objective*” is to measure how well the project is progressing toward the objective and its related outcomes (3). In this section, the format is to use performance indicators with their related baselines and targets (at end of project) and report against these indicators each year in a separate column; hence showing the progress made over the years in achieving the related expected outcome. The review of the PIRs indicates that the PT reported progress against the yearly targets and not the indicators. This is somewhat confusing and do not relate directly to how specifically the project is achieving its set of expected outcomes and objective.

88. In conclusion, the M&E plan provided in the project document was not an adequate framework to measure its progress/performance. The fact that the set of indicators to measure the progress made by the project was not adequate at all, limited the PT to use a good performance measuring framework. As a result, annual progress reports were produced timely but somewhat cumbersome to complete and these reports have not focused enough on the measurement of progress made at the strategic level: outcomes and objective. Based on the review of the overall M&E approach presented in the project document and of progress reports, the overall quality of M&E of the project is rated as marginally satisfactory.

4.2.5. Contribution of UNDP and Implementing Partner

89. The quality of UNDP implementation and the quality of execution of the Ministry of Environment (MOE) - as respectively the GEF implementing agency and the national executing agency of the project - to support the implementation of the project was good; both are rated as satisfactory. In their respective area of responsibility, they provided good support to the project team to ensure an efficient use of GEF resources and an effective implementation of the project. Both agencies participated actively in the design and the implementation of the project.

90. UNDP provided the required guidance to apply UNDP project management procedures such as procurement, hiring and contracting as well as guidance for reporting project progress. UNDP played a role of quality assurance over the implementation of the project, ensuring that the required qualities for project activities were fulfilled. Overall, UNDP backstopped the project with its own resources, supported the project team throughout the implementation including the participation in the decision-making process for implementing the project through the PB.

91. MOE, as the national executing agency, played an important role in the implementation of this project as the main government anchor point of the project. The Minister of the Environment chaired the PB; providing good leadership in guiding the implementation of the project. Overall, the MOE played an important facilitator role for the project, providing the government/institutional context for the legitimization of project-supported

activities to reform the National Environmental Fund (NEF) and the pollution charges. Nevertheless, this role was somewhat hampered by the fact that during the last 18 months, MOE – and by extension the Project Board – have been led by 4 different Ministers of Environment, 5 Deputy Ministers and two State Secretaries.

92. In addition to MOE that played a positive role in the implementation of the project, it is also important to note the positive role played by two other Ministries: Ministry of Finance and Ministry of Economy. They satisfactorily fulfilled their project obligations/responsibilities by collaborating with the project and participated in project activities when appropriate. They also played a major role in legitimizing the achievements of the project in their respective areas; hence contributing to the long-term sustainability of project achievements.

4.3. Project Results

93. This section discusses the assessment of project results; how effective was the project to deliver its expected results and how sustainable these achievements will be over the long-term.

4.3.1. Overall Achievements/Results

94. As presented in Sections 4.1.1, the project was implemented through three (3) outcomes. The implementation progress was measured through a set of 24 indicators and 20 targets. On the next page is a table listing key deliverables achieved by the project against each outcome and their corresponding targets.

95. The review of achievements of the EFR project (*see table 10*) indicates that most planned activities were delivered during the lifetime of the project; its overall project outcome rating is *satisfactory*. However, despite a good progress in delivering the planned outputs, the assessment conducted by the Evaluation Team reveals that the overall success of the project has been hampered by two main factors:

- The implementation of the project during the first half was very slow. As discussed in section 4.2.3, it is well illustrated by the disbursement profile of the GEF grant with respectively only about 10% the first year (2012) and just over 7% the second year (2013) of the total grant was disbursed. The volume of activities increased substantially in 2014 following the hiring of a new Project Manager. The project was able to catch up on most of its deadlines but it did not have enough time near the end to “push” further all proposals produced with the support of the project through the review, approval and endorsement processes.
- As discussed in section 4.1.1, the nature of this project is such that it implies a strong political commitment from the government for the project to be fully successful and produce significant changes in the EFR area. Reforming environmental harmful subsidies, introducing green subsidies, strengthen environmental charges and reforming an environmental fund are part of a complicated national fiscal reform agenda that may impact the economy and the social stability of Moldova. Despite that this coherent project was a direct response to national priorities, from a political point of view it was an ambitious project to kick-start the environmental fiscal reform process in Moldova; particularly when considering its tight timeframe. Reforming environmental fiscal matters including legislation changes requires a longer timeframe to produce any tangible and sustainable changes. Despite that, the project was successful in initiating an environmental fiscal reform process and Moldova is now equipped with skills, knowledge and economic instruments to move this agenda forward.

Table 10: List of Delivered Results

| Expected Results | Project Targets | Results (Deliverables) |
|--|---|--|
| Project objective: 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. | | |
| <p>Outcome 1 – Reform of environmentally harmful subsidies, green subsidies as well as environmental charges:</p> <ul style="list-style-type: none"> ● Output 1.1: Introduce policy reform in the area of environmentally harmful subsidies ● Output 1.2: Reform of environmental charges and facilitation of eco-technology investments ● Output 1.3: Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs). | <ul style="list-style-type: none"> ● Target (Year 1): <ul style="list-style-type: none"> - Identification of tax and duties on energy and agriculture products - Market analysis for eco-technology solutions - Procedures for PCM for NEF/LEFs spending areas ● Targets (Year 2) <ul style="list-style-type: none"> - Identification of options for greening and reforming subsidies and charges - Short and long-term spending strategy of NEF/LEFs ● Targets (Year 3) <ul style="list-style-type: none"> - Recommendations for legislative texts and technical guidelines elaborated and submitted for and adoption | <ul style="list-style-type: none"> ● A study on organic agriculture elaborating proposals on improving the system of agriculture subsidies. ● Based on this study a proposal for legal modifications for greening the existing subsidies in agriculture was elaborated. ● The study was presented and discussed during a roundtable with the participation of the Ministry of Environment and Ministry of Agriculture and Food Industry (MAFI) (including the Ministers), farmers, civil society and media. ● Based on the study findings and on discussion proposals, a draft law was elaborated, amending the existing legal framework designed to support the development of organic farming, including the system of subsidies. ● Within MAFI a working group was created that will promote the approval of this law. ● A comprehensive assessment of the energy subsidy scheme in Moldova and its environmental impacts was elaborated in cooperation with OECD team of international and local experts to assist the Moldovan government to better understand the nature and scale of their policies supporting fossil fuels and related environmentally harmful energy subsidy schemes. The analysis was also supported by a model that quantifies a few major energy subsidy schemes (VAT, subsidies to gas suppliers) in Moldova and their environmental (particularly with regard to CO2 emissions), economic and social impacts in the country. Several institutions and companies contributed to the work of the expert team, including Ministry of Economy, National Agency for Energy Regulation, and major energy companies like CHP2, Termocom SA, GazNatural Fenosa SA. ● The study was presented to key stakeholders. The efforts resulted in concrete legal and/or regulatory reform proposals aiming at reducing environmental impacts of the energy sector. ● An assessment of the current system of environmental taxes and proposals for reforms of the pollution charge system. ● Based on this assessment and the best EU practices in environmental charges, several options for environmental charges were proposed. The four options were subject to a brief assessment against the following criteria: political feasibility, macroeconomic impact, environmental impact, administrative efficiency and cost, and acceptance by industry. For the packaging and WEEE taxes, a management system was proposed together with the quantum of the fees, the economic, financial and environmental impact assessments. ● The findings were presented and discussed during a workshop with the participation of CPA, the business community, and environmental NGOs. ● An inter-ministerial working group was created in order to elaborate the new environmental charges and the legal framework and regulation in accordance with national policies. This group, supported by the project's experts, has the task to propose and promote for approval the package of modifications of legal acts related to environmental taxes in accordance with EU requirements. ● A market analysis of financial instruments facilitating eco-technologies in the Republic of Moldova was conducted. The study presents specific recommendations on how to improve the legal framework and promotional activities of increasing the knowledge base on the availability and usefulness of eco-technology solutions and financing mechanisms at hand. |

| Expected Results | Project Targets | Results (Deliverables) |
|--|--|--|
| | | <ul style="list-style-type: none"> • The findings and recommendations of the study were presented during a roundtable with over 40 representatives of CPA, civil society and the private sector. • The project provided the necessary support in justification, capacity building and elaboration of the new legal regulation to restructure the National Environmental Fund (NEF). A triennial spending strategy was elaborated and included in the Operational Manual, which reflects the principles of elaboration of the spending strategy of the NEF. Unfortunately, insufficient political support and ordinary Parliamentary Election on 30 November 2014, followed by long period (almost 3 months) of creation of the new Government delayed the approval of the NEF reform-related documents. As of the time of this evaluation, it seems that the new leadership of MOE is ready to accelerate the approval process of these documents till the end of this year. |
| <p>Outcome 2: Capacity development to engage and build consensus among all stakeholders:</p> <ul style="list-style-type: none"> • Output 2.1: Capacity building for EFR • Output 2.2: Communication and awareness • Output 2.3: A political dialogue is established | <ul style="list-style-type: none"> • Targets (Year 1): <ul style="list-style-type: none"> - A training needs assessment conducted - A comprehensive information campaign is designed - An EFR website is developed, put online and continuously updated • Targets (Year 2): <ul style="list-style-type: none"> - A set of training sessions are implemented in line with the training needs assessment - A comprehensive information campaign is implemented • Targets (Year 3): <ul style="list-style-type: none"> - Three case studies are published based the lessons learned related to improved national financing for CBD, CCD, and FCCC implementation through the EFR in Moldova - Capacity Scorecard ratings show improvement at final evaluation | <ul style="list-style-type: none"> • Capacity development on the EFR stakeholders was based on an extensive needs assessment and capacity development plan for the use of economic instruments in environment policy-making. • Two round workshops for 44 representatives of both CPA and LPA were organized. • Two training manuals on the Role of economic instruments in environmental policy and on Ecological Funds were developed and widely disseminated. • A study visit to Czech Republic was conducted in partnership with the regional UNDP and Czech Trust Fund. The group of participants for the study visit consisted of 7 participants from NEF, Ministry of Finance, State Chancellery and EFR project. The study visit agenda included meetings and discussions at the Czech Ministry of Environment, State Environmental Fund (SEF), Ministry of Finance and workshops concerning legal and institutional framework, principles, financing structure of SEF programs in the Czech Republic, and the management and implementation of projects financed by SEF and EU funds. • The project also supported the participation of the Minister of Environment at high-level meetings in the Czech Republic. As a result, an inter-ministerial memorandum of cooperation between Moldova and the Czech Republic has been prepared and signed. • Two study visits (one for CPAs representatives and one for pilot LPAs) for an exchange of experience in EFR, especially regarding the reform and implementation of environmental taxation system organized in Poland in cooperation with Information Centre for Local Public Authorities /Poland Solidarity Fund Representative Office in Moldova for 20 persons as an exchange of experiences in reform and implementation of environmental taxation system. • Following the contacts made during the study visit from August 2015 at the National Fund for Environmental Protection and Water Management from Poland there was submitted an invitation to the colleagues from Moldova to carry out an internship in the Fund. In this respect will be ensured a better coordination of exchange of Polish experience to the representatives of the National Environmental Fund of the Republic of Moldova on issues regarding the institutionalization of EFR measures. • A Communication activity plan to inform the target group on the Environmental Fiscal Reform essence and benefits, as well as information dissemination about the project activities was updated and consulted with all project stakeholders. • The web portal www.green.gov.md was developed and maintained by the project. The portal represents a platform to promote the environmental fiscal reform, sustainable development and green economy concepts, decentralization |

| Expected Results | Project Targets | Results (Deliverables) |
|--|--|--|
| | | <p>policies and other sector reforms, all in one having the purpose to ensure a sustainable and green development of the Republic of Moldova.</p> <ul style="list-style-type: none"> • Three videos illustrating the environmental fiscal reform benefits were produced. These three films target different audiences: local and central government decision makers, business people and the general public (with a focus on young people), and will explain in simple terms how improved local and national fiscal mechanisms can stimulate greening efforts and contribute to environmental protection, business development and community development at the local level. The films were broadcasted on several television channels. • Two more popular studies on the financial instruments to promote eco-technologies and on organic farming and greening agriculture, elaborated under project, was published both in Romanian and English languages and was distributed to the beneficiaries. • At least 7 articles published in the national mass media regarding EFR benefits, including promotional page on newspaper “Natura”, titled “<i>What is Environmental Fiscal Reform?</i>” • Several national and international events were organized by EFR project involvement. On April 8, 2014, UNDP in partnership with the Government of Moldova, with the financial support of the Government of Denmark, organized a high-level international conference “<i>Green Sustainable Growth: Moldova’s Offer</i>” dedicated to sustainable development and green economy of the country. EFR project participated in the organization of the conference, during which, under the aegis of the Prime Minister, Moldovan Ministers of Economy, Agriculture and Environment have signed a Declaration of Intention on promoting SDGE. The Declaration of Intention, widely disseminated in the press, confirmed the intention of government institutions to coordinate efforts in the area of SDGE, and is a suitable starting point for the launch and implementation of a joint platform on sustainable development and green economy in Moldova. • The project took part jointly with other programmes in the organization of an International Conference on Environment and Climate Change: from vision to action held on June 5, 2015 on World Environment Day. • Also the project contributed to the organization of European Sustainable Energy Week and SUN Dă-I Fest hosted in the week June 15-21, 2015. The event held in the Public Garden Stefan cel Mare in Chisinau was attended by thousands of people, and Sun Dă-I Fest represented a veritable exhibition center for different modern renewable, wind, geo-thermal or biomass energy based technologies. • A concept to create an inter-ministerial SDGE platform was developed and widely discussed, including the creation of a National Commission for Sustainable Development (NCSD). The discussions addressed the following options: 1) NCSD under the aegis of the Presidency, (2) NCSD under the aegis of the Prime Minister, (3) NCSD under the aegis of the Ministry of Economy or of the Minister of Environment. • A joint working group was created by Orders of the Ministry of Economy and Minister of Environment. It is expected that this working group will review all issues regarding the promotion of SDGE, including EFR topics. |
| Outcome 3: Integration of EFR in local and central planning processes: | <ul style="list-style-type: none"> • Targets (year 1): <ul style="list-style-type: none"> - Yearly joint work plan between the UNDP/GEF EFR project and JILD | <ul style="list-style-type: none"> • Building on the established partnership between the EFR project and the Joint Integrated Local Development Programme and in the view of ensuring synergies between the EFR and fiscal decentralization reform, a study on the improvement of the charges system for natural resources was drafted at the request of the MOE working group. The study includes the international experience of the taxation systems for natural resources, examples of good practices of |

| Expected Results | Project Targets | Results (Deliverables) |
|---|---|--|
| <ul style="list-style-type: none"> ● Output 3.1: Sub-Component 3.1: EFR instruments integrated in the decentralization process ● Output 3.2: Sub-Component 3.2: EFR instruments integrated into governmental budgeting and MTEF processes | <ul style="list-style-type: none"> - Assessment of environmental management priorities within the Local Development Strategies - Initiate costing study and financing strategy to implement Rio Conventions ● Targets (year 2): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Complete costing study and financing strategy to implement Rio Conventions ● Targets (year 3): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Comparative analysis of past MTEF with new and improved MTEF prepared by the end of the project to meet Rio Convention targets | <p>the Baltic countries, current situation analysis in Moldova, proposals to improve the system, the action plan and its environmental impact assessment.</p> <ul style="list-style-type: none"> ● The study was presented during a workshop with the participation of representatives of the MOE, MOEco, MOF, MAFI, and relevant subordinated agencies, and LPAs and civil society. Moreover, based on the recommendations of the study and debates, proposals to amend the legislation on natural resources charges were made. ● The project supported the MOE working group in developing the Expenditures Strategy within the medium-term expenditures framework (MTEF) for the years 2016-2018. In this context, an evaluation of existing and relevant policies and strategies for the environment sector and budget analysis of previous programs and sub-programs and the formulation of priorities for the sector expenditure strategies for the period 2016-2018 were done. Also, three budget programs (Environment protection, Water supply and sewerage, Extraction of mineral resources), including 10 sub-domains were developed. The draft of the Sector Expenditure Strategies with the content of programs and subprograms was coordinated and submitted to the Ministry of Finance. ● For the purpose of integrating the environmental aspects in local planning process, 6 pilot towns (Cahul, Calarasi, Ungheni, Soroca, Floresti and Telenesti) and 2 consultancy companies, which will facilitate this process, have been selected. The induction training for the representatives of LPAs and companies was developed in order to ensure a common understanding of environmental integration methodology into strategic and local performance-based budget planning. At least 12 local initiatives to address environmental problems are identified and integrated in the development plans and local budgeting process. As a follow-up, six pilot towns have been assisted to integrate environmental priorities into their local planning process, including the implementation of priorities. The value of grant for each project was 160,000 MDL. The local government contributions vary between 20% and 100%. |

Source: Adapted from progress reports, notes from the Project Team and notes from the evaluation mission to Moldova

96. Nevertheless, when considering the limited resources of this project (GEF grant of USD 510,450), a limited timeline (3 years) and particularly the two limiting factors described above, it is noteworthy that the project delivered this rather long list of deliverables (*see Table 10 above*). As described in this table, the project provided support to a broad range of activities that include several assessments, analyses, studies, stakeholder consultations, development of proposals, collaboration mechanisms (working groups, committees, commissions), as well as training, information material and study tours to raise skills and knowledge of relevant stakeholders, and finally technical assistance to MOE to implement the MTEF guidelines and the related three-year budgetary system at both the central level and local levels with the support to 6 towns, including the granting of one priority project per town (6) (*see Annex 9*).

97. As a result of these numerous activities, Moldova is now better equipped with more valid information on EFR, relevant stakeholders – particularly staff at MOE, MOF and MOEco – with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward. When comparing these results with the expected outputs and outcomes, the project certainly delivered critical results against these expected results. It provided all the assessments, analyses, studies and proposals necessary to “*reform environmentally harmful subsidies, green subsidies, environmental charges and a better functioning NEF*” (outcome 1); it also supported the implementation of “*capacity development (activities) to engage and build consensus among all stakeholders*” (outcome 2); and finally it supported activities to “*Integrate EFR in local and central planning processes*” (outcome 3).

4.3.2. Attainment of Project Objective / Impact

98. The review of project achievements presented in the previous section 4.3.1 reveals that the implementation was successful and met the expected results planned at the outset of the project. Together, these achievements certainly contributed to the attainment of the project objective that 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 effectiveness of the project is rated as *satisfactory*. As said above, Moldova is now equipped with more valid information on EFR, key stakeholders with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward.

99. As discussed in section 4.2.4, the M&E framework to measure the progress made at the objective level was too general and for one indicator (increase of national (budget) allocations to meet CBD, CCD and FCCC targets) was very ambitious in the timeframe of the project. Additionally, no targets were provided at this level and, as a consequence, no reporting of progress was made at this level in the annual PIRs; only referring to progress made at the outcomes level.

100. Nevertheless, the review conducted for this evaluation – particularly the review of delivered results summarized above - reveals numerous project achievements. Based on the previous table 10 above, a summary of key achievements are presented below:

Table 11: Attainment of Project Objective

| Expected Results | Indicators | Key Results |
|--|---|---|
| Project objective: To build capacities for implementing environmental fiscal reforms (EFR) that will produce increased national and global environmental | <ul style="list-style-type: none"> • Demonstrated global environmental benefits through the adoption of EFR instruments related to biodiversity conservation, reducing GHG | <ul style="list-style-type: none"> • Proposal for amending the existing legal framework in the agricultural sector to modernize and green the national subsidy and incentive system in agriculture and promote organic agriculture under the auspice of the President of the Parliament. • Recommendations on subsidies in the energy sector to address the negative impacts of some energy subsidy schemes by revising the tariff policy on energy products, as well as of the provisioning of the nominative compensations. |

| Expected Results | Indicators | Key Results |
|---|---|---|
| benefits through the adoption of selected subsidies, fees, fines, taxes and other appropriate fiscal instruments. | <p>emissions and combating land degradation</p> <ul style="list-style-type: none"> • Capacity development scorecard ratings increase in a consistent manner (initial rating to be established at project inception workshop) • Regulatory and operational guidelines adopted by the EFR commission for 5 EFR instruments addressed by the project: <ul style="list-style-type: none"> ○ Agricultural subsidies scheme/ programme ○ Energy subsidies scheme/ programme ○ Environmental charges ○ Green/environmental subsidies through NEF/LEF ○ New eco-technology subsidies • Medium-Term Expenditure budget reflects increased national allocations to meet CBD, CCD, and FCCC targets | <ul style="list-style-type: none"> • Proposal to amend the legislation on natural resources charges was developed through collaboration with the MOE working group. • Proposal for a management system for the packaging and waste from electronic and electric equipment, including taxes, quantum of fees, as well as economic, financial and environmental impact assessments. • Supported the creation of an expert working group to elaborate recommendations for new environmental charges calculations, collection mechanisms as well as recommendations to revise the legal framework in accordance with the Government Decision (GD) No. 376 of 16 June 2015 and aligned to Article 195 of the Association Agreement EU-Moldova. • Capacity of staff involved in the development of environmental policy was developed following a training needs analysis, the development of a training programme including training material (two training manuals: Role of Economic Instruments in Environmental Policy and Ecological Funds) and the delivery of 2 workshops focusing primarily on the role of economic instruments in environmental policy and application of these to meet the relevant obligations of Moldova and targeting stakeholders at both central and local levels. • Three video toolkits illustrating the environmental fiscal reform benefits focusing on sustainable businesses, sustainable communities, and consumption and were broadcasted on several TV channels during the period August-September 2015. • Analysis of financial instruments to promote eco-technologies in the Republic of Moldova, which was published in Romanian and English and submitted to beneficiaries. • Supported the organization of the International Conference on Environment and Climate Change: from vision to action held on June 5, 2015 on World Environment Day, with the participation of more than 100 representatives of national and international stakeholders. • The website www.green.gov.md was launched during the conference. • Supported the organization of the European Sustainable Energy Week and SUN Da-I Fest hosted in the week of June 15-21, 2015. • Drafted a Government Decision (Order of the Prime Minister) for the creation of a national EFR Commission. • Developed a proposal for an inter-ministerial working group for developing a Sustainable Development and Green Economy (SDGE) platform; which may include EFR issues in the future. • Technical assistance was provided to the MOE Working Group in order to develop its budget for three programmes (Environment protection, Water supply and sewerage, and Extraction of mineral resources) and 10 sub-domains according to the guidelines of the Medium-Term Expenditures Framework (MTEF) for the years 2016-2018. • Supported the integration of environmental aspects in local planning processes in 6 pilot towns (Cahul, Calarasi, Ungheni, Soroca, Floresti and Telenesti); including the development of their three-year budget according to the new MTEF guidelines. |

| Expected Results | Indicators | Key Results |
|------------------|------------|--|
| | | <ul style="list-style-type: none"> Supported the development of 12 local initiatives (2 per town) addressing environmental needs integrated in local development plans and local budgets and co-financed 6 of these initiatives (1 per town). |

101. When comparing these key results with the objective, the project certainly contributed “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 EFR agenda on Moldova was greatly strengthened with more information available, better access to environmental economic instruments, and better skills and knowledge of key stakeholders to undertake environmental fiscal reform activities.

102. However, one part of this objective where the project is falling short is “the adoption of selected subsidies, fees, fines, taxes and other appropriate fiscal instruments”. Most of the activities conducted in this area were concluded as proposals that were submitted to the relevant government authorities (MOE, MOF and MOEco). The project “push” these proposals in various ways to lobby the authorities but the political uncertainty of the last 18 months (three governments, four different Ministers of Environment, 5 Deputy Ministers and two State Secretaries) certainly contributed to a certain status quo on this agenda since 2014. It is now hoped that with a new leadership at MOE (new Minister), the EFR agenda will move forward, including the reform of NEF.

103. One indicator to measure the progress made at the objective level was “capacity development scorecard ratings increase in a consistent manner”. This scorecard consists of a set of 5 capacity results and 15 capacity development indicators assessing the contribution of the project to strengthen Moldova's foundational capacities to meeting global environmental commitments. As a time-series evaluation, this tool was used during the project formulation to set a baseline; it was reviewed during this terminal evaluation. A score of 14 out of 45 was achieved at the formulation stage. The Evaluation Team reviewed this scorecard and obtained a score of 31 out of 45 (see Annex 10). A breakdown of these ratings are given in the table below:

Table 12: Capacity Development Scorecard Ratings

| Partner | Maximum Rating | Rating at Formulation | Rating at Final Evaluation |
|--|----------------|-----------------------|----------------------------|
| Capacities for engagement | 9 | 2 | 7 |
| Capacities to generate, access and use information and knowledge | 15 | 5 | 9 |
| Capacities for strategy, policy and legislation development | 9 | 4 | 6 |
| Capacities for management and implementation | 6 | 2 | 4 |
| Capacities to monitor and evaluate | 6 | 1 | 4 |
| Totals | 45 | 14 | 30 |

104. A rating increase was observed for capacities for engagement. The project supported a good participative approach to proposal and recommendation development. This was translated into more working groups and committees where people from different organizations and government agencies were brought together and are now more inclined to work together. Regarding capacities to generate, access and use information and knowledge, the project supported the creation of knowledge on EFR through assessments, analyses and studies.

This information was much used to develop key proposal and recommendations; it will also be used to move the EFR agenda forward. The rating for capacities for strategy, policy and legislation development was higher but less proportionally as Moldova was rated higher at the formulation stage. For both - capacities for management and implementation and to monitor and evaluate projects and programmes - were also higher at the end of the project. Overall, these ratings results are confirming the contribution made by this project to develop an EFR agenda in Moldova while at the same time institutionalizing these capacities along the way.

Analysis Using the “Theory of Change”

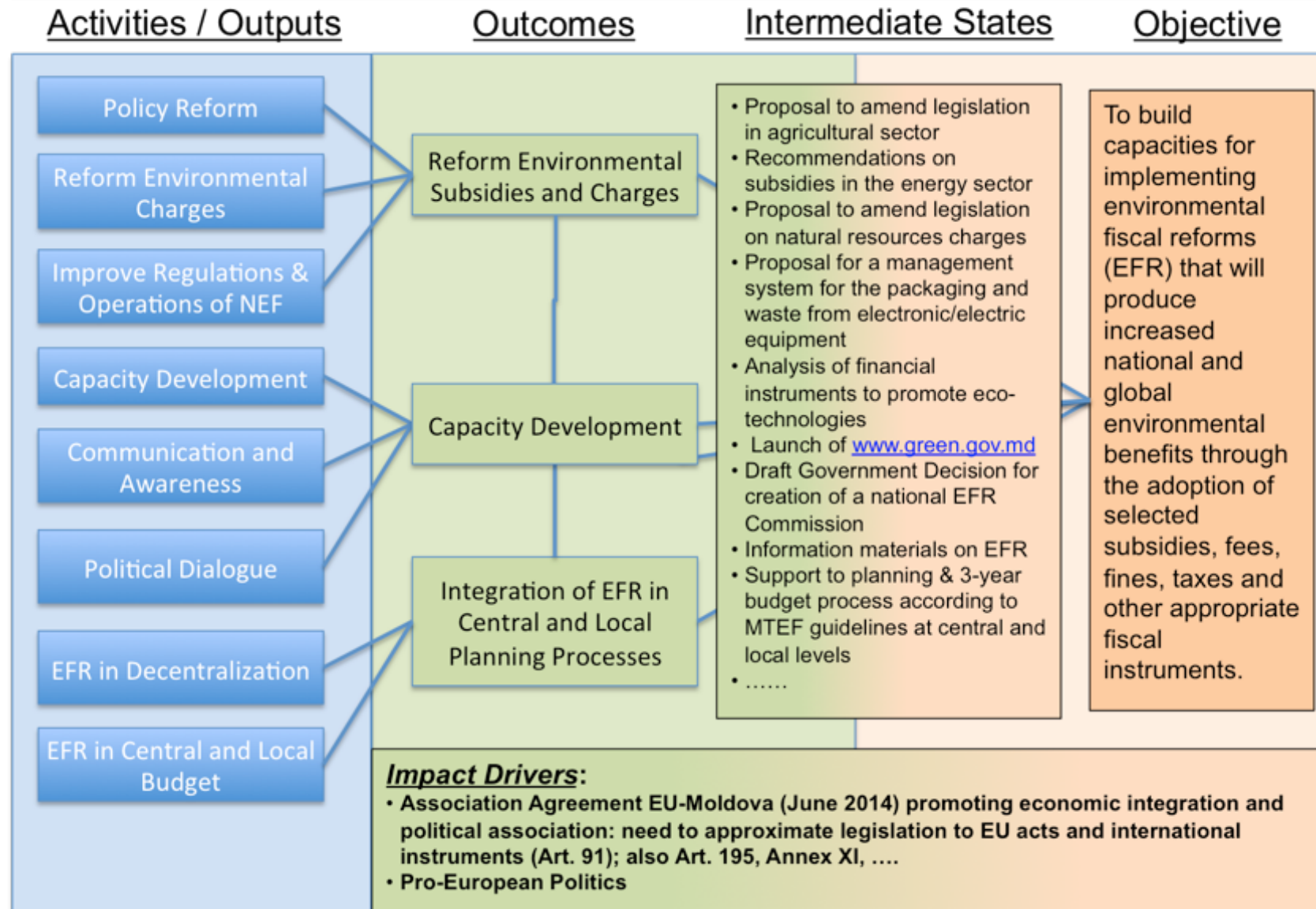
105. As part of this evaluation, the Evaluation Team reviewed the project strategy and its achievements using the GEF “*Theory of Change*” approach⁸. As it was discussed in section 4.1.1 of this report, the chain of results was logical with outputs leading to outcomes, which then would contribute to the objective. The Theory of Change diagram presented on the following page reflects this logical chain of results but also the “*Intermediate States*” that are the achievements of the project so far. These “*Intermediate States*” are in fact the changes that were/are needed in order to achieve the objective. Assessing the project at the end of its cycle, this diagram summarizes the strategy and achievements of the project and confirms its overall logic and its good progress made toward its objective.

106. Another important element in this approach/diagram is the recognition of “*Impact Drivers*” that are drivers for change in the area of EFR in Moldova. The Evaluation Team found two main “*Impact Drivers*”:

- a) The first driver is the existence of the Association Agreement (AA) between Moldova and the EU that was signed in June 2014. This agreement is to promote economic integration and political association. However, as part of this agreement promoting integration/association, Moldova must comply with a series of conditions to align the country’s policies, legislation, standards, norms, etc. with those of the EU. In this regard and as per the AA, Moldova is to harmonize/approximate its environmental legislation with the EU Directives (Acts) and international agreements (AA: Article 91 and Article 97) but also other Articles such as Article 195 on Fees and Charges, which needs to be taken into account when reforming the NEF, Annex XI to Chapter 16 (Environment) and Annex XII to Chapter 17 (Climate Action) stipulating a full range of conditions to be met in the environmental area.
- b) A second driver is the Pro-European politics, which is somewhat related to the first one. As Moldova made EU integration a priority, it is a driver for change since integrating the EU will necessitate the government of Moldova to align its environmental management framework with the EU, including its environmental fiscal aspects.

⁸ The “*Theory of Change*” is an approach that focuses on explaining the process of change by outlining causal linkages in an initiative: its shorter-term, intermediate, and longer-term outcomes. When used at the emergence of a project concept, the “*Theory of Change*” defines long-term goals and then maps backward to identify the necessary preconditions to reach these goals. The identified changes are mapped – as the “*outcomes pathway*” – showing each outcome in logical relationship to all the others, as well as chronological flow. The innovation of this approach lies (1) in making the distinction between desired and actual outcomes, and (2) in requiring stakeholders to model their desired outcomes before they decide on forms of intervention to achieve those outcomes.

Environmental Fiscal Reform (EFR) - Moldova



4.3.3. Relevance

107. As discussed in section 4.1.3, the project was part of an overall government strategy to promote a green economy and sustainable development in Moldova; it is rated as *relevant* for Moldova. Its timing was good; it provided the Government of Moldova with additional resources to develop an EFR agenda.

108. The project has been a response to a national priority that was identified during the National Capacity Self-Assessment (NCSA) conducted in 2004-2005 in Moldova. At that time, this assessment revealed several constraints hampering the implementation of multi-lateral environmental agreements (MEAs) in Moldova; mostly related to environmental taxation. They included: (i) the payment of charges for environmental pollution was not specified within the Tax Code that was approved in 1997; (ii) the land resources market in Moldova was under-developed, thus the market price did not reflect the real economic value of the land; (iii) the level of environmental penalties and compensations for environmental pollution and degradation was very low; and (iv) the state budgetary allocations for environmental protection were inadequate to finance the needed protection measures.

109. Following this assessment, three main priority capacity development needs were identified: (a) implement economic instruments to generate additional revenues for the environmental sector; (b) implement financial instruments to establish additional sources of funding for the environmental sector; and (c) improve the investment climate to increase investments for protecting the environment. As a result, this project was conceptualized and was a direct response to national needs in creating conditions, financial incentives and disincentives, and decreased opportunity costs to undertake actions to meet Rio Convention objectives and ensure their integration within national plans and policies, especially in national taxation and within the decentralization process in Moldova.

110. Additionally, as discussed in the previous section 4.3.2, Moldova signed an Association Agreement (AA) with the EU in June 2014, promoting economic integration and political association. In order to comply with this agreement, Moldova must align its policies, legislation, standards, norms, etc. with those of the EU. Regarding the environmental sector, Moldova is to harmonize/approximate its environmental legislation with the EU Directives (Acts) and international agreements (AA: Article 91 and Article 97) but also other Articles such as Article 195 on Fees and Charges, which needs to be taken into account when reforming the NEF, Annex XI to Chapter 16 (Environment) and Annex XII to Chapter 17 (Climate Action) stipulating a full range of conditions to be met in the environmental area. In order to plan the needs for compliance, an Action Plan for the implementation of the AA was drawn up for the years 2014-2018. It includes a long series of measures to be implemented during this timeframe, including measures to comply with Article 91, 97, 195 and more generally measures to comply with Annex XI and XII. Considering this Agreement and this Action Plan, the project was fully relevant for Moldova to support the government in harmonizing its environmental legislation, particularly legislation related to environmental taxation and regulations of the NEF.

111. The project was also *relevant* for UNDP in Moldova as it is well aligned with UNDP's Country Programme 2013-2017 and the UNPF 2013-2017. It has particularly contributed to the expected outcome 3.1 that is to "*improve environmental management in increased compliance with international and regional standards*". Under this outcome, the UNPF stated that the UN system would provide support to reform and modernize its environmental management system, including the development and use of market-based instruments and fiscal mechanisms for environmental management.

4.3.4. Efficiency

112. As discussed in other sections above, the management of the project was good; its efficiency is rated as *satisfactory*. The Project Implementation Team followed the Government of Moldova and UNDP procedures for implementing the project and used adaptive management to secure project deliverables while maintaining

adherence to the overall project design. Annual work plans were developed with a corresponding budget to guide the implementation. An efficient implementation team was in place and stakeholders were engaged in the implementation of project activities.

113. The Evaluation Team particularly noted that an efficient implementation team was in place for the second half of the project, detailed work plans were guiding the implementation, assignments were conducted with the required participation of relevant stakeholders and the project progress was well monitored. Adaptive management was used regularly to adapt to a constantly changing environment, particularly the political environment with four different governments over the lifetime of the project, and including several changes at the Ministry of Environment with four different Ministers, 5 Deputy Ministers and two State Secretaries in the last 18 months. Adaptive management was also used as a mechanism to respond to stakeholders' needs and priorities and address issues at hand, including finding ways to "push" the government to approve and endorse the proposed reforms developed with the support of the project to revise the pollution charges and reform the NEF and its operations.

114. However, it was also noted that the implementation of the project had a difficult first half; very limited progress was made during the first 18 months of implementation. It is well illustrated by the disbursement profile of the GEF grant with respectively only about 10% the first year (2012) and just over 7% the second year (2013) of the total grant was disbursed. Following an internal review by the Project Board, a new PM was hired in January 2014 with excellent credentials. It was an important and critical decision that allowed the project implementation to get back on track and, through fast-track operations to catch up with the planned implementation timeline and, as a result, the project delivered most of the planned activities.

115. In parallel to the change of PM, adaptive management was also used when the PB decided to request a time extension of 9 months for the project at the June 20, 2014 PB meeting. Due to a very low disbursement during the first 2 years of the project, the project was not in a position to achieve its objective and to disburse its budget after 36 months of operation. Furthermore, following the Parliamentary election that took place in November 2014 and a change of government, there was a risk of delays of some project activities, particularly those related to the reform of the NEF and the reform of the agriculture and energy subsidies. Considering that the project financial resources were available for a 9-month-extension, the request was granted by UNDP-GEF and allowed the project to complete its schedule of activities by September 2015.

116. Despite the fact that a limited focus was on gender considerations in the project document (*see Section 4.1.1*), the Project Team did monitor and report on gender equality in the PIRs. A gender assessment was carried out in 2013 and a gender sensitive approach was adopted throughout the implementation of the project. It included a particular attention to the participation of women in consultations conducted when developing policy and regulatory proposals, as well as women's participation when conducting strategic planning and budgeting processes at the local level. At this level, gender-disaggregated data on women participation was collected and analyzed within the context of the development of local environment priorities, which included a strong gender-focus.

117. Finally, despite an overall satisfactory efficiency to implement this project, the Evaluation Team noted that the M&E formulated in the project document was not an adequate framework to measure the project's performance. The cumbersome non-SMART indicators and targets limited the Project Team to use a good project performance measuring framework and provide valuable progress information on the project clearly indicating the progress in reaching the objective. Nevertheless, despite a less-than-average progress reporting, the Project Team implemented the project efficiently.

4.3.5. Country Ownership

118. As discussed in other sections of this report, the country ownership is excellent. The project addressed key national priorities; it was designed on the basis of a good assessment (NCSA); and key national partners have been totally engaged in project-supported activities. It became *de facto* the EFR programme in Moldova implemented by key government departments including MOE, MOF and MOEco and the Local Governments in 6 pilot towns (Cahul, Calarasi, Ungheni, Soroca, Floresti and Telenesti).

119. The timing of the project was also good. As discussed in previous sections, it provided the Government of Moldova with extra resources to develop a national EFR agenda. At the end of the project, Moldova is now better equipped with more valid information on EFR, relevant stakeholders – particularly staff at MOE, MOF and MOEco – with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward. It is expected that this good country ownership will contribute to the long-term sustainability of project achievements.

4.3.6. Sustainability

120. The prospects for the long-term sustainability of project achievements are good; it is rated as *likely sustainable*. The project was a direct response to national priorities (NCSA) and highly relevant in the context of an overall government strategy to promote a green economy and sustainable development in Moldova. As discussed in section 4.3.1, the project definitely contributed to moving the EFR agenda forward; it strengthened Moldova's capacity with more information available on EFR, access to environmental economic instruments, and better skills and knowledge of key stakeholders to pursue environmental fiscal reform activities. It is anticipated that the government will continue with its EFR agenda in the foreseeable future using the various outputs of the project as a basis for implementing these reforms. Therefore, project achievements should be sustained in the medium-term and used as a base to continue the reform process of environmental taxation, charges and regulations of the NEF.

121. The Evaluation Team also noted the good sustainability strategy documented in the project document. It recognized that environmental fiscal reform falls within the field of public finance management, requiring very specialized skills. As a result, in order for the project to achieve its expected outcomes – including the sustainability of these results in the long-term - the project was to institutionalize the availability and access to this expertise within key organizations such as MOE, MOF, MOEco, MAFI and ANRE as well as Local Administrations. The strategy was also to develop fiscal measures that will be applied and tested in two particular sectors and a particular sub-region in Moldova; including training on the interpretation of fiscal policy and measures, calculation of fines, improving access to data to calculate fines, improved collection of fines, and improved transparency of finance management.

122. Furthermore, it stated that specialized expertise that meets internationally accepted standards was to be secured to ensure quality choices of fiscal measures, and designed in such a way as to be adaptable to changing socio-economic and political realities. It was also anticipated the sharing of similar experiences with other countries in the region and the development of user-friendly manuals and guidelines on EFR, which were used to provide training to a large complement of staff that was responsible for EFR in their respective organizations. It was also anticipated that these manuals and guidelines would become EFR references in Moldova. This is the approach what was taken for implementing the project; it will contribute to the long-term sustainability of project achievements.

123. Overall, the project was well aligned with national priorities and due to a good national ownership and an excellent implementation approach, the Evaluation Team found that achievements of the project are likely to be sustained over the long-term after the project end. As stated in the sustainability strategy described in the project document, the EFR project facilitated the government's long-term commitment to environmental fiscal reform, including the development of the supporting policy/programmatic framework. Capacities were strengthened and should be used in the future to pursue reforms of environmental taxation, charges as well as

regulations of NEF.

Financial risk

124. The review did not find any particular financial risks to the sustainability of project outcomes; it is rated as *likely sustainable*. The project supported activities to develop an EFR agenda in Moldova. The ultimate aim is to reform selected subsidies, fees, fines, taxes and other appropriate fiscal instruments as well as reform the regulations to improve the performance of NEF in order to increase global environmental benefits. As a result, project achievements should have positive environmental impacts over the medium and long-term in Moldova.

Socio-economic risk

125. When reviewing the sustainability of project achievements, socio-economic risk is the main area where questions related to the long-term sustainability of project achievements need some discussions. The project was about reforming the environmental taxation, environmental charges, and reforming NEF regulations. As of the time of this evaluation, no reforms have been implemented yet but several proposals are on “ministries’ desks” for further actions. Considering that the ultimate aim of the project and of the EFR agenda in Moldova in general is about reforming selected subsidies, fees, fines, taxes and other appropriate fiscal instruments, it may have socio-economic impacts, including negative impacts. However, this risk should be mitigated with a careful implementation of these reforms; it is rated as *moderately likely sustainable*.

Institutional framework and governance risk

126. Project activities were implemented with a strong collaboration and participative approach among key ministries such as MOE, MOF, MOEco and MAFI and other organizations. As discussed above, the sustainability of project achievements will benefit from a good country ownership. As a direct response to national priorities, the project supported the development of an EFR agenda in Moldova led by these ministries. In section 4.3.2, the Evaluation Team also identified one particular strong driver to move this agenda forward; the implementation of the Association Agreement with the EU. It is strongly anticipated that the government will continue to implement this EFR agenda in the foreseeable future and, therefore, these project achievements should be used in the medium-term to implement these reforms; their sustainability with regards to institutional framework and governance matters is rated as *likely sustainable*.

Environmental risk

127. The review did not find any particular environmental risks to the sustainability of project outcomes; it is rated as *likely sustainable*. With the support of the project, Moldova is now better equipped with more valid information on EFR, relevant stakeholders – particularly staff at MOE, MOF and MOEco – with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward. Considering that the ultimate contribution of the project is to increase global environmental benefits, achievements of the project should have positive environmental impacts over the medium and long-term.

4.3.7. Mainstreaming

128. The review of project achievements indicates that most of them are already mainstreamed; that is these results reside with stakeholders, government programmes and strategies. Due to the nature of this project, the project would not have succeeded in implementing its activities without a strong engagement and collaboration among stakeholders. Indeed, these key organizations fully supported the development of studies, analyses, assessments, etc. and participated in the identification of recommendations and proposals. Through the process, most of these achievements have been institutionalized along the life of the project.

129. This project – as a direct response to national priorities and with limited resources and time – was to initiate a national EFR agenda and not fully implement an EFR agenda. It contributed to building foundations for reforming environmental taxation, environmental charges and reforming the NEF regulations. It has been

a good first step in supporting the development in parallel of a policy/programmatic framework for EFR and of the necessary capacities to move this agenda forward. As discussed in the next section 4.3.8, the project was a major catalyst to initiate this EFR agenda.

130. In the meantime, the Evaluation Team also noted that achievements under outcome 3 primarily focused on mainstreaming environmental programmes into public budgets. The project supported this mainstreaming in two areas at MOE (central level) with technical assistance support to implement the new three-year budget system according to the MTEF guidelines and in 6 towns across Moldova to demonstrate this new budgetary approach at the local level, including the implementation of environment programmes. Overall, it is a first step of a process that will take a longer time to be completed/mainstreamed throughout the central and local government systems. All observations and views collected during this evaluation indicate that the mainstreaming of environmental programmes into public budgets according to the MTEF guidelines should be pursued in the future.

4.3.8. Catalytic Role

131. Using a definition of the catalytic role of projects used by the Global Environment Facility (GEF), the aim is that such funded projects will attract additional resources, pursue strategies that have a greater result than the project itself, and/or accelerate a process of development or change. The review of the catalytic role of the EFR project is to consider the extent to which the project has demonstrated: a) production of a public good, b) demonstration, c) replication, and d) scaling up.

132. Considering the discussions above about the results of this project, the EFR project has had an excellent catalytic role. Using the definition above, the project produced public goods with the provision of assessments, analyses, studies, recommendations, proposals, support to develop a new budget system, capacity development activities, etc. It initiated a national EFR agenda; it contributed to building foundations for reforming environmental taxation, environmental charges and reforming the NEF regulations. Moldova is now equipped with more valid information on EFR, relevant stakeholders – particularly staff at MOE, MOF and MOEco – with better skills and knowledge on EFR and environmental fiscal instruments available to the government to move the EFR agenda forward. The project is ending but the EFR agenda is staying with key organizations and will continue to move forward.

133. As an indication of this catalytic role and an indication that the EFR agenda will continue to move forward, it is important to note that as per a Cabinet Decision No 376 of June 16, 2015, an inter-ministerial working group was recently formed to review the Law 1540 on environmental charges, including the environmental pollution payments and the regulations of NEF. This working group was tasked to propose to the government necessary changes to update the Law 1540 with a 4-month timeframe and including the necessity that these proposed changes be aligned/comply with Article 195 on “*Fees and Charges*” of the Association Agreement with the EU. The process is ongoing at the time of this evaluation.

134. Another example of this catalytic role is a recently developed concept note for a project to “*enhance an enabling environment for energy efficiency in the context of climate change and fuel poverty*”. The estimated starting date is June 2016 and USD 120,000 is to be funded by the Ministry of Foreign Affairs of Romania. The project goal is to “*improve the policy framework for sustainable energy in the context of climate change mitigation and adaptation*”. Its intervention will be mostly at the policy level with the aim of unlocking investment potential in energy efficiency (EE) building retrofits and sustainable energy consumption. Under the first expected outcome, that is “*to promote legal amendments for sustainable energy through energy efficiency measures in buildings and introduce a policy focus on fuel poverty*”, the project will support the set-up of an inter-ministerial committee and advocate the legal amendments to support EE investments in building and fuel poverty. This proposed activity has a direct link and is a continuation of the work conducted by the EFR project to set up an inter-ministerial EFR Commission.

5. LESSONS LEARNED

135. A summary of lessons learned is presented below. These are based on the review of project documents, interviews with key informants and analysis of the information collected:

- Environmental fiscal reform falls within the field of public finance management and calls for the development of fiscal measures that reflect and respond to socio-economic and political realities. As a result, these projects have an inherent political risk. A 3-year project timeframe is too short; it does not provide any time contingency for political risk linked to elections, change of government, and change of Ministers.
- A project that is highly relevant, responding to national needs and priorities, is often highly effective in its implementation and enjoys good country ownership.
- Considering that it is necessary to use very specialized skills for this type of project, it is also critical that assessments, analyses, studies, recommendations and proposals be developed in close collaboration and participation of key stakeholders to “ground” these outputs to local realities.
- Performance indicators (with their respective baselines and targets) are particularly needed at the outcome and objective levels. It guides the project monitoring function and lead the project implementation team to focus on high level expected results and is more conducive for a results-based management (RBM) approach as opposed to a management by activity.
- A mid-term review is particularly useful when some issues exist on a project but less useful when the project implementation goes well. It provides an opportunity to the Project Board to review the progress as seen by independent reviewers and question the potential delays, issues and other concerns that may hamper the progress of the project to meet its targets.
- A flexible project using adaptive management is a necessary management mechanism to be able to respond to stakeholders’ needs and priorities. It provides the project with the capacity to adapt to changes, including disruptive events and yet keep its overall efficiency and effectiveness.
- In addition to capacity development and technical assistance, a project procuring tangible deliverables that are selected by stakeholders (such as the environmental projects granted in the 6 selected towns) brings tangible results to stakeholders and beneficiaries with positive direct and immediate impacts on them. It contributes to a strong participation of stakeholders and beneficiaries in project activities and overall to a better effectiveness of project activities.
- The application of the UNDP NIM modality is an effective management tool to develop 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 be identified during the formulation of the project. Once it is part of the project strategy and of the monitoring framework, mainstreaming gender considerations becomes part of the implementation of the project as well as part of reporting project progress.

Annex 1: Terms of Reference

TERMINAL EVALUATION TERMS OF REFERENCE

INTRODUCTION

In accordance with UNDP and GEF M&E policies and procedures, all full and medium-sized UNDP support GEF financed projects are required to undergo a terminal evaluation upon completion of implementation. These terms of reference (TOR) sets out the expectations for a Terminal Evaluation (TE) of the project *Strengthening capacities to undertake environmental fiscal reform to meet national and global environmental priorities*

The essentials of the project to be evaluated are as follows:

PROJECT SUMMARY TABLE

| Project Title: | Strengthening capacities to undertake environmental fiscal reform to meet national and global enviro | | | |
|---|--|--|--------------------------------------|--------------------------------------|
| GEF Project ID: UNDP-GEF PIMS: | 4183 4379 | | <u>at endorsement (US\$)</u> | <u>at completion (US\$)</u> |
| UNDP proj. num.: Atlas Project ID: Atlas Output ID: | 78482 61741 | GEF financing: | 510,450 | 510,450 |
| Country: | Republic of Moldova | IA/EA own: | 110,000 | 110,000 |
| Region: | Europe and CIS | Government (in kind): | 250,000 | |
| Focal Area: | Multi Focal Area | Other: OECD (in kind) UNDP (in kind) | 200,000 50,000 | |
| FA Objectives, (OP/SP): | SP1 | Total co-financing: | 610,000 (incl. 500,000 in kind) | 610,000 (incl. 500,000 in kind) |
| Executing Agency: | Ministry of Environment | Total Project Cost: | 1,120,450 (incl. 500,000 in kind) | 1,120,450 (incl. 500,000 in kind) |
| Other Partners involved: | OECD, Local public Authorities | ProDoc Signature (date project began): | | 28.10.2011 |
| | | (Operational) Closing Date: | Proposed: 31 December 2014 | Actual: 31 September 2015 |

OBJECTIVE AND SCOPE

The project was designed 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 will focus on creating conditions, financial incentives and disincentives, and decreased opportunity costs to undertake actions that deliver global environmental outcomes. The expected outcome is that EFR will be adopted as an important element of Moldova's development policy, whereby improved fiscal and financial instruments and their use would strengthen regulatory and other approaches to environmentally sound and sustainable development, with a particular emphasis of meeting obligations under the three Rio Conventions. The project will also contribute to and complement a broader national decentralization reform process, including policy planning at the national level, redesigning of competencies and responsibilities of local and sub-national governments and reforming local government revenue systems. In order to reach Government of Moldova's objective, the project will adopt a focused and comprehensive strategy composed of three main components: (1) Reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors, (2) Capacity development for EFR to build consensus among concerned stakeholders, and (3)

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

The Terminal Evaluation will be conducted according to the guidance, rules and procedures established by UNDP and GEF as reflected in the UNDP Evaluation Guidance for GEF Financed Projects.

The objectives of the evaluation are to assess the achievement of project results, and to draw lessons that can both improve the sustainability of benefits from this project, and aid in the overall enhancement of UNDP programming.

EVALUATION APPROACH AND METHOD

An overall approach and method⁹ for conducting project terminal evaluations of UNDP supported GEF financed projects has developed over time. The evaluator is expected to frame the evaluation effort using the criteria of **relevance, effectiveness, efficiency, sustainability, and impact**, as defined and explained in the [UNDP Guidance for Conducting Terminal Evaluations of UNDP-supported, GEF-financed Projects](#). A set of questions covering each of these criteria have been drafted and are included with this TOR ([Annex C](#)). The evaluator is expected to amend, complete and submit this matrix as part of an evaluation inception report, and shall include it as an annex to the final report.

The evaluation must provide evidence-based information that is credible, reliable and useful. The evaluator is expected to follow a participatory and consultative approach ensuring close engagement with government counterparts, in particular the GEF operational focal point, UNDP Country Office, project team, UNDP GEF Technical Adviser based in the region and key stakeholders. The evaluator is expected to conduct a field mission to *Chisinau, Republic of Moldova*, including the following project pilot towns - *Ungheni and Telenesti*. Interviews will be held with the following organizations and individuals at a minimum:

- *UNDP Moldova CO*
- *Ministry of Environment*
- *Ministry of Economy*
- *Ministry of Agriculture and Food Industry*
- *Ministry of Finance*
- *Local Public Authorities from Telenesti and Ungheni towns*
- *NGO "Ecological Movement of Moldova" and/or other NGO's.*

The evaluator will review all relevant sources of information, such as the project document, project reports – including Annual APR/PIR, project budget revisions, progress reports, project files, national strategic and legal documents, and any other materials that the evaluator considers useful for this evidence-based assessment. A list of documents that the project team will provide to the evaluator for review is included in [Annex B](#) of this Terms of Reference.

EVALUATION CRITERIA & RATINGS

An assessment of project performance will be carried out, based against expectations set out in the Project Logical Framework/Results Framework (see [Annex A](#)), which provides performance and impact indicators for project implementation along with their corresponding means of verification. The evaluation will at a minimum cover the criteria of: **relevance, effectiveness, efficiency, sustainability and impact**. Ratings must be provided on the following performance criteria. The completed table must be included in the evaluation executive summary. The obligatory rating scales are included in [Annex D](#).

| Evaluation Ratings: | | | |
|------------------------------|--------|--------------------------------|--------|
| 1. Monitoring and Evaluation | rating | 2. IA& EA Execution | rating |
| M&E design at entry | | Quality of UNDP Implementation | |

⁹ For additional information on methods, see the [Handbook on Planning, Monitoring and Evaluating for Development Results](#), Chapter 7, pg. 163

| | | | |
|----------------------------------|---------------|---|---------------|
| M&E Plan Implementation | | Quality of Execution - Executing Agency | |
| Overall quality of M&E | | Overall quality of Implementation / Execution | |
| 3. Assessment of Outcomes | rating | 4. Sustainability | rating |
| Relevance | | Financial resources: | |
| Effectiveness | | Socio-political: | |
| Efficiency | | Institutional framework and governance: | |
| Overall Project Outcome Rating | | Environmental : | |
| | | Overall likelihood of sustainability: | |

PROJECT FINANCE / COFINANCE

The Evaluation will assess the key financial aspects of the project, including the extent of co-financing planned and realized. Project cost and funding data will be required, including annual expenditures. Variances between planned and actual expenditures will need to be assessed and explained. Results from recent financial audits, as available, should be taken into consideration. The evaluator(s) will receive assistance from the Country Office (CO) and Project Team to obtain financial data in order to complete the co-financing table below, which will be included in the terminal evaluation report.

| Co-financing (type/source) | UNDP own financing (mill. US\$) | | Government (mill. US\$) | | Partner Agency (mill. US\$) | | Total (mill. US\$) | |
|-------------------------------|------------------------------------|--------|----------------------------|--------|--------------------------------|--------|-----------------------|--------|
| | Planned | Actual | Planned | Actual | Planned | Actual | Actual | Actual |
| Grants | | | | | | | | |
| Loans/Concessions | | | | | | | | |
| • In-kind support | | | | | | | | |
| • Other | | | | | | | | |
| Totals | | | | | | | | |

MAINSTREAMING

UNDP supported GEF financed projects are key components in UNDP country programming, as well as regional and global programmes. The evaluation will assess the extent to which the project was successfully mainstreamed with other UNDP priorities, including poverty alleviation, improved governance, the prevention and recovery from natural disasters, and gender.

IMPACT

The evaluators will assess the extent to which the project is achieving impacts or progressing towards the achievement of impacts. Key findings that should be brought out in the evaluations include whether the project has demonstrated: a) verifiable improvements in ecological status, b) verifiable reductions in stress on ecological systems, and/or c) demonstrated progress towards these impact achievements.¹⁰

CONCLUSIONS, RECOMMENDATIONS & LESSONS

The evaluation report must include a chapter providing a set of **conclusions**, **recommendations** and **lessons**.

IMPLEMENTATION ARRANGEMENTS

The principal responsibility for managing this evaluation resides with the UNDP CO in the Republic of Moldova. The UNDP CO will contract the evaluators and ensure the timely provision of per diems and travel arrangements within the

¹⁰ A useful tool for gauging progress to impact is the Review of Outcomes to Impacts (ROtI) method developed by the GEF Evaluation Office: [ROtI Handbook 2009](#)

country for the evaluation team. The Project Team will be responsible for liaising with the Evaluators team to set up stakeholder interviews, arrange field visits, coordinate with the Government etc.

EVALUATION TIMEFRAME

The total duration of the evaluation will be 20 days according to the following plan:

| Activity | Timing | Completion Date |
|--------------------------------|--------|-----------------|
| Preparation | 4 days | July 20 |
| Evaluation Mission | 6 days | August 10 – 15 |
| Draft Evaluation Report | 8 days | September 1 |
| Final Report | 2 days | September 10 |

EVALUATION DELIVERABLES

The evaluation team is expected to deliver the following:

| Deliverable | Content | Timing | Responsibilities |
|---------------------------|--|--|--|
| Inception Report | Evaluator provides clarifications on timing and method | No later than 2 weeks before the evaluation mission. | Evaluator submits to UNDP CO |
| Presentation | Initial Findings | End of evaluation mission | To project management, UNDP CO |
| Draft Final Report | Full report, (per annexed template) with annexes | Within 3 weeks of the evaluation mission | Sent to CO, reviewed by RTA, PCU, GEF OFPs |
| Final Report* | Revised report | Within 1 week of receiving UNDP comments on draft | Sent to CO for uploading to UNDP ERC. |

*When submitting the final evaluation report, the evaluator is required also to provide an 'audit trail', detailing how all received comments have (and have not) been addressed in the final evaluation report.

TEAM COMPOSITION

The evaluation team will be composed of one international and one national evaluator. The consultants shall have prior experience in evaluating similar projects. Experience with GEF financed projects is an advantage. The international evaluator will be designated as the team leader and will be responsible for finalizing the evaluation report. The evaluators selected should not have participated in the project preparation and/or implementation and should not have conflict of interest with project related activities.

EVALUATOR ETHICS

Evaluation consultants will be held to the highest ethical standards and are required to sign a Code of Conduct (Annex E) upon acceptance of the assignment. UNDP evaluations are conducted in accordance with the principles outlined in the [UNEG 'Ethical Guidelines for Evaluations'](#).

DUTIES AND RESPONSABILITIES OF EVALUATION TEAM

International Expert

- Desk review of documents, development of draft methodology, detailed work plan and TE outline;
- Debriefing with UNDP CO, agreement on the methodology, scope and outline of the TE report;

- Interviews with project implementing partner (executing agency), relevant Government, NGO and donor representatives and UNDP/GEF Regional Technical Advisor;
- Field visit to the pilot project site (Ungheni and Telenesti) and interviews with local stakeholders;
- Elaboration of a summary matrix of the project implementation key findings based on interviews and site visits performed;
- Debriefing with UNDP and project implementing partner;
- Development and submission of the first TE report draft. The draft will be shared with the UNDP CO, UNDP/GEF (UNDP/GEF RCU Istanbul) and key project stakeholders for review and commenting;
- Finalization and submission of the Response Grid;
- Finalization and submission of the final TE report through incorporating suggestions received on the draft report;
- Supervision of the work of the national expert (during entire evaluation period).

National Expert

- Collection of background materials upon request by International Expert/ TE Team Leader;
- Provision of important inputs in developing methodologies, work plans and MTE report outlines upon request by International Expert/ TE Team Leader;
- Assistance to the International Expert/ TE Team Leader in desk review of materials;
- Assistance to the International Expert/ TE Team Leader in developing the mission agenda and establishing meeting with relevant stakeholders;
- Participation in debriefings with UNDP CO representatives, project team and project implementing partners;
- Assistance to the International Expert/ TE Team Leader in conducting interviews with relevant stakeholders;
- Field visit and assistance to the International Expert/ TE Team Leader in interviewing local stakeholders at project sites;
- Assist the International Expert/ TE Team Leader in elaboration of a summary matrix of the project implementation key findings based on interviews and site visits performed;
- Assistance to the International Expert/ TE Team Leader in developing the first draft of the TE report. The draft will be shared with the UNDP CO, UNDP/GEF (UNDP/GEF RCU Istanbul) and key project stakeholders for review and commenting;
- Elaboration of the Draft Response Grid based on comments made by UNDP CO, UNDP/GEF (UNDP/GEF RCU Istanbul) and key project stakeholders;
- Assistance to the International Expert/ TE Team Leader in finalization of the Final Terminal Evaluation Report.

PAYMENT MODALITIES AND SPECIFICATIONS

The International consultant will be hired for maximum 20 days under Individual Contract (IC) with maximum 14 days of home-based work and maximum 6 days of mission to Moldova. DSA payments will be made based actual days spent in Moldova in according to local DSA rate. Fee payments will be made based on following milestones:

| % | Milestone |
|-----|--|
| 20% | At contract signing |
| 50% | Following submission and approval of the 1ST draft terminal evaluation report |
| 30% | Following submission and approval (UNDP-CO and UNDP RTA) of the final terminal evaluation report |

REQUIRED QUALIFICATIONS AND COMPETENCIES

The International Evaluator must present the following qualifications:

- Master's degree in Public Finance, Environmental management or other related areas;
- 7 years of working experience in providing management or consultancy services to the multi focal area projects, preferably in environmental planning and management;

- Experience in monitoring and evaluating environmental projects for UN or other international development agencies (at least one project);
- Sound knowledge in results-based management (especially results-oriented monitoring and evaluation);
- Experience in GEF multi focal area project design, technical consultancy or evaluation will be an asset.

Competencies:

- Ability to critically analyze issues, find root-causes and suggest optimum solutions;
- Ability to interact with a wide range of partners: government officials, development agencies and etc.;
- Fluent in English both written and spoken; Knowledge of Russian or Romanian will be a strong asset;
- Excellent team working and management skills.

CV and/or P11 should provide evidence on the above mentioned qualifications and competencies.

APPLICATION PROCESS

Applicants are requested to apply online (<http://jobs.undp.org> and http://www.undp.md/jobs/current_jobs) by June 30. Individual consultants are invited to submit applications together with their CV for these positions. The application should contain a current and complete C.V. in English with indication of the e-mail and phone contact. Shortlisted candidates will be requested to submit a price offer indicating the total cost of the assignment (including daily fee, per diem and travel costs).

UNDP applies a fair and transparent selection process that will take into account the competencies/skills of the applicants as well as their financial proposals. Qualified women and members of social minorities are encouraged to apply.

TOR-ANNEX A: PROJECT LOGICAL FRAMEWORK

| Objectives | Indicators | Means of verification | Key assumptions/comments |
|---|--|---|--|
| Project Objective 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. | <ul style="list-style-type: none"> ▪ Demonstrated global environmental benefits through the adoption of EFR instruments related to biodiversity conservation, reducing GHG emissions and combating land degradation ▪ Capacity development scorecard ratings increase in a consistent manner (initial rating to be established at project inception workshop) ▪ Regulatory and operational guidelines adopted by the EFR commission for 5 EFR instruments addressed by the project: <ol style="list-style-type: none"> 1) agricultural subsidies scheme/programme, 2) energy subsidies scheme/programme, 3) environmental charges; 4) green/environmental subsidies through NEF/LEF; 5) new eco-technology subsidies ▪ Medium-Term Expenditure budget reflects increased national allocations to meet CBD, CCD, and FCCC targets | <ul style="list-style-type: none"> ▪ Three case studies are published based the lessons learned related to improved national financing for CBD, CCD, and FCCC implementation through the EFR in Moldova ▪ Capacity Scorecard applied at project inception and as part of the mid-term and final evaluations ▪ Recommendations for legislative texts and technical guidelines elaborated and submitted for political debate and adoption ▪ Comparative analysis of past MTEF with new and improved MTEF prepared by end of the project | <ul style="list-style-type: none"> ▪ Political and economic stability ▪ Concerned stakeholders adopt and enforce EFR recommendations as part of the Environment Law and Tax Code ▪ Eco-technology investments are viable in Moldova ▪ MoE engage in NEF/LEFs restructuring ▪ MoE engage in eco- charges reform |
| Component 1: Reform of environmentally harmful subsidies, green subsidies as well as environmental charges | | | |
| Sub-component 1.1: Introduce policy reform in the area of environmentally harmful subsidies | <ul style="list-style-type: none"> ▪ Feasibility of reform proposals to energy pricing and subsidies and adoption of appropriate legal amendments and implementation measures is confirmed ▪ Feasibility of reform proposals to agricultural subsidies and adoption of appropriate legal amendments and implementation measures is confirmed | <ul style="list-style-type: none"> ▪ Level of VAT rates, excise tax rates and import duties on energy products (and other possible pricing factors) after reform implementation ▪ Identification of options for greening and reforming current agricultural subsidies, focusing on the development of new markets | <ul style="list-style-type: none"> ▪ Readiness and willingness of concerned ministries (especially ministers responsible for environment, agriculture and energy) and subordinated institutions to implement good international practice ▪ Proposed EFR instruments and reform can effectively be based on national policies and linked to relevant EU environmental policy (for example, there is no comprehensive environmental policy at the moment that could, among others, outline steps towards EU approximation) |
| Sub-Component 1.2: Reform of environmental charges and facilitation of eco-technology investments | <ul style="list-style-type: none"> ▪ Feasibility of reform proposals for several environmental charges currently in force is confirmed ▪ Number of identified eco-technologies that have true potential to be mainstreamed in Moldova ▪ Readiness of eco-technology investment scheme for implementation | <ul style="list-style-type: none"> ▪ Identification of policy and legal options for environmental charges including considering environmental, economic and fiscal effects ▪ Market analysis of current (financing) markets for several groups and types of eco-technology solutions that could be mainstreamed in Moldova | |

| Objectives | Indicators | Means of verification | Key assumptions/comments |
|--|--|---|--|
| Sub-Component 1.3: Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs) | <ul style="list-style-type: none"> Implementation of good international practice in managing public environment expenditure programmes applied to NEF/LEF management, especially the areas governance, spending strategies, project cycle management, procurement and reporting/promotion | <ul style="list-style-type: none"> Procedures for project cycle management (PCM) for 2-3 main spending areas; Procurement procedures in line with relevant domestic and EU procurement legislation/practice Short and long-term spending strategy of NEF/LEFs Revised statutes of the NEF/LEFs Website of NEF/LEFs | |
| Component 3: Integration of EFR in local and central planning processes | | | |
| Sub-Component 3.1: EFR instruments integrated in the decentralization process | <ul style="list-style-type: none"> A common coordination work plan with the Joint Integrated Local Development Programme (JILDLP) developed Regular meetings of the Sub-group under the working group Financial Decentralization were held Identification of environmental management priorities within the Local Development Strategies took place Greening JILDLP's Performance Based Budgeting system to address local environmental priorities | <ul style="list-style-type: none"> Yearly joint work plan between the UNDP/GEF EFR project and JILDLP Minutes of meeting of Sub-group under the working group Financial Decentralization Assessment of environmental management priorities within the Local Development Strategies Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system MoE reports confirming stabilized or increased budget allocations and spending on national and global environmental priorities Costing study and financing strategy to implement Rio Conventions Comparative analysis of pre-existing MTEF with MTEF that is strengthened under the project to meet Rio Convention targets | <ul style="list-style-type: none"> Cooperation with the Joint Integrated Local Development Programme (JILDLP) is supported by the State Chancellery and MoE Pilot LPAs within the JILDLP accept to engage in the identification of policy and legal options for collection and distribution of taxes at decentralized level for environmental management Effective and efficient cooperation between Ministry of Finance and Ministry of Environment as well as other relevant line ministries can be established There is a sufficiency of human resources within the various government agencies that can absorb the green budgeting and planning training provided, and translate these into high calibre financial strategies and plans. |
| Sub-Component 3.2: EFR instruments integrated into governmental budgeting and MTEF processes | <ul style="list-style-type: none"> Budget and MTEF planning is effectively greened in line with good international practice Increased and improved budget allocations and investment finance for biodiversity conservation, addressing climate change, and activities to combat land degradation (all per Rio Convention targets) | | |

TOR-ANNEX B: LIST OF DOCUMENTS TO BE REVIEWED BY THE EVALUATORS

1. Project document and its annexes;
2. Project Annual/Quarter operational and progress reports;
3. Annual/Quarter work plans;
4. Project financial work plans and expenditure reports;
5. 2013, 2014 and 2015 UNDP/GEF Project Implementation Reviews (PIR);
6. Minutes of the PSC meetings;
7. Mission Reports of International Experts;
8. Reports of International and National Experts
9. Research studies;
10. Media information;
11. GEF Monitoring and Evaluation Policies;
12. Handbook on planning, monitoring and evaluating for development results;
13. Other upon request.

TOR-ANNEX C: EVALUATION QUESTIONS

| Evaluative Criteria Questions | Indicators | Sources | Methodology |
|---|------------|---------|-------------|
| Relevance: How does the project relate to the main objectives of the GEF focal area, and to the environment and development priorities at the local, regional and national levels? | | | |
| • Is the Project relevant to UNCBD and GEF objectives? | • | • | • |
| • Is the Project relevant to UNDP objectives? | • | • | • |
| • Is the Project relevant to Moldova's environmental objectives, policies and strategic documents? | • | • | • |
| • Does the Project address the needs of target beneficiaries? | • | • | • |
| • Is the Project internally coherent in its design? | • | • | • |
| • How is the Project complementary to activities of other stakeholders and donors activity in the region? | • | • | • |
| • How could the Project better target and address the priorities and development challenges of targeted beneficiaries? | • | • | • |
| Effectiveness: To what extent have the expected outcomes and objectives of the project been achieved? | | | |
| • To what extent are the outputs and activities of the project consistent with the intended project objective and goal? | • | • | • |
| • To what extent have implemented outputs produced or contributed to attaining the expected outcomes? | • | • | • |
| • How was risk and risk mitigation being managed? | • | • | • |
| • What lessons have been learnt for the Project to achieve its outcomes? | • | • | • |
| • What changes could have been made (if any) to the design of the Project in order to improve the achievement of the Project' expected results? | | • | • |
| • How could the Project be more effective in achieving its results? | | • | • |
| Efficiency: Was the project implemented efficiently, in-line with international and national norms and standards? | | | |

| Evaluative Criteria Questions | Indicators | Sources | Methodology |
|---|------------|---------|-------------|
| <ul style="list-style-type: none"> Was adaptive management used or needed to ensure efficient resource use? | • | • | • |
| <ul style="list-style-type: none"> Were the accounting and financial systems in place adequate for Project management and producing accurate and timely financial information? | • | • | • |
| <ul style="list-style-type: none"> Were progress reports produced accurately, timely and respond to reporting requirements including adaptive management changes? | • | • | • |
| <ul style="list-style-type: none"> Was Project implementation as cost effective as originally proposed (planned vs. actual)? | • | • | • |
| <ul style="list-style-type: none"> Was the leveraging of funds (co-financing) happening as planned? | • | • | • |
| <ul style="list-style-type: none"> Were the findings, lessons learned and recommendations shared among Project stakeholders, UNDP and GEF Staff and other relevant organizations for ongoing Project adjustment and improvement? | • | • | • |
| <ul style="list-style-type: none"> Did the Project mainstream gender considerations into its implementation? | • | • | • |
| <ul style="list-style-type: none"> Which partnerships/linkages were facilitated? Can be considered sustainable? | • | • | • |
| <ul style="list-style-type: none"> Did the Project take into account local capacity in design and implementation of the Project? | • | • | • |
| Sustainability: To what extent are there financial, institutional, social-economic, and/or environmental risks to sustaining long-term project results? | | | |
| <ul style="list-style-type: none"> Are sustainability issues adequately integrated in Project design? | • | • | • |
| <ul style="list-style-type: none"> Did the Project adequately address financial and economic sustainability issues? | • | • | • |
| <ul style="list-style-type: none"> Is there evidence that Project partners will continue their activities beyond Project support? | • | • | • |
| <ul style="list-style-type: none"> Are laws, policies and frameworks being addressed through the Project, in order to address sustainability of key initiatives and reforms? | • | • | • |

| Evaluative Criteria Questions | Indicators | Sources | Methodology |
|---|------------|---------|-------------|
| <ul style="list-style-type: none"> Is the capacity in place at the national and local levels adequate to ensure sustainability of the results achieved to date? | • | • | • |
| <ul style="list-style-type: none"> Are Project activities and results being replicated elsewhere and/or scaled up? | • | • | • |
| <ul style="list-style-type: none"> What are the main challenges that may hinder sustainability of results? | • | • | • |
| Impact: Are there indications that the project has contributed to, or enabled progress toward, reduced environmental stress and/or improved ecological status? | | | |
| <ul style="list-style-type: none"> Will the project achieve its long-term goal to improve the coverage and management effectiveness of protected area system in Moldova? | • | • | • |
| <ul style="list-style-type: none"> What is the level of sensitization and awareness about the protected area management approach? | • | • | • |
| <ul style="list-style-type: none"> What is the impact of the demonstrated approach in private, public and/or at individual levels? | • | • | • |
| <ul style="list-style-type: none"> Were cross-cutting issues identified and reflected during the project implementation? | • | • | • |
| <ul style="list-style-type: none"> How could the Project build on its apparent successes and learn from its weaknesses in order to enhance the potential for impact of ongoing and future initiatives? | • | • | • |
| • | • | • | • |

TOR-ANNEX D: RATING SCALES

| | | |
|---|--|---|
| <i>Ratings for Outcomes, Effectiveness, Efficiency, M&E, I&E Execution</i> 6: Highly Satisfactory (HS): no shortcomings 5: Satisfactory (S): minor shortcomings 4: Moderately Satisfactory (MS) 3: Moderately Unsatisfactory (MU): significant shortcomings 2: Unsatisfactory (U): major problems 1: Highly Unsatisfactory (HU): severe problems | <i>Sustainability ratings:</i> 4. Likely (L): negligible risks to sustainability 3. Moderately Likely (ML): moderate risks 2. Moderately Unlikely (MU): significant risks 1. Unlikely (U): severe risks | <i>Relevance ratings</i> 2. Relevant (R) 1.. Not relevant (NR) <i>Impact Ratings:</i> 3. Significant (S) 2. Minimal (M) 1. Negligible (N) |
| <i>Additional ratings where relevant:</i> Not Applicable (N/A) Unable to Assess (U/A) | | |

TOR-ANNEX E: EVALUATION CONSULTANT CODE OF CONDUCT AND AGREEMENT FORM

Evaluators:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

Evaluation Consultant Agreement Form¹¹

Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultant: _____

Name of Consultancy Organization (where relevant): _____

I confirm that I have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at *place* on *date*

Signature: _____

¹¹ www.unevaluation.org/unegcodeofconduct

TOR-ANNEX F: EVALUATION REPORT OUTLINE¹²

- i. Opening page:
 - Title of UNDP supported GEF financed project
 - UNDP and GEF project ID#s.
 - Evaluation time frame and date of evaluation report
 - Region and countries included in the project
 - GEF Operational Program/Strategic Program
 - Implementing Partner and other project partners
 - Evaluation team members
 - Acknowledgements
- ii. Executive Summary
 - Project Summary Table
 - Project Description (brief)
 - Evaluation Rating Table
 - Summary of conclusions, recommendations and lessons
- iii. Acronyms and Abbreviations
(See: UNDP Editorial Manual¹³)
1. Introduction
 - Purpose of the evaluation
 - Scope & Methodology
 - Structure of the evaluation report
2. Project description and development context
 - Project start and duration
 - Problems that the project sought to address
 - Immediate and development objectives of the project
 - Baseline Indicators established
 - Main stakeholders
 - Expected Results
3. Findings
(In addition to a descriptive assessment, all criteria marked with (*) must be rated¹⁴)
- 3.1 Project Design / Formulation
 - Analysis of LFA/Results Framework (Project logic /strategy; Indicators)
 - Assumptions and Risks
 - Lessons from other relevant projects (e.g., same focal area) incorporated into project design
 - Planned stakeholder participation
 - Replication approach
 - UNDP comparative advantage
 - Linkages between project and other interventions within the sector
 - Management arrangements
- 3.2 Project Implementation
 - Adaptive management (changes to the project design and project outputs during implementation)
 - Partnership arrangements (with relevant stakeholders involved in the country/region)
 - Feedback from M&E activities used for adaptive management
 - Project Finance:
 - Monitoring and evaluation: design at entry and implementation (*)

¹²The Report length should not exceed 50 pages in total (not including annexes).

¹³ UNDP Style Manual, Office of Communications, Partnerships Bureau, updated November 2008

¹⁴ Using a six-point rating scale: 6: Highly Satisfactory, 5: Satisfactory, 4: Marginally Satisfactory, 3: Marginally Unsatisfactory, 2: Unsatisfactory and 1: Highly Unsatisfactory, see section 3.5, page 37 for ratings explanations.

- UNDP and Implementing Partner implementation / execution (*) coordination, and operational issues
- 3.3** Project Results
- Overall results (attainment of objectives) (*)
 - Relevance(*)
 - Effectiveness & Efficiency (*)
 - Country ownership
 - Mainstreaming
 - Sustainability (*)
 - Impact
- 4.** Conclusions, Recommendations & Lessons
- Corrective actions for the design, implementation, monitoring and evaluation of the project
 - Actions to follow up or reinforce initial benefits from the project
 - Proposals for future directions underlining main objectives
 - Best and worst practices in addressing issues relating to relevance, performance and success
- 5.** Annexes
- ToR
 - Itinerary
 - List of persons interviewed
 - Summary of field visits
 - List of documents reviewed
 - Evaluation Question Matrix
 - Questionnaire used and summary of results
 - Evaluation Consultant Agreement Form

TOR-ANNEX G: EVALUATION REPORT CLEARANCE FORM

(to be completed by CO and UNDP GEF Technical Adviser based in the region and included in the final document)

Evaluation Report Reviewed and Cleared by

UNDP Country Office

Name: _____

Signature: _____ Date: _____

UNDP GEF RTA

Name: _____

Signature: _____ Date: _____

Annex 2: Evaluation Consultant Code of Conduct and Agreement Form

Evaluators:

1. Must present information that is complete and fair in its assessment of strengths and weaknesses so that decisions or actions taken are well founded.
2. Must disclose the full set of evaluation findings along with information on their limitations and have this accessible to all affected by the evaluation with expressed legal rights to receive results.
3. Should protect the anonymity and confidentiality of individual informants. They should provide maximum notice, minimize demands on time, and respect people's right not to engage. Evaluators must respect people's right to provide information in confidence, and must ensure that sensitive information cannot be traced to its source. Evaluators are not expected to evaluate individuals, and must balance an evaluation of management functions with this general principle.
4. Sometimes uncover evidence of wrongdoing while conducting evaluations. Such cases must be reported discreetly to the appropriate investigative body. Evaluators should consult with other relevant oversight entities when there is any doubt about if and how issues should be reported.
5. Should be sensitive to beliefs, manners and customs and act with integrity and honesty in their relations with all stakeholders. In line with the UN Universal Declaration of Human Rights, evaluators must be sensitive to and address issues of discrimination and gender equality. They should avoid offending the dignity and self-respect of those persons with whom they come in contact in the course of the evaluation. Knowing that evaluation might negatively affect the interests of some stakeholders, evaluators should conduct the evaluation and communicate its purpose and results in a way that clearly respects the stakeholders' dignity and self-worth.
6. Are responsible for their performance and their product(s). They are responsible for the clear, accurate and fair written and/or oral presentation of study imitations, findings and recommendations.
7. Should reflect sound accounting procedures and be prudent in using the resources of the evaluation.

Evaluation Consultant Agreement Form

Agreement to abide by the Code of Conduct for Evaluation in the UN System

Name of Consultant: ***Jean-Joseph Bellamy, International Evaluator***

Name of Consultant: ***Dr. Victor Cotruta, National Evaluator***

We confirm that we have received and understood and will abide by the United Nations Code of Conduct for Evaluation.

Signed at Ottawa on August 14, 2015

Signed at Chisinau on August 14, 2015

Signature: _____

Signature: _____

Annex 3: Evaluation Matrix

The evaluation matrix below served as a general guide for the evaluation. It provided directions for the evaluation; particularly for the collection of relevant data. It was used as a basis for interviewing people and reviewing project documents. It also provided a basis for structuring the evaluation report as a whole.

| Evaluated component | Sub-Question | Indicators | Sources | Data Collection Method |
|---|---|---|--|---|
| Evaluation criteria: Relevance - <i>How does the project relate to the main objectives of the GEF, UNDP and of Moldova's environmental and development priorities?</i> | | | | |
| <i>Is the Project relevant to GEF objectives?</i> | <ul style="list-style-type: none"> How did the Project support the related strategic priorities of the GEF? Were GEF criteria for Project identification adequate in view of actual needs? | <ul style="list-style-type: none"> Level of coherence between project objectives and those of the GEF Extent to which the project is actually implemented in line with incremental cost argument | <ul style="list-style-type: none"> Project documents GEF policies, strategies and objectives GEF web site | <ul style="list-style-type: none"> Documents analyses Interviews with government officials and other partners |
| <i>Is the Project relevant to UNDP objectives?</i> | <ul style="list-style-type: none"> How did the project support the objectives of UNDP in this sector? | <ul style="list-style-type: none"> Existence of a clear relationship between project objectives and country programme objectives of UNDP | <ul style="list-style-type: none"> Project documents UNDP strategies and programme | <ul style="list-style-type: none"> Documents analyses Interviews with government officials and other partners |
| <i>Is the Project relevant to Moldova's environment and development objectives?</i> | <ul style="list-style-type: none"> How did the Project support the development objectives of Moldova? How country-driven was the Project? Did the Project adequately take into account national realities, both in terms of institutional framework and programming, in its design and its implementation? To what extent were national partners involved in the design of the Project? | <ul style="list-style-type: none"> Degree to which the project support national environmental and development objectives Degree of coherence between the project and national priorities, policies and strategies Appreciation from national stakeholders with respect to adequacy of project design and implementation to national realities and existing capacities? Level of involvement of Government officials and other partners into the project Coherence between needs expressed by national stakeholders and UNDP-GEF criteria | <ul style="list-style-type: none"> Project documents National policies, strategies and programmes Key government officials and other partners | <ul style="list-style-type: none"> Documents analyses Interviews with government officials and other partners |
| <i>Does the Project address the needs of target beneficiaries?</i> | <ul style="list-style-type: none"> How did the project support the needs of target beneficiaries? Was the implementation of the project been inclusive of all relevant Stakeholders? Were local beneficiaries and stakeholders adequately involved in project formulation and implementation? | <ul style="list-style-type: none"> Strength of the link between project expected results and the needs of target beneficiaries Degree of involvement and inclusiveness of beneficiaries and stakeholders in project design and implementation | <ul style="list-style-type: none"> Beneficiaries and stakeholders Needs assessment studies Project documents | <ul style="list-style-type: none"> Document analysis Interviews with beneficiaries and stakeholders |
| <i>Is the Project internally coherent in its design?</i> | <ul style="list-style-type: none"> Was the project sourced through a demand-driven approach? Is there a direct and strong link between project expected results (Result and Resources Framework) and the project design (in terms of project components, choice of partners, structure, delivery mechanism, scope, budget, use of resources etc.)? Is the length of the project conducive to achieve project outcomes? | <ul style="list-style-type: none"> Level of coherence between project expected results and project design internal logic Level of coherence between project design and project implementation approach | <ul style="list-style-type: none"> Program and project documents Key project stakeholders | <ul style="list-style-type: none"> Document analysis Key Interviews |

| Evaluated component | Sub-Question | Indicators | Sources | Data Collection Method |
|--|---|---|---|--|
| <i>How is the Project relevant in light of other donors?</i> | <ul style="list-style-type: none"> With regards to Moldova, does the project remain relevant in terms of areas of focus and targeting of key activities? How do GEF funds help to fill gaps (or give additional stimulus) that are crucial but are not covered by other donors? | <ul style="list-style-type: none"> Degree to which the project was coherent and complementary to other donor programming in Moldova List of programs and funds in which future developments, ideas and partnerships of the project are eligible | <ul style="list-style-type: none"> Other Donors' policies and programming documents Other Donor representatives Project documents | <ul style="list-style-type: none"> Documents analyses Interviews with other Donors |
| Future directions for similar Projects | <ul style="list-style-type: none"> What lessons have been learnt and what changes could have been made to the project in order to strengthen the alignment between the project and the Partners' priorities and areas of focus? How could the project better target and address priorities and development challenges of targeted beneficiaries? | | <ul style="list-style-type: none"> Data collected throughout evaluation | <ul style="list-style-type: none"> Data analysis |
| Evaluation criteria: Effectiveness – To what extent have the expected outcomes and objectives of the project been achieved? | | | | |
| <i>How is the Project effective in achieving its expected outcomes?</i> | <ul style="list-style-type: none"> Is the project being effective in achieving its expected outcomes? <ul style="list-style-type: none"> Reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors. Capacity development for EFR to build consensus among concerned stakeholders. Integration of EFR in local and central planning processes | <ul style="list-style-type: none"> New methodologies, skills and knowledge Change in capacity for information management: knowledge acquisition and sharing; effective data gathering, methods and procedures for reporting. Change in capacity for awareness raising <ul style="list-style-type: none"> Stakeholder involvement and government awareness Change in local stakeholder behavior Change in capacity in policy making and planning related to environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors: <ul style="list-style-type: none"> Policy reform Legislation/regulation change Development of national and local strategies and plans Change in capacity in implementation and enforcement <ul style="list-style-type: none"> Design and implementation of risk assessments Implementation of national and local strategies and action plans through adequate institutional frameworks and their maintenance Monitoring, evaluation and promotion of pilots Change in capacity in mobilizing resources <ul style="list-style-type: none"> Leverage of resources Human resources Appropriate practices Mobilization of advisory services | <ul style="list-style-type: none"> Project documents Key stakeholders including UNDP, Project Team, Representatives of Gov. and other Partners Research findings | <ul style="list-style-type: none"> Documents analysis Meetings with main Project Partners Interviews with project beneficiaries |

| Evaluated component | Sub-Question | Indicators | Sources | Data Collection Method |
|---|---|--|--|---|
| <i>How is risk and risk mitigation being managed?</i> | <ul style="list-style-type: none"> How well were risks and assumptions being managed? What was the quality of risk mitigation strategies developed? Were these sufficient? Were there clear strategies for risk mitigation related with long-term sustainability of the project? | <ul style="list-style-type: none"> Completeness of risk identification and assumptions during project planning Quality of existing information systems in place to identify emerging risks and other issues Quality of risk mitigations strategies developed and followed | <ul style="list-style-type: none"> Project documents and evaluations UNDP, Project Staff and Project Partners | <ul style="list-style-type: none"> Document analysis Interviews |
| Future directions for similar Projects | <ul style="list-style-type: none"> What lessons have been learnt for the project to achieve its outcomes? What changes could have been made (if any) to the formulation of the project in order to improve the achievement of project's expected results? How could the project be more effective in achieving its results? | | <ul style="list-style-type: none"> Data collected throughout evaluation | <ul style="list-style-type: none"> Data analysis |
| Evaluation criteria: <i>Efficiency</i> - Was the project implemented efficiently, in-line with international and national norms and standards? | | | | |
| <i>Is Project support channeled in an efficient way?</i> | <ul style="list-style-type: none"> Was adaptive management used or needed to ensure efficient resource use? Did the project <i>Result and Resources Framework</i> and work plans and any changes made to them use as management tools during implementation? Were the accounting and financial systems in place adequate for project management and producing accurate and timely financial information? Were progress reports produced accurately, timely and responded to reporting requirements including adaptive management changes? Was project implementation as cost effective as originally proposed (planned vs. actual) Was the leveraging of funds (co-financing) happened as planned? Were financial resources utilized efficiently? Could financial resources have been used more efficiently? How was RBM used during project implementation? Did the government provide continuous strategic directions to the project's formulation and implementation? Have these directions provided by the government guided the activities and outcomes of the project? Were there an institutionalized or informal feedback or dissemination mechanisms to ensure that findings, lessons learned and recommendations pertaining to project formulation and implementation effectiveness were shared among project stakeholders, UNDP staff and other relevant organizations for ongoing project adjustment and improvement? Did the project mainstream gender considerations into its implementation? | <ul style="list-style-type: none"> Availability and quality of financial and progress reports Timeliness and adequacy of reporting provided Level of discrepancy between planned and utilized financial expenditures Planned vs. actual funds leveraged Cost in view of results achieved compared to costs of similar projects from other organizations Adequacy of project choices in view of existing context, infrastructure and cost Quality of RBM reporting (progress reporting, monitoring and evaluation) Occurrence of change in project formulation/ implementation approach (i.e. restructuring) when needed to improve project efficiency Existence, quality and use of M&E, feedback and dissemination mechanism to share findings, lessons learned and recommendation on effectiveness of project design. Cost associated with delivery mechanism and management structure compare to alternatives Gender disaggregated data in project documents | <ul style="list-style-type: none"> Project documents and evaluations UNDP, Representatives of Gov. and Project Staff Beneficiaries and Project partners | <ul style="list-style-type: none"> Document analysis Key Interviews |

| Evaluated component | Sub-Question | Indicators | Sources | Data Collection Method |
|---|--|--|---|---|
| <i>How efficient are partnership arrangements for the Project?</i> | <ul style="list-style-type: none"> Is the government engaged? How does the government demonstrate its ownership of the projects? Did the government provide a counter-part to the project? To what extent partnerships/linkages between institutions/ organizations were encouraged and supported? Which partnerships/linkages were facilitated? Which one can be considered sustainable? What was the level of efficiency of cooperation and collaboration arrangements? (between local actors, UNDP/GEF and relevant government entities) Which methods were successful or not and why? | <ul style="list-style-type: none"> Specific activities conducted to support the development of cooperative arrangements between partners, Examples of supported partnerships Evidence that particular partnerships/linkages will be sustained Types/quality of partnership cooperation methods utilized | <ul style="list-style-type: none"> Project documents and evaluations Project Partners Beneficiaries | <ul style="list-style-type: none"> Document analysis Interviews |
| <i>Does the Project efficiently utilize local capacity in implementation?</i> | <ul style="list-style-type: none"> Was an appropriate balance struck between utilization of international expertise as well as local capacity? Does the project support mutual benefits through sharing of knowledge and experiences, training, technology transfer among developing countries? Did the Project take into account local capacity in formulation and implementation of the project? Was there an effective collaboration with scientific institutions with competence in environmental fiscal reform? | <ul style="list-style-type: none"> Proportion of total expertise utilized taken from Moldova Number/quality of analyses done to assess local capacity potential and absorptive capacity | <ul style="list-style-type: none"> Project documents and evaluations UNDP, Project Team and Project partners Beneficiaries | <ul style="list-style-type: none"> Document analysis Interviews |
| Future directions for similar Projects | <ul style="list-style-type: none"> What lessons can be learnt from the project on efficiency? How could the project have more efficiently addressed its key priorities (in terms of management structures and procedures, partnerships arrangements etc....)? What changes could have been made (if any) to the project in order to improve its efficiency? | | <ul style="list-style-type: none"> Data collected throughout evaluation | <ul style="list-style-type: none"> Data analysis |
| Evaluation criteria: <i>Impacts</i> - Are there indications that the project has contributed to, or enabled progress towards reduced environmental stress and/or improved ecological status? | | | | |
| <i>How is the Project effective in achieving its long-term objectives?</i> | <ul style="list-style-type: none"> Will the project achieve its objective that is 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? | <ul style="list-style-type: none"> Changes in capacity: <ul style="list-style-type: none"> To pool/mobilize resources To provide an enabling environment, For implementation of related strategies and programmes through adequate institutional frameworks and their maintenance, Changes in use and implementation of sustainable alternatives Changes to the quantity and strength of barriers such as change in <ul style="list-style-type: none"> Environmentally harmful subsidies Green subsidies | <ul style="list-style-type: none"> Project documents Key Stakeholders Research findings | <ul style="list-style-type: none"> Documents analysis Meetings with UNDP, Project Team and project Partners Interviews with project beneficiaries and other stakeholders |

| Evaluated component | Sub-Question | Indicators | Sources | Data Collection Method |
|--|--|---|--|---|
| | | <ul style="list-style-type: none"> Environmental charges within the agricultural and energy sectors | | |
| <i>How is the Project impacting the local environment?</i> | <ul style="list-style-type: none"> What are the impacts or likely impacts of the project on? <ul style="list-style-type: none"> local environment; poverty; and, other socio-economic issues. | <ul style="list-style-type: none"> Provide specific examples of impacts at those three levels, as relevant | <ul style="list-style-type: none"> Project documents Key Stakeholders Research findings | <ul style="list-style-type: none"> Data analysis Interviews with key stakeholders |
| Future directions for the Project | <ul style="list-style-type: none"> How could the project build on its successes and learn from its weaknesses in order to enhance the potential for impact of ongoing and future initiatives? | | <ul style="list-style-type: none"> Data collected throughout evaluation | <ul style="list-style-type: none"> Data analysis |
| Evaluation criteria: Sustainability - <i>To what extent are there financial, institutional, social-economic, and/ or environmental risks to sustaining long-term project results?</i> | | | | |
| <i>Are sustainability issues adequately integrated in Project design?</i> | <ul style="list-style-type: none"> Were sustainability issues integrated into the formulation and implementation of the project? Does the project employ government implementing and/or monitoring systems? Is the government involved in the sustainability strategy for project outcomes? | <ul style="list-style-type: none"> Evidence/Quality of sustainability strategy Evidence/Quality of steps taken to address sustainability Evidence of government involvement in the sustainability of project's achievements | <ul style="list-style-type: none"> Project documents and evaluations UNDP, project staff and project Partners Beneficiaries | <ul style="list-style-type: none"> Document analysis Interviews |
| <i>Did the project adequately address financial and economic sustainability issues?</i> | <ul style="list-style-type: none"> Did the project adequately address financial and economic sustainability issues? Are the recurrent costs after project completion sustainable? | <ul style="list-style-type: none"> Level and source of future financial support to be provided to relevant sectors and activities after project end? Evidence of commitments from international partners, governments or other stakeholders to financially support relevant sectors of activities after project end Level of recurrent costs after completion of project and funding sources for those recurrent costs | <ul style="list-style-type: none"> Project documents and evaluations UNDP, project staff and project Partners Beneficiaries | <ul style="list-style-type: none"> Document analysis Interviews |
| <i>Organizations arrangements and continuation of activities</i> | <ul style="list-style-type: none"> Were results of efforts made during the project implementation period well assimilated by organizations and their internal systems and procedures? Is there evidence that project partners will continue their activities beyond project support? Has there been a buy-in process, or was there no need to sell the project and buy support? What degree is there of local ownership of initiatives and results? Were appropriate 'champions' being identified and/or supported? | <ul style="list-style-type: none"> Degree to which project activities and results have been taken over by local counterparts or institutions/organizations Level of financial support to be provided to relevant sectors and activities by in-country actors after project end Number/quality of champions identified | <ul style="list-style-type: none"> Project documents and evaluations UNDP, project staff and project Partners Beneficiaries | <ul style="list-style-type: none"> Document analysis Interviews |
| <i>Enabling Environment</i> | <ul style="list-style-type: none"> Were laws, policies and frameworks addressed through the project, in order to address sustainability of key initiatives and reforms? | <ul style="list-style-type: none"> Efforts to support the development of relevant laws and policies | <ul style="list-style-type: none"> Project documents and evaluations | <ul style="list-style-type: none"> Document analysis Interviews |

| Evaluated component | Sub-Question | Indicators | Sources | Data Collection Method |
|---|---|---|--|--|
| | <ul style="list-style-type: none"> Were the necessary related capacities for lawmaking and enforcement built? What is the level of political commitment to build on the results of the project? | <ul style="list-style-type: none"> State of enforcement and law making capacity Evidence of commitment by the political class through speeches, enactment of laws and resource allocation to priorities | <ul style="list-style-type: none"> UNDP, project staff and project Partners Beneficiaries | |
| <i>Institutional and individual capacity building</i> | <ul style="list-style-type: none"> Is the capacity in place at the regional, national and local levels adequate to ensure sustainability of results achieved to date? | <ul style="list-style-type: none"> Elements in place in those different management functions, at appropriate levels (regional, national and local) in terms of adequate structures, strategies, systems, skills, incentives and interrelationships with other key actors | <ul style="list-style-type: none"> Project documents and evaluations UNDP, Project staff and project Partners Beneficiaries Capacity assessments available, if any | <ul style="list-style-type: none"> Interviews Documentation review |
| <i>Social and political sustainability</i> | <ul style="list-style-type: none"> Did the project contribute to key building blocks for social and political sustainability? Did the project contribute to local Stakeholders' acceptance of the new practices? | <ul style="list-style-type: none"> Example of contributions to the reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors | <ul style="list-style-type: none"> Project documents and evaluations UNDP, project staff and project Partners Beneficiaries | <ul style="list-style-type: none"> Interviews Documentation review |
| <i>Replication</i> | <ul style="list-style-type: none"> Were project activities and results replicated elsewhere and/or scaled up? What was the project contribution to replication or scaling up reforms of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors? | <ul style="list-style-type: none"> Number/quality of replicated initiatives Number/quality of replicated innovative initiatives Volume of additional investment leveraged | <ul style="list-style-type: none"> Other donor programming documents Beneficiaries UNDP, project staff and project Partners | <ul style="list-style-type: none"> Document analysis Interviews |
| <i>Challenges to sustainability of the Project</i> | <ul style="list-style-type: none"> What are the main challenges that may hinder sustainability of efforts? Have any of these been addressed through project management? What could be the possible measures to further contribute to the sustainability of efforts achieved with the project? | <ul style="list-style-type: none"> Challenges in view of building blocks of sustainability as presented above Recent changes which may present new challenges to the project | <ul style="list-style-type: none"> Project documents and evaluations Beneficiaries UNDP, project staff and project Partners | <ul style="list-style-type: none"> Document analysis Interviews |
| Future directions for the Project | <ul style="list-style-type: none"> Which areas/arrangements under the project show the strongest potential for lasting long-term results? What are the key challenges and obstacles to the sustainability of results of project initiatives that must be directly and quickly addressed? How can the experience and good project practices influence the reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors? Are national decision-making institutions (Parliament, Government etc.) in Moldova ready to improve their measures to reform environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors? | | <ul style="list-style-type: none"> Data collected throughout evaluation | <ul style="list-style-type: none"> Data analysis |

Annex 4: List of Documents Reviewed

Dlul Valeriu Munteanu, *Information Note on Article 195 on the Association Agreement Moldova-EU*

EaPGreen, 2015, *Draft Regulation of the Inter-ministerial Working Group on the promotion of Sustainable Development and Green Economy in the Republic of Moldova*

EaPGreen, *Proces-Verbal din 22.07.2014 - al Ședinței de lucru privind mecanismul de coordonare a eforturilor de dezvoltare durabilă și economiei verzi în Moldova*

EaPGreen, December 2013, *Energy Subsidies and Climate Change in Moldova*

ECE-CEP, 1998, *Environmental Performance Reviews – Republic of Moldova*

EFR Project, MEGA group, Mariana Vulpe, *Quality Assurance Assistance for the Final Report “National Study for the Promotion of Organic Agriculture,” implemented by AID*

EFR Project, Fast Training Consulting Ltd., September 2014, *Market analysis of financial instruments for facilitation of eco-technologies*

EFR Project, Fast Training Consulting Ltd., May 2014, *Detailed work plan; Market study methodology; Tools for collecting and evaluating of qualitative and quantitative data developed and approved*

EFR Project, MEGA group, Mariana Vulpe, *Quality Assurance Assistance for the Final Report “Market analysis of financial instruments for facilitation of eco-technologies”*

EFR Project, AEquilibrium Consulting GmdH, December 15, 2014, *Proposal of Product Taxes on Packaging Materials and Waste Electrical and Electronic Equipment*

EFR Project, AEquilibrium Consulting GmdH, March 31, 2014, *Reform of Environmental Taxes in Moldova*

EFR Project, AEquilibrium Consulting GmdH, October 17, 2012, *National Environmental Fund of the Republic of Moldova - Fund Operational Manual*

EFR Project, Eastern Marketing Insights, *Final Report - Taxation System of Natural Resources*

EFR Project, *Recomandări privind implementarea Reformei Fiscale de Mediu în Moldova (versiune preliminară)*

EFR Project, Petru Bacal, *Report on desk review - Pollution charges system in Moldova*

EFR Project, October 5, 2012, *Justification for the Continued Use and Improved Operation of the Moldovan National Environmental Fund - Draft report*

EFR Project, October 17, 2012, *New Legislation for the Moldovan National Environmental Fund - Draft report*

EFR Project, *Communication in Natura, August 2015 on the EFR Project*

EFR Project, Dumitru Budianschi, 2015, *Final Report*

EFR Project, *EFR Banner*

EFR Project, *EFR Leaflet*

EFR Project, Identic Studio, *Report on Work Activities - Movie about the Benefits of Environmental Fiscal Reform*

EFR Project, Marian Mraz, Valentin Rosca, March 8, 2015, *Assessment of the capacity needs*

EFR Project, Marian Mraz, March 10, 2015, *Capacity Building Plan*

EFR Project, Marian Mraz, Valentin Rosca, *The role of economic instruments in environmental policy - Training material*

EFR Project, Marian Mraz, Valentin Rosca, *Environmental Funds - Training material*

EFR Project, Marian Mraz, Valentin Rosca, August 23, 2015, *Evaluation of the Main Stakeholders' Capacity Involved in the EFR Process*

EFR Project, Marian Mraz, Valentin Rosca, July 2015, *Activity report - "Fiscal instruments for environmental policy"*

EFR Project, Marian Mraz, Valentin Rosca, August 23, 2015, *Final Activity report*

EFR Project, *Proposed Communication Activities in 2015*

EFR Project, Radu Chilaru, 2014, *Final Report*

EFR Project, Sergiu Burcă, 2015, *Communication and awareness - Progress report*

EFR Project, Eugenia Veverita, April 2015, *Sector Expenditure Strategy Development for 2016-2018 MTBF: Environment and Water Management Sectors - Inception report*

EFR Project, Eugenia Veverita, April 2015, *Sector Expenditure Strategy Development for 2016-2018 MTBF: Environment and Water Management Sectors - Interim report*

EFR Project, June 10, 2015, *Report on training/workshop performing Integration of the environment policy priorities into local planning process and program performance budgets*

EFR Project, *Activity Report 2013, 2014, and 2015*

EFR Project, *Annual Narrative Report 2012, 2014 and 2015*

EFR Project, *Board Meeting Minutes: November 15, 2012; December 18, 2013; June 20, 2014; February 24, 2015; and July 21, 2015*

EFR Project, June 12, 2012, *Inception Workshop Minutes No. 1/2012*

EFR Project, *PIR 2013, 2014 and 2015 (draft)*

EFR Project, *Annual Work Plan 2012, 2013, 2014 and 2015.*

FAO, *Eastern Europe and Central Asia Agro-industry Development Country Brief - Republic of Moldova*

GEF, 2015, *PIF - Moldova Sustainable Green Cities – Catalyzing investment in sustainable green cities in the Republic of Moldova using a holistic integrated urban planning approach*

GEF, UNDP, *Project Document: Strengthening capacities to undertake environmental fiscal reform to meet national and global environmental priorities (Moldova)*

Government of Moldova, 2012, *National Report for UN CSD 2012 Rio+20*

Government of Moldova, 2014, *Draft Decree on the NEF*

Government of Moldova, 2015, *Ordinance No. 107/66 – 17/06/2015 - Cu prh-irc la crearea Grupului de lucru inter-ministerial pcntru promovarea dezvoltarii durabile ~i economiei verzi*

Government of Moldova, April 24, 2014, *Decision No. 301 on the Approval of the Environmental Strategy for the Years 2014-2023 and of the Action Plan for its Implementation*

Government of Moldova, *Moldova 2020 – National Development Strategy: 7 Solutions for Economic Growth and Poverty Reduction*

Government of Moldova, UN, 2005, *Common Country Assessment*

Government of Moldova, UN, 2005, *United Nations Development Assistance Framework 2007 – 2011 - Republic of Moldova*

Government of Moldova, UN Moldova, *Towards Unity in Action - United Nations – Republic of Moldova - Partnership Framework 2013 – 2017*

Government of Moldova, UN Moldova, *Towards Unity in Action - United Nations – Republic of Moldova - Partnership Framework 2013 – 2017 – Action Plan*

Government of Moldova, UNDP, *National Strategy for Sustainable Development (not approved)*

Government of Moldova, UNDP, *SBBA*

IDIS "Viitorul", 2015, *Intermediary Report*

IDU, *Service Contract - Provision of Consultancy in integrating local environmental aspects in the local planning process and support in implementing performance based budgeting for Local Public Authorities in Moldova – LOT 1 – Progress Report 1 (Period: June 12th – August 10th, 2015)*

MAFI, GEF, UNDP, 2014, *National Study on Organic Agriculture and Greening of Conventional Farming*

Ministry of Ecology and Natural Resources, 2005, *Environmental Management – Report on National Capacity Self-Assessment*

MOE, 2013, *National Waste Management Strategy of the Republic of Moldova (2013-2027)*

OECD, 2005, *DAC Guidelines and Reference Series – Environmental Fiscal Reform for Poverty Reduction*

Official Journal, July 13, 2012, No. 143-148 – *National Decentralization Strategy*

Official Journal of the EU, August 30, 2014, L260 – *Legislation - Council Decision of 16 June 2014 on the signing, on behalf of the European Union, and provisional application of the Association Agreement between the European Union and the Republic of Moldova*

Parliament, December 21, 2007, *Law on Approval of the National Development Strategy*

UN, *Draft country programme document for the Republic of Moldova (2013-2017)*

UN Moldova, 2013, *Final Report on Post-2015 Country Consultations in the Republic of Moldova (November – April 2013)*

UNDP, *CDR 2011, 2012, 2013, and 2014*

UNDP, *Terms of Reference – National Consultant in Improved Subsidies System in Energy Sector in Moldova*

UNDP, *UNDP in Moldova – Towards Equitable and Sustainable Development for All 2007-2011*

UNDP, 2013, *Request for Proposals - Development of the National Study for Promotion of Organic Agriculture*

UNDP, 2013, *Terms of Reference - International Consultant in pollution charge system*

UNDP, 2013, *Terms of Reference - National Consultant, Reform of the environmental pollution charge system*

UNDP, 2014, *Terms of Reference - Legal National Consultant in improving regulation of the National Ecological Fund*

UNDP, 2014, *Terms of Reference - National Consultant in improving regulation and operational management of the National Ecological Fund*

UNDP, 2014, *Terms of Reference - International and National Consultants in improved regulation and operational management of the National Ecological Fund*

UNDP, *Terms of Reference – Consultant on inter-sectorial evaluation and revision of the legal and regulatory frameworks governing natural resources tax system*

UNDP, *Terms of Reference - International Consultant in Environmental Fiscal Reform Capacity Building*

UNDP, *Terms of Reference - National Consultant in Environmental Fiscal Reform Capacity Building*

UNDP, *Terms of Reference - National Consultant for Medium-Term Budgetary Framework (MTBF) Capacity Building*

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_____, October 7, 2014, *Association Agreement Action Plan for Moldova*

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_____, *Study tour to Czech Republic: Reform of the National Ecological Fund in Moldova - Conclusions and recommendations*

_____, *Study tour to Czech Republic: Reform of the National Ecological Fund in Moldova - Programme*

_____, *Terms of Reference - Market analysis of financing instruments for facilitation of eco-technologies*

_____, *Terms of Reference - Reform of the National Ecological Fund in line with international best practice (Organization of Study Tour to the Czech Republic)*

_____, *Terms of Reference - Provision of consultancy in integrating local environmental aspects in the local planning process and support in implementing performance based budgeting for Local Public Authorities in Moldova*

Annex 5: Interview Guide

Note: This was a guide for the interviewers; it is a simplified version of the evaluation matrix. Not all questions were asked to each interviewee; it was a reminder for the interviewers about the type of information required to complete the evaluation exercise and a guide to prepare the semi-structured interviews.

I. RELEVANCE - *How does the project relate to the main objectives of the GEF, UNDP and of Moldova's environmental and development priorities?*

- I.1. Is the project relevant to the GEF objectives?
- I.2. Is the project relevant to UNDP objectives?
- I.3. Is the project relevant to Moldova's environment and development objectives?
- I.4. Does the project address the needs of target beneficiaries?
- I.5. Is the project internally coherent in its design?
- I.6. How is the project relevant in light of other donors?

Future directions for similar projects

- I.7. What lessons have been learnt and what changes could have been made to the project in order to strengthen the alignment between the project and the Partners' priorities and areas of focus?
- I.8. How could the project better target and address priorities and development challenges of targeted beneficiaries?

II. EFFECTIVENESS – *To what extent have the expected outcomes and objectives of the project been achieved?*

- II.1. How is the Project effective in achieving its expected outcomes?
 - Reform of environmentally harmful subsidies, green subsidies, as well as environmental charges within the agricultural and energy sectors.
 - Capacity development for EFR to build consensus among concerned stakeholders.
 - Integration of EFR in local and central planning processes.
- II.2. How is risk and risk mitigation being managed?

Future directions for similar projects

- II.3. What lessons have been learnt for the project to achieve its outcomes?
- II.4. What changes could have been made (if any) to the design of the project in order to improve the achievement of project's expected results?
- II.5. How could the project be more effective in achieving its results?

III. EFFICIENCY - *Was the project implemented efficiently, in-line with international and national norms and standards?*

- III.1. Was adaptive management used or needed to ensure efficient resource use?
- III.2. Did the project *Result and Resources Framework* and work plans and any changes made to them use as management tools during implementation?
- III.3. Were the accounting and financial systems in place adequate for project management and producing accurate and timely financial information?
- III.4. Were progress reports produced accurately, timely and respond to reporting requirements including adaptive management changes?
- III.5. Was project implementation as cost effective as originally proposed (planned vs. actual)?
- III.6. Was the leveraging of funds (co-financing) happening as planned?
- III.7. Were financial resources utilized efficiently? Could financial resources have been used more efficiently?
- III.8. How was RBM used during project implementation?
- III.9. Were there an institutionalized or informal feedback or dissemination mechanism to ensure that findings, lessons learned and recommendations pertaining to project formulation and implementation effectiveness were shared among project stakeholders, UNDP Staff and other relevant organizations for ongoing project adjustment and improvement?
- III.10. Did the project mainstream gender considerations into its implementation?

- III.11. To what extent were partnerships/ linkages between institutions/ organizations encouraged and supported?
- III.12. Which partnerships/linkages were facilitated? Which one can be considered sustainable?
- III.13. What was the level of efficiency of cooperation and collaboration arrangements? (between local actors, UNDP/GEF and relevant government entities)
- III.14. Was an appropriate balance struck between utilization of international expertise as well as local capacity?
- III.15. Did the project take into account local capacity in design and implementation of the project?

Future directions for the project

- III.16. What lessons can be learnt from the project on efficiency?
- III.17. How could the project have more efficiently addressed its key priorities (in terms of management structures and procedures, partnerships arrangements etc...)?

IV. IMPACTS - *Are there indications that the project has contributed to, or enabled progress towards reduced environmental stress and/or improved ecological status?*

- IV.1. Will the project achieve its objective that is 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?

Future directions for the project

- IV.2. How could the project build on its apparent successes and learn from its weaknesses in order to enhance the potential for impact of ongoing and future initiatives?

V. SUSTAINABILITY - *To what extent are there financial, institutional, social-economic, and/or environmental risks to sustaining long-term project results?*

- V.1. Were sustainability issues adequately integrated in project formulation?
- V.2. Did the project adequately address financial and economic sustainability issues?
- V.3. Is there evidence that project partners will continue their activities beyond project support?
- V.4. Were laws, policies and frameworks being addressed through the project, in order to address sustainability of key initiatives and reforms?
- V.5. Is the capacity in place at the national and local levels adequate to ensure sustainability of results achieved to date?
- V.6. Did the project contribute to key building blocks for social and political sustainability?
- V.7. Were project activities and results being replicated elsewhere and/or scaled up?
- V.8. What are the main challenges that may hinder sustainability of efforts?

Future directions for the project

- V.9. Which areas/arrangements under the project show the strongest potential for lasting long-term results?
- V.10. What are the key challenges and obstacles to the sustainability of results of the project initiatives that must be directly and quickly addressed?

Annex 6: Evaluation Mission Agenda

AGENDA of the Environmental Fiscal Reform Project Evaluation Mission 31 August – 6 September 2015, Chisinau, Republic of Moldova

| Time | Institution/Organization/ Participants | Participants | Details, Comments | Venue, address | Status |
|-----------------------------------|--|--|---|--|---|
| Monday, 31 August, 2015 | | | | | |
| 17.30 – 18.30 | Arrival at Chisinau International Airport | Mihai Roscovan, EFR Project manager Victor Cotruta, National evaluator | Jolly Allon Hotel | Maria Cebotari, 37 | Arrival at Chisinau International Airport |
| Tuesday, 1 September, 2015 | | | | | |
| 08.30 – 09.20 | EFR Project's Office Kick-off Meeting: Project Team | Mihai Roscovan Valentin Rosca Sergiu Burca Jean Joseph Bellamy, International evaluator Victor Cotruta, National evaluator | | Iorga, 21 3 rd floor | Confirmed |
| 09.30 – 10.30 | UNDP Moldova CO Kick-off meeting: Team Members | Narine Sahakyan Valeria Ieseanu Jean Joseph Bellamy Victor Cotruta | Mission planning and expected outcomes of the mission and timeframes Topics and issues to be discussed with the stakeholders | UN House, str. 131 UN House Conference room | Confirmed |
| 11.00 – 12.00 | Ministry of Environment Ms. Maria Nagornii, Head, Analysis, Monitoring and Evaluation Division; Ms. Svetlana Bolocan, Head, Pollution Prevention and Waste, Management Division Ms. Veronica Josu, Deputy Head, Nature and Biodiversity Resources Division | Jean Joseph Bellamy Victor Cotruta | Environmental Policies and Payments | 9 Cosmonautilor str. Minister's office Off. 603 Tel: 022 20-45-20 | Confirmed |
| 12.00 – 13.00 | Lunch | | | | |
| 13.15 – 14.15 | Ministry of Environment | Jean Joseph Bellamy | MTBF | 9 Cosmonautilor str. | Confirmed |

| Time | Institution/Organization/ Participants | Participants | Details, Comments | Venue, address | Status |
|-------------------------------------|---|--|---|--|------------------|
| | Ms. Maria Malic, Deputy Head, Finance and Accounting Division; Ms. Raisa Leon, Deputy Head, Environmental Policy, Monitoring and Strategic Planning Subdivision. | Victor Cotruta | Sectoral Environmental Expenditure Strategies | Minister's office Off. 603 Tel: 022 20-45-36 | |
| 14.30 – 15.30 | National Ecological Fund Ms. Mariana Covic, Head, Finance and Accounting Division Ms. Elena Creanga, Head, Accounting & Control Service, NEF Mr. Carolina Eremei, Consultant of Law Devision | Jean Joseph Bellamy Victor Cotruta, | Restructuring NEF | 603 Tel: 022 20-45-31 | Confirmed |
| 16.00 – 17.00 | Ministry of Finance Mr. Iurie Nastas, Head, Finances of National Economy Subdivision Mr. Ion Iaconi, Head of division TAUB | Jean Joseph Bellamy Victor Cotruta | Restructuring NEF Environmental payments Integration environmental aspects in performance budgeting | 7, Cosmonauților str., Tel: 022 26 25 | Confirmed |
| 17.30 – 18.00 | EFR Project's Office War-up Meeting Mihai Roscovan Valentin Rosca Dumitru Budianschi, Eugenia Veverita, EFR consultants | Jean Joseph Bellamy Victor Cotruta | | Iorga, 21 3 rd floor | |
| Wednesday, 2 September, 2015 | | | | | |
| 08.45 – 09.45 | Ministry of Economy Ms. Lilia Palii, State Minister Ms. Emilia Cebotari, Head, Project development Division Ms. Maia Apostu, Head, Fiscal Policy and State Budget Subdivision | Jean Joseph Bellamy Victor Cotruta | Sustainable development and Green Economy Environmental payments | Government Building Piața Marii Adunări Naționale, nr.1, Off. 252 Tel: 022 250 535 | Confirmed |
| 09.50 – 10.50 | Ministry of Economy | Jean Joseph Bellamy | Energy subsidies | Government Building | Confirmed |

| Time | Institution/Organization/ Participants | Participants | Details, Comments | Venue, address | Status |
|------------------------------------|--|---------------------------------------|---|--|------------------|
| | Ms. Mariana Botezatu, Head, General Division for Security and Energy Efficiency | Victor Cotruta | | Piața Marii Adunări Naționale, nr.1, Off.217 Tel: 022 250 500 | |
| 11.15 -12.15 | Ministry of Agriculture and Food Industry Mr. Vlad Loghin, Vice Minister Mr Nicolae Ciubuc, Deputy Head of Agency of Intervention and Payments in Agriculture | Jean Joseph Bellamy Victor Cotruta | Green subsidies in agriculture | 162, Ștefan cel Mare Bd., Off. 316 Tel: 022 232 384 | Confirmed |
| 12.15 – 13.15 | Lunch | | | | |
| 14.00 – 17.00 | Calarasi Town Primaria Vadim Melnic, Town Hall Mayor +373 69 387017 Vitalie Secrieru, IDIS | Jean Joseph Bellamy Victor Cotruta | Integration environmental aspects in local planning and performance based budgeting | 19,Eminescu str., Tel. +373 0244 22773, +373 0244 23601 | Confirmed |
| 17.30 – 18.00 | EFR Project's Office War-up Meeting Mihai Roscovan Igor Gorasov, Consultant on energy and agri subsidies | Jean Joseph Bellamy Victor Cotruta | | Iorga, 21 3 rd floor | |
| Thursday, 3 September, 2015 | | | | | |
| 09.00 – 10.00 | Ministry of Environment Mr. Valeriu Munteanu, Minister | Jean Joseph Bellamy Victor Cotruta | Environmental Policies Role of the Environmental Reform | 9 Cosmonautilor str. Minister's office Tel: 022 20-45-07 | Confirmed |
| 10.05 – 11.00 | Ecological Inspectorate Mr. Vadim Stangaciu, Deputy Director Ms. Victoria Causu, Head of division Mr. Dumitru Osipov, Head of Subdivision | Jean Joseph Bellamy Victor Cotruta | Environmental payments collection and administration | 9, Cosmonauților str., Tel: 022 22-69-41 | Confirmed |
| 11.05 -12.00 | Mr Andrei Isac | Jean Joseph Bellamy | Cooperation with UNEP, OECD | 9, Cosmonautilor str., | Confirmed |

| Time | Institution/Organization/ Participants | Participants | Details, Comments | Venue, address | Status |
|----------------------------------|--|--|---|---|------------------|
| | Local Consultant EaP GREEN, UNEP RO for Europe | Victor Cotruta | Promotion sustainable development and green economy | Tel: 069130366 | |
| 12.00 – 13.00 | Lunch | | | | |
| 14.00 – 17.00 | Telenesti Town Primaria Vadim Lelic, Town Hall Mayor Nicolae Nastas, Town Hall Secretary Veceaslav Bulat, IDU | Jean Joseph Bellamy Victor Cotruta | Integration environmental aspects in local planning and performance based budgeting | Telenesti 8, 31 August str. Tel: 0-258-22641 | Confirmed |
| Friday, 4 September, 2015 | | | | | |
| 09.00 – 10.00 | State Chancellery Mr. Sergiu Palihovici, General State Secretary Mr. Vasile Ciorba, Consultant, member of the NEF Council | Jean Joseph Bellamy Victor Cotruta | Restructuring NEF EFR Commission | Government Building Stefan cel Mare Bd, 1, off. 527 | Confirmed |
| 10.15 – 11.15 | ANRE Alexandru Mija, Deputy Head of tariff and economic department | Jean Joseph Bellamy Victor Cotruta | Energy subsidies | 90, Columna str. Ph. 022 852926 amija@anre.md | Confirmed |
| 11.45 – 12.45 | Ecological Movement Mr. Alecu Renita, director AO EcoContact Ms. Iordanca Rodica Iordanov, Director | Jean Joseph Bellamy Victor Cotruta | Cooperation with NGOs sector in environmental policies related EFR | 13, Lazo str., Tel: 022 232 408; 022 21 27 86 | Confirmed |
| 13.00 – 13.30 | Lunch | | | | |
| 13.30-15.00 | Mr. Iulian Gamureac, President MoldRec NGO Corina Lozovanu, Metro Moldova SRL Liudmila Andronic, EFES JSC | | Environmental taxes and payments from private point of view | Iorga, 21 3 rd floor 069099529 (CL) 079704622 (LA) | Confirmed |
| 15.00 – 16.00 | Debriefing EFR Project's Office | Mihai Roscovan Valentin Rosca Sergiu Burca | | Iorga, 21 3 rd floor | Confirmed |

| Time | Institution/Organization/ Participants | Participants | Details, Comments | Venue, address | Status |
|------------------------------------|---|---|-------------------|-----------------------------|--|
| | | Dumitru Budianschi Jean Joseph Bellamy Victor Cotruta | | | |
| 16.00 – 17.00 | Debriefing UNDP Moldova CO | Narine Sahakyan Valeria Ieseanu Jean Joseph Bellamy Victor Cotruta | | UN House Conference Room | Confirmed |
| Saturday, 5 September, 2015 | | | | | |
| | | | | | |
| Sunday, 6 September, 2015 | | | | | |
| 10:00 pm | Departure from the Jolly Allon Hotel | | Jolly Allon Hotel | | Departure from Chisinau International Airport |

Annex 7: List of People Interviewed

Mr. Alecu Renita, director, Ecological Movement of Moldova, NGO
Mr. Alexandru Bostan, Adviser to the Minister, MOE
Mr. Alexandru Mija, Deputy Head of tariff and economic department, ANRE
Mr. Andrei Isac, Consultant, EaP GREEN & UNEP RO for Europe
Mr. Andrei Juraveli, Head, Agency for Geology and Mineral Resources
Ms. Carolina Eremei, Consultant of Law Devision
Mr. Dumitru Budianschi, EFR consultant
Mr. Dumitru Osipov, Head of Subdivision, State Ecological Inspectorate
Mr. Eduard Grama, Deputy Minister, MAFI
Ms. Elena Creanga, Head, Accounting and Control Service, NEF
Ms. Emilia Cebotari, Head, Project development Division, MOEco
Ms. Eugenia Veverita, consultant MBTF
Mr. Igor Gorasov, EFR Consultant on energy and agriculture subsidies
Mr. Ion Crudu, State Secretary, MOE
Mr. Ion Iaconi - Head, Public Authorities Financial Division, MOF
Ms. Iordanca Rodica Iordanov, director, EcoContact, NGO
Mr. Iulian Gamureac, President, MoldRec, NGO
Mr. Iurie Nastase, Head, Finances of National Economy Subdivision, MOF
Ms. Liliana Taban - Deputy Head, Finances of National Economy Subdivision, MOF
Ms. Liudmila Andronic, EFES JSC
Ms. Maia Apostu, Head, Fiscal Policy and State Budget Subdivision, MOEco
Ms. Maria Malic, Deputy Head, Finance and Accounting Division, MOE
Ms. Maria Nagornii, Head, Analysis, Monitoring and Evaluation Division, MOE
Ms. Mariana Botezatu, Head, General Division for Security and Energy Efficiency, MOEco
Ms. Mariana Covic, Head, Finance and Accounting Division, NEF
Dr. Mihai Roscovan, EFR Project Manager
Ms. Monica Moldova, UNDP-Moldova
Ms. Nadejda Gorbunova - Head, Economical-Financial Division, MOF
Ms. Narine Sahakyan, Deputy Resident Representative, UNDP-Moldova
Mr. Nicolae Ciubuc, Deputy Head of Agency of Intervention and Payments in Agriculture, MAFI
Mr. Sergiu Burca, Project Team
Mr. Sergiu Palihovici, General State Secretary, State Chancellery
Ms. Svetlana Bolocan, Head, Pollution Prevention and Waste, Management Division, MOE
Mr. Vadim Stangaciu, Deputy Director, State Ecological Inspectorate
Mr. Valentin Rosca, EFR Project Team
Ms. Valeria Ieseanu, UNDP-Moldova
Mr. Valeriu Munteanu, Minister, MOE
Mr. Vasile Ciorba, Consultant, member of the NEF Council, State Chancellery
Mr. Vasilii Botica - Deputy Head, General Budgetary Synthesis Division, MOF
Mr. Veceaslav Bulat, IDU
Ms. Veronica Josu, Deputy Head, Nature and Biodiversity Resources Division, MOE

Ms. Victoria Causu, Head of division, State Ecological Inspectorate
Mr. Vitalie Secieru, IDIS
Mr. Vitalie Grmalschi, Head, Nature and Biodiversity Resources Section, MOE
Mr. Vlad Loghin, Vice Minister, MAFI

Meeting at Calarasi Town-Hall (Sept. 2, 2015)

Mr. Afanasie Prepelita, Environmental expert, IDIS
Mr. Alexandru Marian, Specialist on constructions and roads, Municipal Enterprise on Local Administration
Ms. Ana Bejenari, Specialist on Purchasing and Trade
Mr. Anatolie Moldovan, Environmental expert, IDIS
Ms. Ecaterina Melnic, Secretary of the City Council
Mr. Gheorghe Stratan, Head of the Municipal Enterprise on Local Administration
Mr. Iacob Mandrescu, City councilor
Mr. Ion Badasca, Specialist on Foreign Investments
Mr. Iurie Lapp, Specialist on Legal Affairs
Mr. Nicolae Melnic, Mayor
Mr. Nicolae Preguza, Chief-Architect
Mr. Vadim Melnic, Town Hall Mayor
Ms. Valentina Stratan, Specialist on Youth and Sport
Mr. Vitalie Secieru, IDIS
Mr. Vitalie Sochirca, Environmental expert, IDIS

Meeting at Telenesti Town Primaria (Sept. 3, 2015)

Mr. Nicolae Nastas, Town Hall Secretary
Mr. Vadim Lelic, Town Hall Mayor

Annex 8: Project Expected Results and Planned Activities

| Intended Outcomes | Targets | Indicative Activities |
|--|---|--|
| <p>Outcome 1 - Reform of environmentally harmful subsidies, green subsidies as well as environmental charges:</p> <ul style="list-style-type: none"> • Output 1.1: Introduce policy reform in the area of environmentally harmful subsidies • Output 1.2: Reform of environmental charges and facilitation of eco-technology investments • Output 1.3: Improved regulations and operational management of the National and Local Ecological Funds (NEF/LEFs). | <ul style="list-style-type: none"> • Target (Year 1): <ul style="list-style-type: none"> - Identification of tax and duties on energy and agriculture products - Market analysis for eco-technology solutions - Procedures for PCM for NEF/LEFs spending areas • Targets (Year 2) <ul style="list-style-type: none"> - Identification of options for greening and reforming subsidies and charges - Short and long-term spending strategy of NEF/LEFs • Targets (Year 3) <ul style="list-style-type: none"> - Recommendations for legislative texts and technical guidelines elaborated and submitted for and adoption | <ol style="list-style-type: none"> 1) Reform of agricultural subsidies: <ol style="list-style-type: none"> a) Identify options for greening and fundamentally reforming current agricultural subsidies, focusing on aspects such as effective and maximized contribution to targets and goals of CBD and CCD; b) Development of new markets for agricultural products and realizing export potentials for such products, and the realization of positive employment effects. This will be done taking especially into account relevant experience in the EU area; c) Identify which potential options are feasible and most desirable for implementation; and d) Elaborate selected reform proposals in detail and elaborate concrete implementation measures, including relevant legislation and implementation guidelines. 2) Reform of energy subsidies: <ol style="list-style-type: none"> a) Determine the economic, fiscal, social, and environmental effects of applying the maximum rates of VAT, excise taxes, custom duties and other fiscal instruments on different energy products, assuming different economic growth scenarios, different taxation shift scenarios, as well as other relevant variables; b) Identify which potential options are feasible and most desirable for implementation, focusing on issues such as effective and maximized contribution to targets and goals of FCCC, the development of new markets and cleaner technologies in the energy sector, the protection of vulnerable groups of society. This will be done taking especially into account relevant experience in the EU area; and c) Elaborate selected reform proposals in detail and elaborate concrete implementation measures, including relevant legislation and implementation guidelines, 3) Reform of environmental charges: <ol style="list-style-type: none"> a) Develop a detailed reform concept for Moldova's pollution charge system based on analyzing environmental, economic and fiscal effects of current charges, good international practice in implementing such charges (for example in Czech Republic, Poland, Western Europe), creating effective links to Moldova's commitments under CBD, CCD, and FCCC. b) Review other existing –environmental charges, taking into account good international practice in implementing such instruments, and prepare detailed reform concepts to further improve the implementation of these charges, including in particular strengthened links to Moldova's commitments under CBD, CCD, and FCCC. c) Elaborate concepts and draft legislation for selected new environmental charges, related to areas covered under CBD, CCD, and FCCC. d) Facilitate and inform the political process to implement the proposed reform. 4) Facilitation of increased eco-technology investments: <ol style="list-style-type: none"> a) Prepare a market analysis of current (financing) markets for several groups and types of eco-technology solutions that have a high potential to be mainstreamed in Moldova, focusing on eco-technologies related to issues covered by CBD, CCD, and FCCC. b) For selected types of eco-technology solutions identified, develop detailed spending strategies, project cycle management procedures, as well as related procurement procedures that can be adopted through a suitable financing mechanism, identified or enabled by the project. |

| Intended Outcomes | Targets | Indicative Activities |
|---|--|--|
| | | 5) Improving management and operational procedures of NEF and LEFs: <ol style="list-style-type: none"> Develop transparent and detailed short-term and long-term spending strategies, based on national policy priorities, relevant EU environmental policy, as well as priorities established by the Rio Conventions, Develop detailed procedures for Project Cycle Management (PCM) for 2-3 priority spending areas related to Rio Conventions, including procedures such as project identification (in particular via open, public tendering), project appraisal, project selection and approval, contracting, project implementation, and project monitoring and evaluation. Develop recommendations to further strengthen current governance structures Develop recommendations to strengthen information management needs, supervision and reporting policies and practices of the NEF and LEFs, including reporting related to their effective contributions to Moldova's commitments under the Rio Conventions. |
| Outcome 2: Capacity development to engage and build consensus among all stakeholders: <ul style="list-style-type: none"> • Output 2.1: Capacity building for EFR • Output 2.2: Communication and awareness • Output 2.3: A political dialogue is established | <ul style="list-style-type: none"> • Targets (Year 1): <ul style="list-style-type: none"> - A training needs assessment conducted - A comprehensive information campaign is designed - An EFR website is developed, put online and continuously updated • Targets (Year 2): <ul style="list-style-type: none"> - A set of training sessions are implemented in line with the training needs assessment - A comprehensive information campaign is implemented • Targets (Year 3): <ul style="list-style-type: none"> - Three case studies are published based the lessons learned related to improved national financing for CBD, CCD, and FCCC implementation through the EFR in Moldova - Capacity Scorecard ratings show improvement at final evaluation | <ol style="list-style-type: none"> 1) A training needs assessment is conducted 2) Training implemented in line with national and local needs. Particular attention will be given to how the institutionalization of EFR measures will make an impact to meeting Rio Conventions objectives. These would include but should not be restricted to the following: <ol style="list-style-type: none"> Training to farmers and farmer associations on the reformed subsidy schemes, aimed at facilitating subsidy implementation Study tour regarding the implementation and actual environmental/economic effects of emission and effluent charges in selected foreign countries (e.g., Poland, Czech Republic or certain Western European countries) Training of the staff of the targeted financing institutions/mechanisms in introducing, managing and marketing new eco-technologies financing schemes Training to NEF/LEF staff on new management and operational procedures, as well as governance procedures 3) A comprehensive information campaign will be designed and implemented. It will include: <ol style="list-style-type: none"> An interactive and multilingual website on EFR including relevant legislation and policy; Reports and news from the GEF/UNDP EFR project; An online library including EFR related reports from Moldova and abroad; Information on the work of the Moldovan EFR Commission; Semi-annual e-newsletters; Additional content as defined and agreed during project implementation. At least two publications capturing the project's results in the form of lessons learned and case studies. 4) A Moldovan EFR Commission will be established and will be meeting on a regular basis to provide guidance and political support to the EFR process <ol style="list-style-type: none"> Appropriate institutional mandate and functions will be adopted for this Commission A series of workshops and policy dialogues with international participation to discuss the various reform proposals and related relevant international experience will be implemented. |
| Outcome 3: Integration of EFR in local and central planning processes: | <ul style="list-style-type: none"> • Targets (year 1): <ul style="list-style-type: none"> - Yearly joint work plan between the UNDP/GEF EFR project and JILD | <ol style="list-style-type: none"> 1) Establishment of a sub-group under the working Group on Financial Decentralization for the identification of sectoral strategies for collection and distribution of taxes at decentralized level to meet global environmental objectives |

| Intended Outcomes | Targets | Indicative Activities |
|---|---|--|
| <ul style="list-style-type: none"> • Output 3.1: Sub-Component 3.1: EFR instruments integrated in the decentralization process • Output 3.2: Sub-Component 3.2: EFR instruments integrated into governmental budgeting and MTEF processes | <ul style="list-style-type: none"> - Assessment of environmental management priorities within the Local Development Strategies - Initiate costing study and financing strategy to implement Rio Conventions • Targets (year 2): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Complete costing study and financing strategy to implement Rio Conventions • Targets (year 3): <ul style="list-style-type: none"> - Identification of fiscal reform for local environmental taxes that can be integrated in the PBB system - Comparative analysis of past MTEF with new and improved MTEF prepared by the end of the project to meet Rio Convention targets | <ol style="list-style-type: none"> 2) Identification of global environmental priorities within the local development strategies such as natural disaster management and green insurance, as well as strategies consistent with LECRDS 3) Integrating global and local environmental concerns in the local planning process by identifying and implementing reform in potential fiscal instruments at the local level such as natural resources extraction, land tax, and other local taxes and fees. These activities will be closely linked to the process of performance based budgeting underway in the five pilot towns in Moldova within the JILDP 4) 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). 5) 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 6) Update existing assessments and financing strategies within the framework of the MTEF to implement the Rio Conventions, including the identification of realistic sources of funds through EFRs |

Source: Project Document

Annex 9: Summary of Grants Given to 6 Towns

| Town | Project Title | Description |
|-----------|---|--|
| Ungheni | Arrangement of the Youth Square in Ungheni Town | Arrangement of green spaces and modernization of the infrastructure of the Youth Square by improving leisure/amusement conditions for the residents of Ungheni town. Budget: 328,460 MDL EFRP/UNDP Contribution: 160,000 Community Contribution: 167,960 |
| Telenesti | "Central Park of Telenesti town –green oasis of ambience and entertainment" | Improving the quality of urban life, arrangement of Central Public Park, Stefan cel Mare Street, Telenesti town. Floristic enrichment and park planning with creation of several distinct areas to satisfy all the visitors of different ages, and different concerns of visitors in leisure time. Budget: 200,000 MDL EFRP/UNDP Contribution: 160,000 Community Contribution: 40,000 |
| Soroca | A new life for the Park "Paradis" in New Sector in Soroca town. | Arrangement of approximately 3000 m ² of green spaces in the park of the New District of Soroca town. Creating an ecological leisure and entertainment space for residents and guests. Greening and enrichment of the flora of the park in the New District of Soroca town. Budget: 200,000 MDL EFRP/UNDP Contribution: 160,000 Community Contribution: 40,000 |
| Cahul | Improving waste collection network in the town of Cahul (Cahul District) | The goal of the project consist in purchasing and installing trash bins on the central streets of the city, purchase bins, bags for garbage to be used by the workers to evacuate it in order to improve sanitation of the city. As a result, waste collection network will cover most central streets, public places and institutions. Budget: 238,075 MDL EFRP/UNDP Contribution: 160,000 Community Contribution: 78,075 |
| Calarasi | Renovation and maintenance of the central square of the Calarasi town | Renovation and repair of the square focusing on repairing the stairs, landscaping ramps for people with disabilities, paving the access, greening land, etc., in order to improve recreational and aesthetic conditions for the inhabitants of the city. Budget: 280,615 MDL EFRP/UNDP Contribution: 160,000 Community Contribution: 120,615 |
| Floresti | Strengthening the capacity and the extension of sanitation service of Floresti town | The project aims to purchase 80 containers, which will be placed on existing platforms and the arrangement of 4 other new platforms for waste collection in town. Budget: 200,000 MDL EFRP/UNDP Contribution: 160,000 Community Contribution: 40,000 |

Annex 10: Capacity Development Monitoring Scorecard

Project/Programme Name: **Strengthening capacities to undertake environmental fiscal reform to meet national and global environmental priorities (Moldova)**

Project/Programme Cycle Phase: **Terminal Evaluation**

Date: **September 2015**

| Capacity Result / Indicator | Staged Indicators | Rating | Start Score | TE Score | Comments | Contribution to Outcome |
|--|--|--------|-------------|----------|--|-------------------------|
| CR 1: Capacities for engagement | | | | | | |
| Indicator 1 – Degree of legitimacy/mandate of lead environmental organizations | Institutional responsibilities for environmental management are not clearly defined | 0 | 1 | 2 | Through political dialogues, MOE has a greater authority and legitimacy to manage the environment that is recognized by stakeholders. | 2 |
| | Institutional responsibilities for environmental management are identified | 1 | | | | |
| | Authority and legitimacy of all lead organizations responsible for environmental management are partially recognized by stakeholders | 2 | | | | |
| | Authority and legitimacy of all lead organizations responsible for environmental management recognized by stakeholders | 3 | | | | |
| Indicator 2 – Existence of operational co-management mechanisms | No co-management mechanisms are in place | 0 | 0 | 2 | Project supported the development of several inter-ministerial committees and working groups including few that were formalized by Ministries | 1, 3 |
| | Some co-management mechanisms are in place and operational | 1 | | | | |
| | Some co-management mechanisms are formally established through agreements, MOUs, etc. | 2 | | | | |
| | Comprehensive co-management mechanisms are formally established and are operational/functional | 3 | | | | |
| Indicator 3 – Existence of cooperation with stakeholder | Identification of stakeholders and their participation/involvement in decision-making is poor | 0 | 1 | 3 | The strong participative approach used by the project to develop a series of proposals led to a good identification of stakeholders and their engagement through working groups and committees and other events such as workshops, seminars and conferences. | 1, 3 |
| | Stakeholders are identified but their participation in decision-making is limited | 1 | | | | |
| | Stakeholders are identified and regular consultations mechanisms are established | 2 | | | | |
| | Stakeholders are identified and they actively contribute to established participative decision-making processes | 3 | | | | |
| CR 2: Capacities to generate, access and use information and knowledge | | | | | | |
| Indicator 4 – Degree of environmental awareness of stakeholders | Stakeholders are not aware about global environmental issues and their related possible solutions (MEAs) | 0 | 1 | 2 | Through project activities, particularly its communication activities, stakeholders were made more aware about global environmental issues and possible solutions. | 2 |
| | Stakeholders are aware about global environmental issues but not about the possible solutions (MEAs) | 1 | | | | |
| | Stakeholders are aware about global environmental issues and the possible solutions but do not know how to participate | 2 | | | | |
| | Stakeholders are aware about global environmental issues and are actively participating in the implementation of related solutions | 3 | | | | |
| Indicator 5 – Access and sharing | The environmental information needs are not identified and the information management infrastructure is inadequate | 0 | 2 | 2 | Environmental information exists and is available to the public and particularly to | 2 |

| Capacity Result / Indicator | Staged Indicators | Rating | Start Score | TE Score | Comments | Contribution to Outcome |
|---|--|--------|-------------|----------|--|-------------------------|
| of environmental information by stakeholders | The environmental information needs are identified but the information management infrastructure is inadequate | 1 | | | Decision Makers through the web. However, it is not comprehensive and questions still remain around the information management infrastructure. | |
| | The environmental information is partially available and shared among stakeholders but is not covering all focal areas and/or the information management infrastructure to manage and give information access to the public is limited | 2 | | | | |
| | Comprehensive environmental information is available and shared through an adequate information management infrastructure | 3 | | | | |
| Indicator 6 – Existence of environmental education programmes | No environmental education programmes are in place | 0 | 1 | 1 | Project did support the development of some training material on environmental economic instruments for several workshops but their impact is limited at the national level. | 2 |
| | Environmental education programmes are partially developed and partially delivered | 1 | | | | |
| | Environmental education programmes are fully developed but partially delivered | 2 | | | | |
| | Comprehensive environmental education programmes exist and are being delivered | 3 | | | | |
| Indicator 7 – Extent of the linkage between environmental research/science and policy development | No linkage exist between environmental policy development and science/research strategies and programmes | 0 | 0 | 2 | The project supported numerous studies, research, analyses that were all used for policies development. However, more is needed to fulfill the policy research needs. | 1, 2, 3 |
| | Research needs for environmental policy development are identified but are not translated into relevant research strategies and programmes | 1 | | | | |
| | Relevant research strategies and programmes for environmental policy development exist but the research information is not responding fully to the policy research needs | 2 | | | | |
| | Relevant research results are available for environmental policy development | 3 | | | | |
| Indicator 8 – Extent of inclusion/use of traditional knowledge in environmental decision-making | Traditional knowledge is ignored and not taken into account into relevant participative decision-making processes | 0 | 1 | 2 | The project supported the planning process at the local level in 6 towns, including budgetary support to implement the MTEF guidelines locally and identify environmental issues and integrate solutions to address these issues into the local planning process. This approach needs now to be systematized and replicated nation-wide. | 2, 3 |
| | Traditional knowledge is identified and recognized as important but is not collected and used in relevant participative decision-making processes | 1 | | | | |
| | Traditional knowledge is collected but is not used systematically into relevant participative decision-making processes | 2 | | | | |
| | Traditional knowledge is collected, used and shared for effective participative decision-making processes | 3 | | | | |
| CR 3: Capacities for strategy, policy and legislation development | | | | | | |
| Indicator 9 – Extend of the environmental planning and strategy development process | The environmental planning and strategy development process is not coordinated and does not produce adequate environmental plans and strategies | 0 | 1 | 2 | A good environmental planning and strategic framework is now in place in Moldova but funding constraint is a bottleneck for the implementation of these plans and strategies. | 2, 3 |
| | The environmental planning and strategy development process does produce adequate environmental plans and strategies but there are not implemented/used | 1 | | | | |
| | Adequate environmental plans and strategies are produced but there are only partially implemented because of funding constraints and/or other | 2 | | | | |

| Capacity Result / Indicator | Staged Indicators | Rating | Start Score | TE Score | Comments | Contribution to Outcome |
|--|---|--------|-------------|----------|--|-------------------------|
| | problems | | | | | |
| | The environmental planning and strategy development process is well coordinated by the lead environmental organizations and produces the required environmental plans and strategies; which are being implemented | 3 | | | | |
| Indicator 10 – Existence of an adequate environmental policy and regulatory frameworks | The environmental policy and regulatory frameworks are insufficient; they do not provide an enabling environment | 0 | 2 | 2 | The project supported the development of proposals to reform environment fiscal issues but none have been accepted so far and questions remained on how they will be implemented once approved. | 1, 2 |
| | Some relevant environmental policies and laws exist but few are implemented and enforced | 1 | | | | |
| | Adequate environmental policy and legislation frameworks exist but there are problems in implementing and enforcing them | 2 | | | | |
| | Adequate policy and legislation frameworks are implemented and provide an adequate enabling environment; a compliance and enforcement mechanism is established and functions | 3 | | | | |
| Indicator 11 – Adequacy of the environmental information available for decision-making | The availability of environmental information for decision-making is lacking | 0 | 1 | 2 | The project supported several studies on EFR, including international experiences, best practices, etc. that were made available to decision-makers but no update are planned and resource constraints at both central and local levels will limit the capacity of government institutions to support these updates. | 1, 3 |
| | Some environmental information exists but it is not sufficient to support environmental decision-making processes | 1 | | | | |
| | Relevant environmental information is made available to environmental decision-makers but the process to update this information is not functioning properly | 2 | | | | |
| | Political and administrative decision-makers obtain and use updated environmental information to make environmental decisions | 3 | | | | |
| CR 4: Capacities for management and implementation | | | | | | |
| Indicator 12 – Existence and mobilization of resources | The environmental organizations don’t have adequate resources for their programmes and projects and the requirements have not been assessed | 0 | 2 | 2 | Reforming environment taxation is a way to improve financial resources to manage the environment. However, until these reforms are accepted and implemented, no change in the availability of resources is expected. | 1, 3 |
| | The resource requirements are known but are not being addressed | 1 | | | | |
| | The funding sources for these resource requirements are partially identified and the resource requirements are partially addressed | 2 | | | | |
| | Adequate resources are mobilized and available for the functioning of the lead environmental organizations | 3 | | | | |
| Indicator 13 – Availability of required technical skills and technology transfer | The necessary required skills and technology are not available and the needs are not identified | 0 | 0 | 2 | The project supported the access to skills and knowledge. However, this access still depends on external financial sources as no additional resources are expected to be mobilized in the short-term. | 1, 2, 3 |
| | The required skills and technologies needs are identified as well as their sources | 1 | | | | |
| | The required skills and technologies are obtained but their access depend on foreign sources | 2 | | | | |
| | The required skills and technologies are available and there is a national-based mechanism for updating the required skills and for upgrading the technologies | 3 | | | | |

| Capacity Result / Indicator | Staged Indicators | Rating | Start Score | TE Score | Comments | Contribution to Outcome |
|--|---|--------|--------------|--------------|---|-------------------------|
| CR 5: Capacities to monitor and evaluate | | | | | | |
| Indicator 14 – Adequacy of the project/programme monitoring process | Irregular project monitoring is being done without an adequate monitoring framework detailing what and how to monitor the particular project or programme | 0 | 0 | 2 | Through the implementation of the project, monitoring results was a regular function of the project and used primarily by the project team. | PB activities |
| | An adequate resourced monitoring framework is in place but project monitoring is irregularly conducted | 1 | | | | |
| | Regular participative monitoring of results in being conducted but this information is only partially used by the project/programme implementation team | 2 | | | | |
| | Monitoring information is produced timely and accurately and is used by the implementation team to learn and possibly to change the course of action | 3 | | | | |
| Indicator 15 – Adequacy of the project/programme monitoring and evaluation process | None or ineffective evaluations are being conducted without an adequate evaluation plan; including the necessary resources | 0 | 1 | 2 | Evaluating project achievements was a project management requirement but this information is primarily used by the project team. | PB activities |
| | An adequate evaluation plan is in place but evaluation activities are irregularly conducted | 1 | | | | |
| | Evaluations are being conducted as per an adequate evaluation plan but the evaluation results are only partially used by the project/programme implementation team | 2 | | | | |
| | Effective evaluations are conducted timely and accurately and are used by the implementation team and the Agencies and GEF Staff to correct the course of action if needed and to learn for further planning activities | 3 | | | | |
| Total Score: | | | 14/45 | 30/45 | | |

Annex 11: Evaluation Report Clearance Form

EVALUATION REPORT CLEARANCE FORM

for the Evaluation Report of the EFR Project

“Strengthening capacities to undertake environmental fiscal reform to meet national and global environmental priorities”

(Project ID GEF: 4183 – Atlas: 78482)

Evaluation Report Reviewed and Cleared by

UNDP Country Office

Name: _____

Signature: _____ Date: _____

UNDP GEF RTA

Name: _____

Signature: _____ Date: _____