M-GROW
MOLDOVA GROWTH, RESILIENCE AND OPPORTUNITIES FOR WELL-BEING

WORLD BANK GROUP

MOLDOVA

Growth, Resilience, and Opportunities for Well-Being (M-GROW) Program

ANNUAL REPORT ▶ OCTOBER 2024–SEPTEMBER 2025

About the cover photos

Top left: Due to legislative changes that simplified the award of connection permits, Moldova has seen a surge in renewable capacity. As reported by NCSE, total renewable capacity stood at 851.51 MW, having increased by 279 MW in the first 8 months of 2025 compared to end 2024.

Top right: Field mission to CHP, Source 1 of Termoelectrica.

Bottom left: Visit to Unitech Engineering Solutions company, beneficiary of the grant component under the MSME Competitiveness Project.

Bottom right: Panilino Bakery in Chisinau, one of the beneficiaries of the MSME Competitiveness Project.

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MANAGING UNIT: Moldova Country Management Unit (ECCMD)

TEAM LEADERS: James P. Newman, Carolina Odobescu

Contents

Acknowledgements

This Annual Report for the *Moldova – Growth, Resilience and Opportunities for Well-being* (M-GROW) Multi-Donor Trust Fund (MDTF) Program was prepared under the overall guidance of Robert Saum (Division Director for Eastern Europe) and Ulrich Schmitt (World Bank Group Country Manager for Moldova). The report was written by the M-GROW team: James P. Newman (M-GROW Program Manager, Senior Operations Officer), Carolina Odobescu (M-GROW Program Co-Manager, Senior Country Officer), Boris Ciobanu (Communications Officer), Ala Muntean (Executive Assistant), Mariana Aricova (Consultant), and Alexei Ionascu (Consultant).

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Acronyms and Abbreviations

AF	Additional Financing
ANRE	National Agency for Energy Regulation
AWP	Annual Work Plan
BE	Bank-executed
CHP	Combined Heat and Power Plant
CY	Calendar Year
CPF	Country Partnership Framework
CPPR	Country Portfolio Performance Review
DGS	Deposit Guarantee Scheme
DH	District Heating
DHEIP2	Second District Heating Efficiency Improvement Project
DPO	Development Policy Operation
EE	Energy Efficiency
EVRF	Energy Vulnerability Reduction Fund
EU	European Union
EUR or €	Euro
FCP	Financial Consumer Protection
FDI	Foreign Direct Investment
FGDSB	Banking System Deposit Guarantee Fund
G2B	Government-to-business Services
GHG	Greenhouse Gas
GoM	Government of Moldova
IBRD	International Bank for Reconstruction and Development
IDA	International Development Association
IFC	International Finance Corporation
ISR	Implementation Status Report
IMA	Invest Moldova Agency
IMF	International Monetary Fund
MAPS	Methodology for Assessing Public Procurement Systems
MCC	Moldova Competition Council
EGA	e-Governance Agency
MIGA	Multilateral Investment Guarantee Agency
MIS	Management Information System
MDTF	Multi-Donor Trust Fund
MoEDD	Ministry of Economic Development and Digitalization
MoF	Ministry of Finance
MoJ	Ministry of Justice

MoU	Memorandum of Understanding
M-GROW	Moldova – Growth, Resilience and Opportunities for Well-being
MSME	Micro-, Small- or Medium-size Enterprise
MW	Megawatts
NBM	National Bank of Moldova
NCFM	National Commission for Financial Markets
NCSE	National Center for Sustainable Energy
NFIS	National Financial Inclusion Strategy
NISEEB	National Information System for Energy Efficiency for Buildings
NOK	Norwegian Krone
OECD	Organization for Economic Cooperation and Development
PAD	Project Appraisal Document
PC	Partnership Council
PDO	Project Development Objective
PIU	Project Implementation Unit
PMR	Product Market Regulation
RE	Recipient-executed
RF	Results Framework
SC	State Chancellery
SCA	Savings and Credit Association
SFMEE	Sustainable Financing Mechanism for Energy Efficiency
SOE	State-owned Enterprise
SORT	Systematic Operations Risk-Rating Tool
STEEM	Sustainable Transition Through Energy Efficiency in Moldova
TA	Technical Assistance
TE	Termoelectrica S.A.
ToC	Theory of Change
TF	Trust Fund
ToR	Terms of Reference
UK	United Kingdom of Great Britain and Northern Ireland
US	United States
USD or $	United States Dollar
WBG	World Bank Group
WTO	World Trade Organization

Foreword

Ulrich Schmitt

Country Manager for Moldova,
World Bank Group

The M-GROW Program is in its second year of implementation and continues to be a critically important and impactful platform for supporting Moldova in addressing its triple challenge: mitigating the impacts of Russia's invasion of Ukraine, advancing critical structural reforms to modernize the economy, and progressing toward European Union (EU) integration. The strong leadership of the Moldovan authorities, exercised through the M-GROW governance platform, has been instrumental in aligning the M-GROW's objectives with national development strategies. This platform not only ensures coherence with Moldova's priorities but also fosters inclusive decision-making and serves as a valuable forum for the exchange of substantive programmatic ideas. It strengthens mutual trust and, importantly, encourages additional contributions from stakeholders.

In 2025, M-GROW supported important reforms that helped Moldova to integrate Ukrainian refugees into the Moldovan society and labor market. It also supported enabling conditions for renewable energy to help Moldova diversify energy sources and meet its climate change commitments. M-GROW further supported important technical assistance work to make the private sector more competitive and improve governance.

M-GROW has mobilized a total of $32.7 million in donor funds to date, channeling needed resources to strategic, high-priority activities. A coherent framework grounded in solid analytical work has avoided fragmentation of support and helped maximize developmental impact. Moldova has reaffirmed its commitment to the European path, thereby confirming the continuity of the Moldovan development program and the need for M-GROW programmatic and operational continuity as well.

Looking ahead, the coming years present a unique window of opportunity for the World Bank Group (WBG) to leverage its role as a global development and knowledge institution in supporting Moldova's irreversible progress toward EU accession. By working in close coordination with the EU, the WBG can help ensure that Moldova fully capitalizes on the Moldova-EU Growth Plan. This path offers Moldova the chance to embrace new ideas, unlock investment opportunities, and transition toward a trajectory of resilient and inclusive prosperity. Despite the substantial and complex reform agenda ahead, we are confident that Moldova possesses the determination and capability to demonstrate that success is not solely defined by size—and that small can indeed be beautiful. We are honored to contribute to this transformative journey.

Ion Gumene

State Secretary, Ministry of Finance

M-GROW continues to serve as a vital instrument in advancing our country's development agenda. Through this strategic partnership, Moldova has accessed grant support that strengthens the economy, enhances public service delivery, and propels our European integration efforts forward.

2025 marked a period of transition and renewed momentum. Despite global challenges, Moldova has remained steadfast in its commitment to reform and modernization. M-GROW has played a pivotal role in supporting key reforms in public financial management, procurement, and financial inclusion. Notably, we are implementing a new electronic procurement system to enhance transparency and efficiency in public spending, alongside piloting centralized procurement models to improve value-for-money across government institutions.

In the financial sector, M-GROW has contributed to strengthening regulatory frameworks, modernizing insolvency and collateral registries, and developing Moldova's first National Strategy for Financial Inclusion. These initiatives are critical to ensuring that all citizens, particularly those in vulnerable communities, have access to financial services and can actively participate in the country's economic growth.

We are grateful to our development partners—Ireland, Norway, and the United Kingdom—for their continued support. Their contributions have enabled us to make strategic investments in energy efficiency, competitiveness, and institutional capacity. Together, we are building a Moldova that is more resilient, inclusive, and ready for the future. As we move forward, we remain committed to ensuring that every leu spent delivers results for our people. M-GROW is helping us do just that by aligning resources with national priorities and delivering reforms that matter.

View to the Parliament Building in Chisinau.
Photo: Serghei Starus | iStock.

1. Executive Summary

Russia's invasion of Ukraine has had a profound impact on Moldova, triggering both immediate humanitarian pressures and long-term economic challenges. Since 2022, Moldova has received over 1.5 million refugees (128,000 of whom chose to stay) and worked with international partners to deliver essential services and foster social inclusion. The country has faced inflation, energy insecurity, and rising poverty, prompting stabilization measures, energy diversification, and accelerated reforms. These pressures have also reshaped Moldova's geopolitical path, culminating in its transition from EU Association to EU Candidate status, with accession talks officially launched in June 2024.

The World Bank Group plays a vital role in supporting Moldova's dual response to crisis and reform by addressing immediate socio-economic impacts while advancing long-term development and EU integration. Its active portfolio includes emergency assistance, competitiveness initiatives, and digitalization efforts aligned with Moldova's strategic priorities. Through the M-GROW MDTF Program, the WBG mobilizes grant financing and channels development partner contributions into a coordinated program, reducing fragmentation and maximizing impact in areas that strengthen institutions, promote sustainable growth, and support Moldova's EU accession.

Structured around two pillars—Critical Project Investment and Institutional Strengthening—M-GROW has supported reforms in energy efficiency, enterprise competitiveness, public procurement, financial transparency, and social protection. Cross-cutting priorities include gender equity, climate resilience, citizen engagement, and refugee inclusion. The M-GROW Partnership Council (PC), co-chaired by the Government and the World Bank, includes Ireland, Norway, and the United Kingdom as donors, alongside a number of invited observers. Following a successful first year, M-GROW expanded its 2025 workplan, increasing total commitments to $32.2 million, with two new activities: co-financing for the Moldova Supporting Economic Opportunities Development Policy Operation (DPO, $7.7 million) and funding for a Combined Heat and Power (CHP) plant assessment ($100,000). M-GROW remains a flexible, responsive platform supporting Moldova's immediate needs while advancing long-term development and EU integration goals.

The M-GROW portfolio achieved several notable successes across energy efficiency, enterprise competitiveness, public procurement, financial transparency, and social protection. In energy, highlights include the launching of energy audits, institutional training, and gender-inclusive programs, as well as an assessment of Termoelectrica's financial model and market projections. The Micro-, Small- and Medium-enterprise (MSME) activity strengthened investment policies, scaled up Government-to-Business (G2B) services, and advanced EU-aligned competition policy. The DPO supported Moldova's recovery and reform momentum through targeted energy subsidies, EU-aligned legislation, and climate resilience measures. Public procurement reforms progressed with strategic planning for a new e-procurement system and centralized purchasing. In the financial sector, regulatory frameworks were reinforced, and foundational steps were taken to improve consumer protection, financial inclusion, and insolvency procedures. Together, these achievements reflect strong institutional engagement and policy momentum toward a more resilient, inclusive, and competitive economy as detailed below.

Energy efficiency activities under M-GROW have advanced steadily. The *Sustainable Transition through Energy Efficiency* (STEEM) initiative made notable progress in improving public sector energy efficiency (EE) and institutional capacity. Following initial delays, implementation gained momentum through expanded energy audits, stakeholder engagement, and gender-inclusive programs, including internships for women in energy. M-GROW also supported the development of energy information systems and capacity-building for the National Center for Sustainable Energy. Looking ahead, Phase 1 school audits and procurement are expected by early 2026, with rehabilitation works planned for summer. Phase 2 will follow, alongside continued training and international collaboration to strengthen Moldova's long-term energy resilience. Under the second District Heating Efficiency Improvement Project (DHEIP2), M-GROW contributed to key early outputs for the Options Assessment, including Termoelectrica's financial model, market projections, and draft financial assessments. Next steps include finalizing a debt management plan and delivering tailored capacity-building to enhance institutional capabilities.

The MSME activity made substantial progress in addressing structural challenges to Moldova's private sector development. Key achievements include scaling up G2B services, strengthening Invest Moldova's capacity, and advancing competition policy aligned with EU standards. M-GROW's tailored technical assistance (TA) has improved regulatory coordination, investor outreach, and institutional performance. Looking ahead, the focus will shift to launching three digital platforms (e-Inspection, e-Permitting, e-KYC), enhancing the Public Services Portal, and implementing a Germany-focused Foreign Director Investment (FDI) lead-generation program. Additional priorities include finalizing market assessments, developing sustainability-oriented competition guidelines, and organizing a study visit to inform future reforms.

The Moldova Supporting Growth and Resilience DPO has made strong progress across its three strategic pillars, supporting recovery amid regional and economic challenges. The government transitioned from emergency refugee aid to long-term integration by aligning asylum laws with EU standards and implementing targeted energy subsidies via the Energy Vulnerability Reduction Fund. Reforms to promote sustainable growth included EU-aligned competition and state aid regulations, and the unbundling of the gas transmission network to improve market transparency. Climate resilience was strengthened through the adoption of the Energy Performance of Buildings Law and the creation of a national energy efficiency coordination center. These achievements reflect solid policy momentum and lay the foundation for continued reforms under future DPO operations.

Notable progress was made across both components of the Public Procurement Efficiency and Value-for-Money activity. Under Component 1, the contract for business process mapping and technical specifications for the new e-procurement system was signed in July, with the bidding document finalized in October 2025. A mid-October workshop supported Moldova's shift toward strategic, value-for-money procurement. Under Component 2, an in-depth analysis identified 11 categories suitable for centralized procurement, supported by a comparative study of European models. Stakeholder consultations in June informed implementation scenarios, and a list of interested pilot institutions was submitted to the Ministry of Finance (MoF) and the Public Procurement Agency in September.

Significant progress was made across key components of the Financial Protection activity, supporting financial sector development, diversification, and stability. Under the Deposit Guarantee Scheme (DGS), M-GROW provided TA to the Financial Group for Development and Stability Board (FGDSB), resulting in strengthened regulatory and operational frameworks, including approved internal audit and target fund ratio regulations. Development of a Management Information System (MIS) is underway, with implementation planned for October 2026. FGDSB also advanced negotiations on liquidity and fiscal backstops with the National Bank of Moldova (NBM) and MoF, though policy challenges have delayed finalization. In parallel, the National Financial Inclusion Strategy (NFIS) progressed with a diagnostic, working group formation, and approval of the NFIS Concept in August 2025. Under Financial Consumer Protection, critical regulatory and supervisory gaps were identified, with recommendations for improved coordination between NBM and the National Commission for Financial Markets (NCFM). Oversight of the Savings and Credit Associations (SCA) sector was transferred to NBM, accompanied by a draft roadmap and amended legislation, pending internal policy decisions. In Financial Infrastructure, amendments to the Insolvency Law were approved, and a diagnostic aligned with the EU Restructuring Directive was delivered, with further support planned for implementation.

Supporting Economic Opportunities and Climate Transition DPO, with full disbursement of the M-GROW grant, has advanced key reforms to promote inclusive

growth, resilience, and sustainability. In private sector competitiveness, amendments to the Insolvency Law streamlined procedures and enhanced digitalization to support firm recovery. In education, dual university programs were introduced to align curricula with labor market needs and reduce youth unemployment. Energy security was strengthened through Moldova's first National Energy and Climate Plan and new governance mechanisms to boost renewable energy and efficiency. In agriculture, new legal frameworks established regional and national Agricultural Chambers, promoting climate-smart practices and enhancing farmers' resilience. Collectively, these reforms lay the foundation for a more competitive, inclusive, and sustainable economy.

The World Bank applies a comprehensive institution-wide Risk Framework at the country, portfolio, and project levels to manage and mitigate risks, including for the M-GROW Program. M-GROW's strategic risk has decreased from *Substantial* to *Moderate*, reflecting Moldova's continued commitment to EU integration following recent elections. Despite regional uncertainties, the country remains focused on recovery, structural reforms, and EU accession. Stakeholder risk remains *Substantial* due to anticipated changes in government personnel, requiring proactive engagement from the WBG to sustain implementation momentum. Financial risk is unchanged at *Moderate*, with all M-GROW funds committed and future financing contingent on donor priorities amid geopolitical shifts. Overall, risk is now assessed as Moderate, supported by Moldova's reform progress, EU candidate status, and the €1.8 billion EU-Moldova Growth Plan, which collectively reinforce resilience and long-term development.

In the final weeks of 2025, the WBG team will engage with Moldova's newly appointed government to ensure a smooth transition and accelerate implementation of M-GROW activities. Building on feedback from the November Partnership Council meeting, the team will update the next Annual Work Plan (AWP) in coordination with Moldovan authorities and development partners. Efforts will focus on identifying and resolving implementation bottlenecks, enhancing communication and visibility, and promoting donor engagement to support Moldova's development goals under M-GROW, the Country Partnership Framework (CPF), and national strategies.

2. M-GROW Program Overview

This section provides an overview of country context, rationale for setting up the M-GROW Program, its structure and current program.

2.1. Country Context

Russia's invasion of Ukraine has had a profound impact on Moldova, triggering both social and economic pressures. Over 380,000 Ukrainian refugees crossed into Moldova, straining public services, housing, and healthcare. Economically, disruptions in trade and supply chains, particularly with Ukraine and Russia, led to inflation peaking above 30 percent in 2022. Moldova's reliance on Russian gas intensified the energy crisis, driving up utility costs and increasing household vulnerability. The agricultural sector faced rising input costs, while remittance-driven growth slowed amid regional instability. Poverty surged, with projections indicating that up to 30 percent of the population could fall below the poverty line if the conflict continues. These challenges have tested Moldova's economic resilience and social cohesion.

The Government of Moldova (GoM) has responded to the war in Ukraine and the refugee influx with a combination of humanitarian compassion and strategic policy action. Since the conflict began, Moldova has maintained an open-border policy, welcoming over 1.5 million Ukrainian refugees, with approximately 120,000 still residing in the country. Despite limited resources, the government has partnered with the EU, UNHCR, and NGOs to provide essential services—housing, healthcare, education, and financial assistance—while promoting refugee inclusion through access to employment, legal aid, and psychosocial support, reaffirming its commitment to human rights and solidarity. To address economic disruptions, Moldova has implemented measures to stabilize the economy and reduce vulnerability. Key actions include diversifying energy sources, accelerating structural reforms, and investing in infrastructure to support long-term growth. Coordinated fiscal and monetary policies have helped sustain household incomes and economic activity amid inflation and budget constraints. Reforms in public procurement, state-owned enterprise (SOE) governance, and private sector competitiveness are also being prioritized to enhance resilience and attract investment. Moldova's proactive and compassionate approach has earned international recognition for its leadership in managing one of Europe's largest refugee crises.

The shifting regional landscape has enabled Moldova's transition from EU Association status to EU pre-accession. This shift was driven by Moldova's internal reform efforts and external geopolitical pressures, particularly Russia's invasion of Ukraine. Moldova applied for EU membership in March 2022 and was granted candidate status in June. Accession negotiations were announced by the European Council in December 2023, with the first Intergovernmental Conference held in June 2024. The war accelerated the EU's enlargement agenda, prompting Brussels to prioritize Moldova's integration as a strategic response to regional instability and Russian influence. Moldova's consistent commitment to democratic reforms, rule of law, and alignment with EU standards, despite challenges such as the unresolved Transnistrian conflict, demonstrates its readiness for deeper integration. This progress reflects both Moldova's political will and the EU's recognition of its strategic importance in Eastern Europe.

The WBG has played a key role in supporting Moldova's response to the war while advancing long-term development priorities. The FY23–FY27 CPF addresses both immediate crisis-related challenges and structural reform needs through a phased approach aligned with Moldova's development agenda and EU accession goals. The active portfolio totaling $783.5 million includes policy operations such as the $134 million Emergency Response, Resilience, and Competitiveness DPO2 that supports socio-economic mitigation measures for refugees and vulnerable households. It also includes long-term initiatives like the MSME Competitiveness Project aimed at enhancing market integration and economic resilience. All activities are screened to align with Moldova's EU integration and digitalization priorities.

2.2. M-GROW Development Objectives and Program Description

The WBG established the M-GROW MDTF Program as a flexible mechanism to mobilize concessional financing in support of Moldova's development. Under the GoM leadership, the MDTF enables coordinated contributions from the World Bank and development partners to finance high-impact technical assistance activities that complement the lending program. It addresses gaps not covered under the previous CPF envelope and enhances the effectiveness of existing investment projects.

The overarching objective of M-GROW is to support Moldova in addressing immediate and medium-term development challenges, particularly in the context of EU accession. Grounded in the FY23-FY27 CPF, M-GROW is structured around two pillars: *Critical Project Investment* and *Institutional Strengthening.* These aim at boosting formal employment, enhancing human capital, and strengthening resilience to climate and crisis-related shocks. In its first year, M-GROW supported high-impact initiatives, including energy efficiency upgrades in public buildings (STEEM), MSME competitiveness, public procurement reform, financial sector transparency, and social protection. The program integrates cross-cutting themes such as gender equity, climate action, citizen engagement, refugee inclusion, and EU alignment, thereby ensuring a holistic and inclusive approach to Moldova's sustainable development (**see Figure 1**).

FIGURE 1. M-GROW Theory of Change

Program Level

M-GROW Program TF

***Umbrella Objective*:** Provide a coordinated financing and support mechanism to assist the Republic of Moldova to rapidly make critical investments and strengthen institutions towards the country's competitive, green, resilient, and inclusive development and regional integration.

CPF DO-level Outcomes: **Increased Opportunities for Formal Employment**
Improved Human Capital
Increased Resilience to Climate Change and Crisis

Pillar Level

Pillar 1. Critical Project Investment			Pillar 2. Institutional Strengthening		
Outcome 1.1 Increased competitiveness of Moldovan enterprises	**Outcome 1.2** Increased quality and accessibility of public services	**Outcome 1.3** Expanded investments in green and resilient infrastructure	**Outcome 2.1** Decreased regulatory burden for Moldovan enterprises	**Outcome 2.2** Enhanced institutional capacity for service delivery and management	**Outcome 2.3** Increased institutional capacity for infrastructure and sustainable development
Indicative Output Indicators			*Indicative Output Indicators*		
Outcome 2.1 Analytical tools and products devevoped and deployed	**Outcome 1.2** Key initiatives to increased quality and accessibility of public services	**Outcome 1.3** Analytical tools deployed for expansion of green resilient infrastructure	**Outcome 2.1** Reduction in compliance costs for businesses	**Outcome 1.2** Key government initiatives for enhanced institutional capacity for service delivery and management	**Outcome 1.3** Key government initiatives for infrastructure and sustainable development
Primarily supported by BE RE			BE RE		

Possible Outputs to be Financed through Grant-Level Activities

Assumptions: Spillover effects of the invasion of Ukraine will be limited over the medium term. Moldova maintains strong commitment to transparent and effective governance and transformational reforms.

Moldova is able to continue to manage its various macroeconomic shocks.

Risks: Spillover effects increase markedly.

Moldova's quality of governance and/or focus deteriorates markedly, eroding implementation capacity and development partner confidence.

Moldova faces a catastrophic macroeconomic and/or fiscal deterioration.

BOX 1. World Bank role in M-GROW Management

The World Bank's dedicated M-GROW team helps the GoM in managing the Trust Fund by:

- Organizing the M-GROW annual progress meeting by preparing the M-GROW Annual Report in collaboration with individual project teams on both the GoM and Bank side.
- Implementing the M-GROW information strategy by holding additional progress and update meetings and other information events, maintaining the dedicated M-GROW page.
- Keeping the stakeholders regularly informed on key decisions remotely.
- Managing the financials and updating key financial data monthly.
- Ensuring a smooth communication flow between all the stakeholders on the Government, Bank and development partner side.

The M-GROW governance and programming structure is designed to ensure national ownership, effective coordination, and active engagement of development partners. Co-chaired by the GoM and the WBG, its decision-making body—the Partnership Council—includes Ireland, Norway, the United Kingdom, and other interested donors. To date, annual and progress meetings have served as productive forums for exchanging ideas and making programmatic decisions. Stakeholders are regularly updated through virtual and in-person meetings, information events, project site visits, and public communications via the dedicated M-GROW page on the World Bank website.

Reflecting a strong foundational year, the M-GROW Workplan for CY2025 was expanded to include two new activities under the Institutional Strengthening pillar. In late 2024, Norway and Ireland provided supplementary contributions of NOK60 million ($5.2 million) and €2 million ($2.1 million) respectively. These funds, along with investment income, enabled the PC to program: $7.7 million for the *Moldova Supporting Economic Opportunities and Climate Transition DPO* and $100,000 for an *Options Assessment* to support financing of a CHP plant. Both were screened through national selection criteria and reviewed by the PC. The updated CY2025 Workplan was shared in January and formally agreed with development partners in March 2025. Total commitments under M-GROW now stand at $32.2 million (**see Table 1**).

Youth participants engaged in a traditional dance for the national celebration.. Photo: SlayStorm| iStock.

TABLE 1. M-GROW Funds Committed in 2024 and 2025

Project	Development Objective	Total Financing (both RE and BE)	Funding Secured from M-GROW
Funds committed in CY 2024			
The Sustainable Transition through Energy Efficiency in Moldova Project	Reduce energy use in existing public buildings and in the district heating sector of Moldova and inform the development of sustainable financing mechanisms to support a national program for EE in public buildings.	$55 million • $50 million–IBRD • $5 million–M-GROW	• $4.5 million–M-GROW (RE) • $0.5 million–M-GROW (BE)
The Moldova MSME Competitiveness Project	Reduce the regulatory burden, increasing Moldovan enterprises' access to finance and their export competitiveness.	$156 million • $18.6 million–IBRD • $31.4 million–IDA • $105 million–Commercial financing guaranteed by the WBG • $1.0 million–M-GROW	• $1.0 million–M-GROW (BE)
The Moldova Supporting Growth and Resilience Development Policy Operation	Strengthen the resilience of refugees and households; promote sustainable growth through enhanced competition and private sector-led growth; and support climate resilience.	$55.5 million • $40 million–IBRD • $5 million–GCFF • $10.5 million–M-GROW	• $10.5 million–M-GROW (RE)
The Public Procurement Efficiency and Value-for-Money Project	Support the GoM's efforts to improve the efficiency and value for money of the public procurement system.	$4.3 million • $4.3 million–M-GROW	• $3.6 million–M-GROW (RE)–under preparation • $0.7 million–M-GROW (BE)
The Enhancing the Competitiveness and Transparency of the Financial Sector Program	Support Moldovan authorities in reforms aimed at enhancing the resilience of the banking sector, increasing financial inclusion, and strengthening financial infrastructure.	$1.5 million • $1.5 million–M-GROW	• $0.35 million–M-GROW (RE)–under preparation • $1.15 million–M-GROW (BE)
Funds committed in CY 2025			
Moldova Supporting Economic Opportunities and Climate Transition DPO	Boost private sector competitiveness by easing market entry and exit, improving employability and access to quality education; and enhancing energy security and promoting climate-smart agriculture.	$105.7 million • $40 million–IBRD • $50 million–IDA • $8 million–GCFF • $7.7 million–M-GROW	• $7.7 million–M-GROW (RE)
Options assessment to finance a Combined Heat and Power (CHP) plant in Moldova) under the Second District Heating Efficiency Improvement Project	Increase the efficiency of the District Heating system in Chisinau	$100.1 million • $100 million–IBRD • $0.1 million–M-GROW	• $0.1 million–M-GROW (RE)
Program Management and Administration (BE)			• $0.3 million–M-GROW (BE)
Cost recovery (RE)			• $1.3 million–M-GROW
Cost recovery (BE)			• $0.5 million–M-GROW
Available Funds (as of September 30, 2025)			• $0.5 million
Total committed by the M-GROW			**• $32.7 million**

Sums of columns may differ from totals because of rounding.

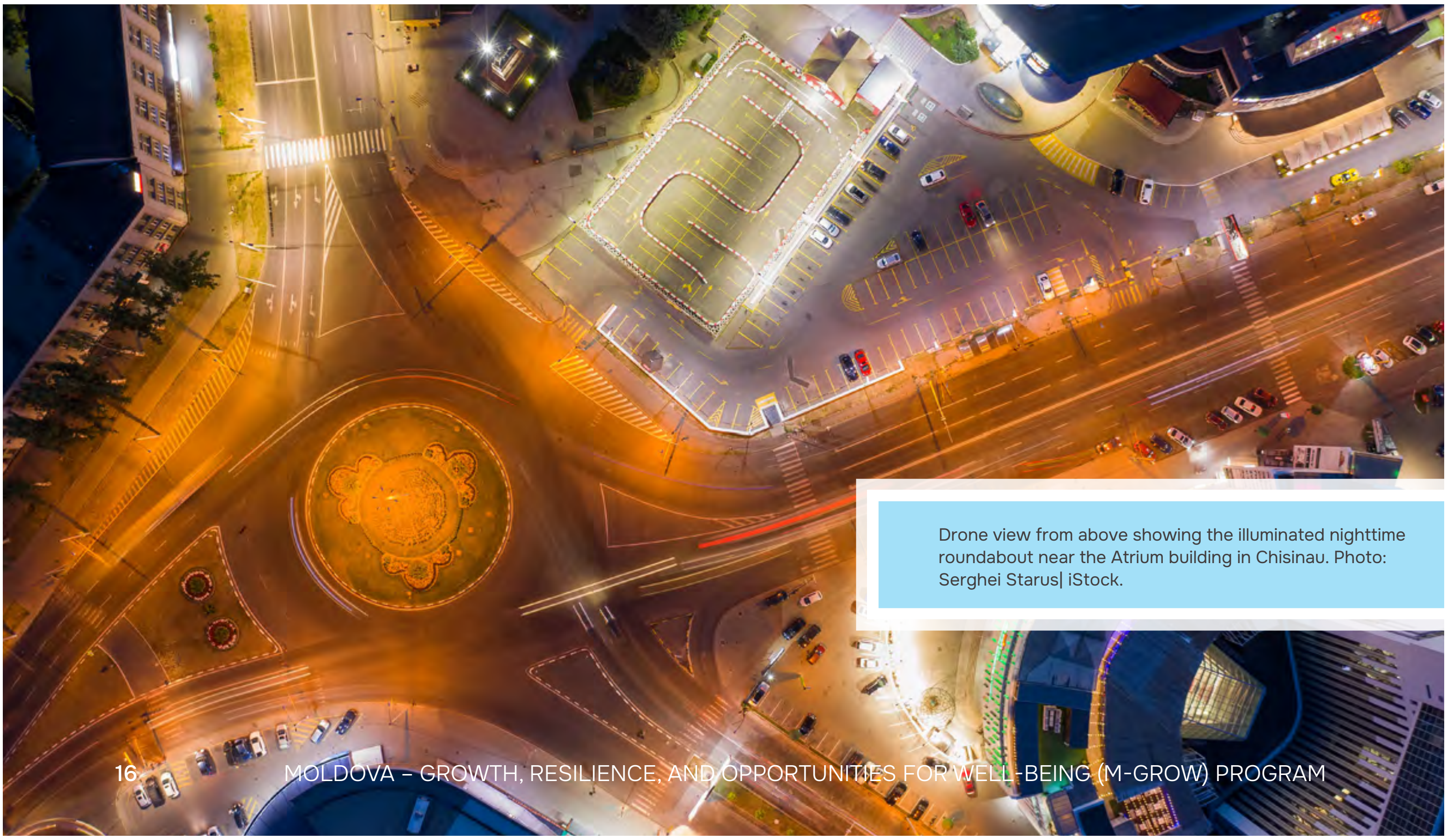
Unaudited expressed in United States Dollars.

The individual activities funded by M-GROW contribute to different pillars of the ToC. Hence, the activity progress is presented individually rather than by pillar.

Table 2 below presents an overview of cross-pillar contributions.

TABLE 2. Contributions of Each Project to the Theory of Change and Results Framework

M-GROW Support	Pillar 1. Critical Project Investment			Pillar 2. Institutional Strengthening		
	Outcome 1.1	Outcome 1.2	Outcome 1.3	Outcome 2.1	Outcome 2.2	Outcome 2.3
Sustainable Transition through Energy Efficiency in Moldova (STEEM) Project	Secondary contribution	Secondary contribution	Primary contribution			Secondary contribution
Combined Heat and Power (CHP) Options Assessment			Primary contribution			Secondary contribution
MSME Competitiveness Project	Primary contribution	Primary contribution	Primary contribution	Secondary contribution		Secondary contribution
Financial Sector Competitiveness and Transparency				Primary contribution		
Public Procurement Efficiency and Value for Money	Primary contribution			Primary contribution	Primary contribution	
Moldova Supporting Growth and Resilience DPO			Secondary contribution		Primary contribution	Primary contribution
Moldova Supporting Economic Opportunities and Climate Transition DPO				Primary contribution	Primary contribution	Primary contribution



Drone view from above showing the illuminated nighttime roundabout near the Atrium building in Chisinau. Photo: Serghei Starus| iStock.

3. Progress of Projects Supported by M-GROW

3.1. Energy

3.1.1. Sustainable Transition through Energy Efficiency in Moldova (STEEM) Project

Purpose and Project Description

Moldova, heavily reliant on fossil fuels and electricity imports, has been severely affected by Russia's invasion of Ukraine, resulting in soaring energy prices. In response, Moldova's energy policies have increasingly focused on EU integration and enhancing energy security through diversification and renewable energy development. Energy efficiency is central to the government's strategy for improving energy security, reducing costs, addressing energy poverty, and contributing to climate goals. Educational and multi-family buildings have been identified as offering the highest energy savings per investment unit. The $55 million STEEM project aims to improve energy efficiency in public buildings and Moldova's district heating sector, while also providing rapid response capacity for eligible crises. It includes two components: (a) EE upgrades in public buildings, and (b) TA, capacity building, and implementation support.

The $5 million M-GROW (both Recipient- and Bank-executed) grant contributes to reducing energy use in the public buildings sector. It provides TA and builds the capacity of government agencies and utilities to develop state-of-the-art energy information systems, undertake energy audits, encourage women to develop their EE skills and expertise, and support the preparation of 23 detailed audits for "model schools," expected to be completed by June 2025. The investment is expected to benefit 36,000 people, of whom 19,000 are women.

Implementation Progress and Key Results

The STEEM project was declared effective on March 5, 2025, and both the GoM and World Bank teams have taken proactive steps to accelerate implementation, including increasing contract volumes. A dedicated consultant will be recruited to conduct energy audits for Phases 1 and 2 (covering 10 and 12 schools, respectively), with procurement expected to conclude by the end of 2025 and proposals currently under evaluation. To compensate for early delays, the Ministry of Energy's Project Implementation Unit (MEPIU), in coordination with the Ministry of Education, incorporated detailed energy audits for six model schools financed by other donors. These audits will be updated by the STEEM consultant to enable swift procurement for Phase 1 rehabilitation works. M-GROW funding has also supported stakeholder information sessions and capacity-building workshops focused on best practices for EE retrofits.

M-GROW supported the launch of an internship program to promote female participation in the energy sector. Developed by MEPIU, the initiative secured commitments from four companies to host the first cohort. Applications closed on September 22, 2025, and the final selection and launch of the 3 retained profiles is expected by November 2025. M-GROW's funding covers stipends, training module development, and engagement with private sector partners to foster career opportunities for women in energy and engineering.

M-GROW is strengthening the National Center for Sustainable Energy (NCSE) through targeted capacity-building support. In April 2025, NCSE staff joined the International Energy Agency's 20th Energy Efficiency Policy Training Week. Following a Ministry of Energy request after USAID's exit, M-GROW is financing the procurement of the National Information System for Energy Efficiency for Buildings (NISEEB), which is a key decision-making tool. An information session for bidders was held on October 22, 2025. Procurement is expected to conclude by year-end, with implementation targeted for end-2026.

Challenges and Lessons Learned

Buildings are Moldova's largest energy consumers, accounting for 60 percent of total usage—47.8 percent from residential and 10.3 percent from

Stakeholder information session at the Government of Moldova.

> ***It is estimated that the renovation and modernization works will lead to a reduction of over 50 percent in energy consumption in the targeted buildings.***
>
> —**Dorin Junghietu,** Minister of Energy, at the information session in May 2025.

commercial and public services. Public buildings alone represent 20 percent of this demand, with average consumption at 200 kWh/m² in 2021—well above the EU benchmark of 110 kWh/m². Energy audits reveal losses of up to 60 percent, straining both the national energy system and household budgets. Recognizing this, the GoM prioritized EE in public buildings to bolster energy security. The STEEM project was launched to support the creation of an energy efficiency market, including the financing of detailed audits to enable the development of projects under a sustainable EE financing mechanism.

The World Bank will help GoM set up a revolving fund to finance EE needs. The draft Energy Strategy of Moldova to 2050 estimates that €9.1 billion will be required to renovate and rehabilitate the building stock. Ensuring sustainable financing is therefore critical. Building on the STEEM experience and the commitment of NCSE, the World Bank has initiated preparation of a new project to support EE in public buildings, including the establishment of a revolving fund.

Looking Forward

Detailed energy audits and procurement packages for 10 schools under Phase 1 of the M-GROW energy efficiency initiative are expected by early 2026. To offset delays in project effectiveness, MEPIU—working with the Ministry of Education—has expanded audits to six model schools funded by other donors, enabling procurement to begin in time for summer 2026 renovations. Meanwhile, a dedicated consultant will launch audits for Phase 2, covering 12 additional schools. This phased approach helps recover lost time and sustain project momentum.

The M-GROW-supported internship scheme will soon launch its first cohort of three interns, each participating in a six-month placement. Lessons learned from this initial round will inform the design of future cohorts, with the next group expected to begin within the next 12 months. The program is designed to grow incrementally and promote gender inclusion in the energy sector.

Capacity-building support for NCSE and stakeholder participation in relevant training activities will continue to be actively pursued. Notably, NCSE, MEPIU, and Ministry of Energy staff will attend a World Bank-hosted training in Vienna in November 2025. The multi-day program, titled "Energy Efficiency and Resilience in the Built Environment," will provide hands-on learning to strengthen institutional capacity and technical expertise.

3.1.2. Combined Heat and Power (CHP) Options Assessment

Purpose and Project Description

Modernizing Chisinau's district heating (DH) system is vital for energy security, affordability, and emissions reduction. Since the early 2000s, Chisinau DH has transitioned fully from coal and heavy oil to cleaner natural gas, improving efficiency and reducing emissions. A previous investment improved network reliability and modestly expanded the customer base, but the system remains fragile. A decline in service quality could trigger disconnections in favor of less efficient alternatives, increasing Greenhouse Gas (GHG) emissions and threatening the financial viability of DH services. By supporting high-efficiency, flexible CHP generation, the project aims to ensure the long-term sustainability of DH in Chisinau—critical for thousands of residents lacking viable alternatives and for advancing heat decarbonization.

The $100,000 Options assessment to finance a CHP plant in Moldova financed by M-GROW supports the ongoing DHEIP2. The TA responds to a request from Prime Minister of Republic of Moldova, following the World Bank's presentation of the Feasibility Study for new high-efficiency heat and power generation facilities for Termoelectrica S.A. (TE) financed by DHEIP2. The TA comprises the following deliverables: (i) TE's financial model; (ii) draft TE Financial Assessment report; (iii) draft TE Debt Management Plan; (iv) draft Financing Options for the new CHP plant; (v) final report; and (vi) capacity building.

Implementation Progress and Key Results

M-GROW supported the recruitment of a specialized firm in SOE debt restructuring and an energy market expert to advance TA efforts. The activity produced initial drafts of a Financial Model and Financial Assessment Report, currently under review by the Moldovan Steering Committee comprising the Ministry of Energy, TE and ANRE. Presentations to the Committee covered: (a) TE's financial statements, audit reports, and cost structures for electricity and heat; (b) a review of financial projections (2023–2030); and (c) an analysis of TE's debt profile (2023–2024). The TA received strong endorsement and constructive feedback during the October 1, 2025 meeting, with detailed written comments submitted on October 15.

Challenges and Lessons Learned

The TA activity faced several challenges, including delays in data collection due to the volume and sensitivity of information, and varying responsiveness from energy sector stakeholders. Concerns over data confidentiality also affected progress. Key lessons included the value of regular and ad-hoc technical meetings to refine methodologies, the importance of strong client ownership supported by a Steering Committee led by the Ministry of Energy, and assurances of discretion, which improved cooperation and data sharing.

Looking Forward

By the end of December 2025, the TA expects to complete the following activities: a) TE's Debt Management Plan; b) financing options for a new 250 MWe and 180 MWt CHP plant; and c) capacity building. The team will organize a capacity building exercise in strong cooperation and alignment with TE's needs.

3.2. Finance, Competitiveness and Investment

3.2.1. MSME Competitiveness Project

Purpose and Project Description

Despite an open trade regime and multiple free trade agreements, most Moldovan firms remain small and domestically focused. Private sector performance is constrained by low MSME density, underrepresentation of women who own only one-third of businesses and limited foreign investment linkages. While FDI has

Panilino Bakery in Chisinau, one of the beneficiaries of the MSME Competitiveness Project.

rebounded to pre-pandemic levels, deeper integration with the local economy remains a challenge.

The $156 million MSME Competitiveness project aims to boost competitiveness by strengthening the competition framework, improving investment policies and streamlining inspections and permits for MSMEs. A $1 million M-GROW grant directly supports these objectives by enhancing public sector resilience, improving the business environment, attracting investment, and advancing regional integration with Europe. The grant funds three components: (a) *Digitalization & Regulatory Reform*—scaling up G2B services; (b) *Investment Policy*—improving the legal framework and strengthening the Investment Agency (IA); (c) *Competition Policy*—enhancing the normative framework.

Implementation Progress and Key Results

Under Component 1 Digitalization and Regulatory Reform, efforts are underway to scale up G2B services. The GoM and WBG teams developed tools, guidelines, and training to support this goal. A concept for an Integrated Catalog of Investment and Business Procedures was endorsed by the Ministry of Economic Development and Digitalization (MoEDD) and the e-Governance Agency (eGA), laying the groundwork for a streamlined user experience. Additional outputs include agile policymaking guidelines, an assessment of the Investment Facilitation for Development Agreement (IFDA), and capacity-building for MoEDD and eGA on IFDA and WTO tools. Pilot assessments of priority IFDA articles were completed. To support scale-up, professional development tools were delivered to the State Chancellery and regulators, covering risk-based inspections, complaints management, inspection checklists, and training frameworks. Training activities exceeded targets, with tailored sessions on digital readiness, environmental inspections, agile policymaking, and low-code G2B portal development in collaboration with UNCTAD and UNITAR. These reforms are accelerating G2B digitalization, strengthening institutional capacity, and boosting uptake of online services.

Under Component 2 Investment Policy, a comprehensive capacity-building program was developed for Invest Moldova Agency (IMA), supported by a rapid institutional assessment that provided actionable recommendations. An onboarding/offboarding guide was created to address staff turnover and ensure continuity. Support to IMA expanded to include investor aftercare and lead generation, including targeted outreach to German companies in Munich and Frankfurt. In parallel, the legal framework for investor screening was strengthened. Building on a prior legal review, the team supported MoEDD in aligning investment-related laws—such as the Law on the Mechanism for Examining Investments of Importance for State Security—with EU standards.

Under Component 3 Competition Policy, key reforms included new regulations on state aid and merger control, introducing simplified notifications for low-risk cases to streamline decision-making and reduce administrative burden. The team also designed an enhanced state aid registry with de minimis provisions and partnered with the OECD to develop Product Market Regulation (PMR) indicators. These informed a comprehensive competition assessment, highlighting how regulatory frameworks impact competition across Moldova's priority sectors.

To complement policy reforms, the project delivered targeted capacity building for the Moldova Competition Council (MCC) and partnered with the EU Twinning Project to support EU integration. MCC staff received case-based training in merger control, cartel investigations, and state aid, led by experts from the European Commission, academia, and the World Bank. Additional modules covered economic analysis, sector prioritization, and leniency policies. The team also trained staff from eight ministries and agencies on state aid and co-hosted a high-level roundtable on competition and growth with the World Bank's Economic Policy team, reinforcing institutional capacity under Component 3.

"Partnering with the World Bank to implement a digital readiness policy and the Digital Chapter of the IFD agreement is a transformative strategy for Moldova. It empowers the country to harness the potential of digital technologies, drive sustainable economic growth, and ensure that no one is left behind in the digital revolution. This collaboration not only enhances investment opportunities within Moldova but also supports the development of a resilient digital infrastructure, positioning the country to thrive in the global economy of tomorrow."

—**Michelle Iliev**, State Secretary, Ministry of Economic Development and Digitalization.

Challenges and Lessons Learned

Component 1 shows that pairing policy reform with practical tools accelerates impact. Co-designing the integrated catalog with MoEDD and eGA, along with issuing agile policymaking guidelines, demonstrated that early co-ownership and clear roles streamline adoption and standardize user experience. Completing

Visit to Unitech Engineering Solutions company, beneficiary of the grant component under the MSME Competitiveness Project.

the IFDA assessment while training counterparts boosted readiness and minimized duplication across donor efforts. Delivering professional tools—such as risk-based inspections, complaints systems, and sector-specific methodologies—alongside tailored training and peer learning, helped embed reforms into daily operations and translate commitments into measurable results.

Component 2 highlights that sustaining investment promotion impact requires strong internal systems and coordinated donor support. High staff turnover at IMA risked disrupting continuity, prompting the development of an onboarding/offboarding guide to preserve institutional knowledge and speed up onboarding. The project also aligned closely with other partners, pivoting to fill gaps identified by IMA when the EU launched support for FDI sector scanning. The key lesson: tailoring support to evolving institutional needs, stabilizing knowledge, and mapping donor efforts ensures resources are complementary, reduces fragmentation, and strengthens IMA's long-term resilience.

Component 3 highlights two key lessons: the importance of flexible sequencing and strong coordination. The team adjusted the work plan to align with the Competition Council's evolving priorities, ensuring timely and relevant support. In parallel, close coordination with donors helped avoid duplication, leverage expertise, and maximize impact, demonstrating that adaptive planning and active collaboration are essential for effective delivery.

Looking Forward

Under Digitalization and Regulatory Reform, TA will support the design and rollout of three digital G2B systems: (i) e-Inspection, (ii) e-Permitting, and (iii) e-KYC platforms. These systems aim to streamline business procedures, enhance transparency, and enable interoperable data exchange. Complementary efforts will support a unified G2B service experience via Moldova's Public Services Portal, aligned with IFDA provisions. Additional support will strengthen agile policymaking and data governance, enabling real-time monitoring of service adoption, processing times, and user satisfaction.

Under Investment Policy, the project will implement a Germany-focused investor lead-generation program to attract new FDI and support reinvestment in priority sectors. Activities include refining sector value propositions, targeted outreach, and investor aftercare, supported by a results-tracking system to monitor leads, meetings, site visits, and commitments. The project will also produce regular performance updates and case studies to inform policy and refine targeting based on pipeline analytics.

Under Competition Policy, two key activities are planned. First, the team will finalize a market assessment to identify barriers and reforms needed to boost competition, with a focus on energy and pharmaceuticals. Second, new guidelines will be completed to support sustainability-focused agreements among competitors. A joint dissemination event with the OECD will present the updated PMR indicators for Moldova and discuss potential policy reforms based on these findings. Additionally, a study visit will be organized for the Competition Council to learn from peer institutions, with insights feeding into a practical action plan and follow-up support.

3.2.2. Financial Sector Competitiveness and Transparency

Purpose and Project Description

The WBG has long supported Moldova's financial sector, focusing on development, diversification, and stability. Efforts have strengthened key institutions like the NBM, enhancing regulation, supervision, and the safety net for deposit-taking SCAs. Support to the NCFM helped establish a financial consumer protection framework across the sector. Engagement with the MoEDD improved the insolvency legal framework, while work with the Ministry of Justice (MoJ) addressed gaps in secured transactions and modernized collateral and insolvency registries.

The $1.5 million M-GROW grant builds on prior efforts to support banking sector resilience, financial inclusion, and infrastructure reform. It contributes through legal updates, capacity building, software upgrades (insolvency and collateral registries, FGDSB MIS), and development of the National Financial Inclusion Strategy. The strategy will guide policymakers

Coordination Council for Sustainable Development approves the NFIS 2030 Development Concept.

> *"The development of Moldova's first National Financial Inclusion Strategy 2030 has been profoundly strengthened by the World Bank Group's guidance, provided under the projects supported by the M-Grow Trust Fund. Their structured expertise helped us transform a complex reform agenda into a coherent, realistic and impactful strategy – one that advances financial inclusion, supports sustainable economic development, and delivers tangible benefits to citizens across the Republic of Moldova."*
>
> —**Anca Dragu,** Governor of the National Bank of Moldova

and stakeholders in defining goals and sequencing impactful actions to advance financial inclusion.

Implementation Progress and Key Results

Under Financial Sector Resilience, M-GROW continues supporting FGDSB in strengthening Moldova's Deposit Guarantee Scheme. The WBG team continues to provide TA to FGDSB through virtual meetings and workshops. Key progress includes approval of internal audit regulations and the target fund ratio methodology. The MIS reform is well advanced, with procurement nearly complete and implementation planned for October 2026. FGDSB maintains use of NBM risk categories and is negotiating liquidity and fiscal backstop agreements with NBM and MOF, though policy challenges have delayed completion to 2026. The WBG has also facilitated workshops on fiscal arrangements, MIS, stress testing, coverage analysis, and data collection from banks in liquidation to support FGDSB's institutional development.

Under Financial Inclusion and Access to Finance, Moldova's NFIS has made strong progress since the diagnostic note in April 2025. With WBG support, NBM-led inter-ministerial working groups were formed, and virtual workshops held to build capacity and share best practices. These efforts led to a draft NFIS vision and strategic objectives, supported by data mapping and stakeholder identification. The NFIS was officially launched by NBM, and its Concept was approved in August 2025 by the Coordination Council for Sustainable Development. Phase I of the work plan is complete, and NBM has begun broader stakeholder outreach.

Moldova's Financial Consumer Protection (FCP) framework faces persistent challenges, including regulatory gaps, weak supervision, and limited dispute resolution, especially in the non-bank credit sector. Despite recent legislative improvements, issues like fragmented oversight and unclear roles between NBM and NCFM continue to hinder consumer protection.

The WBG team recommended better coordination between the two authorities, clearer communication, and regulatory reforms. FCP is a key focus of the draft NFIS, which is expected to propose measures to strengthen the framework.

Supervision of the SCA sector was transferred to NBM in July 2023 and is now managed by its Payments Department. The WBG team is supporting NBM in reforming and consolidating the sector. A draft roadmap and amended SCA law have been prepared, with finalization expected by December 2026 due to internal policy discussions and capacity constraints. The team also developed a diagnostic assessment and policy options to consolidate fragmented Type A and B SCAs. Progress on introducing a Deposit Guarantee Scheme for SCAs is delayed, as it depends on sector consolidation and enactment of the SCA law.

Under Financial Infrastructure, the WBG team worked with MoEDD to draft amendments to the Insolvency Law, which were approved by Parliament in December 2024. A diagnostic on gaps with the EU Directive was delivered in March 2025. The WBG also supported MoEDD in assessing alignment with the EU Restructuring Directive, part of Moldova's EU accession agenda. While facing changes in MoEDD leadership, implementation is now on track.

With support from the Bank-executed component, the WBG team advanced modernization of the Collateral Registry, initially assisting MoEDD and later MoJ in drafting the Terms of Reference, Concept Note, and a Collateral Registry Law now under MoJ review. To implement the upgrade, the grant was processed as Additional Financing (AF) under the MSME Competitiveness Project, with MoJ as lead partner, supported by MoEDD and the PIU. Implementation will follow World Bank guidelines under a Cooperation Agreement with MoJ, MoEDD, and MoF. The AF was approved this month, with Grant Agreement negotiations set for November 15, 2025, and operationalization targeted by December 2026.

Challenges and Lessons Learned

A key challenge lies in the limited and still-developing institutional capacity of certain counterparts, particularly FGDSB and NCFM, which have recently undergone significant restructuring or changes in their scope and supervisory responsibilities. These transformations have created gaps in expertise and operational readiness, making it essential to provide targeted and sustained capacity-building support.

Looking Forward

The activity is expected to complete the deliverables in accordance with this revised timetable**.**

Financial Sector Competitiveness and Transparency Project Timeline (November 2025)

Approval of the additional financing to the MSME project to support digitalization of the collateral registry	December 2025
Support finalizing the MoU among FGDSB and NBM	January 2026
Finalization of the draft NFIS	March 2026
Support drafting the fiscal backstop agreement among MoF, NBM, and FGDSB agreed among the three authorities	Apri 2026
Support FGDSB Implement the management information system (MIS) - Proposed Implementation	December 2026
Support authorities in draft amendments to the SCA law – Proposed Implementation	
Insolvency Reform amendments to align with EU requirements approved by Parliament	

3.3. Governance and Procurement

3.3.1. Public Procurement Efficiency and Value for Money

Purpose and Project Description

Public procurement reform is a key priority for Moldova, aimed at increasing transparency and aligning with EU and WTO standards. These efforts have been informed by the 2021 Methodology for Assessing Procurement Systems (MAPS) assessment, which evaluated the quality and effectiveness of Moldova's public procurement system and developed a set of prioritized recommendations to enable the introduction of balanced accountability mechanisms between the government, citizens, and private sector; governance of risk management in the procurement cycle; and integration of the public procurement system with the GoM's overall public finance management, budgeting, and service delivery processes.

The $4.3 million M-GROW grant supports public procurement reform aligned with MAPS recommendations and Moldova's 2023–2026 national program. It funds the rollout of a centralized procurement model for frequently purchased goods and the development of an e-procurement system. The system will include a monitoring methodology, co-financed by the UK Good Governance Trust Fund, featuring risk-based and red-flag indicators to curb undue influence in public life. These efforts aim to enhance transparency, improve access for businesses, promote competition, and reduce transaction costs, ultimately increasing trust and value for money in public procurement.

> ***"The process of centralizing public procurement represents a strategic step towards increasing institutional efficiency and the transparent use of budgetary resources. the reform will contribute significantly to the professionalization of the procurement function and to ensuring a unified approach in the process of purchasing goods and services, in accordance with good European and international practices."***
>
> **—Ana Luca,** MoF Deputy Secretary General

Workshop on Monitoring public procurement performance, October 2025

Implementation Progress and Key Results

The project became effective on May 19, 2025, with progress made on both components.

Under Component 1 Redevelopment of the e-procurement system, key milestones are advancing. The contract for business process re-engineering and technical specifications was signed on July 10, 2025, with bidding documents expected to be submitted to the Bank by end-October. A workshop during October 16–17 supported Moldova's shift from a compliance-based to a strategic, value-for-money approach in public procurement. It featured tools and initiatives for performance monitoring and fostered institutional coordination to enhance transparency, competition and efficiency while reducing transaction costs.

Under Component 2 Promoting Unitary Policy and Efficient Procurement, the project analyzed Moldova's procurement trends over the past five years, identifying 11 categories suitable for centralized procurement. A comparative study of centralized models in 31 European countries informed legal and operational best practices. During June 23–27, 2025, consultations with regulators, authorities, civil society, and the private sector assessed the feasibility of centralized procurement. Feedback shaped implementation scenarios at central, sectoral, and local levels. The findings and a list of interested pilot institutions were shared with the MoF and the Public Procurement Agency in early September 2025.

Challenges and Lessons Learned

The project is closely aligned with Moldova's Reform Agenda under the EU Growth Plan, with the development of a new e-procurement system and the establishment of central purchasing bodies identified as key milestones. In response to evolving national priorities, the National Program for Public Procurement Development has been revised, extending the implementation deadline from December 2026 to December 2027.

Under Redevelopment of the Electronic Procurement System, the feasibility of completing all modules within the remaining project timeframe is under review. A potential extension may be needed after the tendering process. Implementation will be closely monitored to ensure timely delivery and address any emerging challenges proactively.

Under Advancing Centralized Procurement, stakeholder consultations confirmed strong interest in piloting centralized procurement, especially for food, energy, office supplies, and IT equipment. Both central and local authorities expressed support. However, the final scope will depend on the GoM's choice of implementation model (central, sectoral, or local).

Leadership and stakeholder engagement are critical to the success of public procurement reforms. The MoF's commitment, strong technical expertise, and continuous collaboration have been instrumental in advancing the work program. Consultative processes have proven effective in building consensus and addressing stakeholder concerns regarding demand aggregation and centralized procurement practices.

Looking Forward

Under Redevelopment of the Electronic Procurement System, the bidding process for the new Electronic Procurement System is expected to be launched in early November 2025, with contract signing by February 2026. A phased development approach will ensure delivery of critical modules within the project timeline and Moldova's Growth Plan commitments. Implementation will be closely monitored to mitigate risks and maintain timely progress.

Under Advancing Centralized Procurement for Economic and Social Efficiency, the concept for piloting centralized procurement is expected by end-December 2025, following consultations with interested institutions. At least one pilot entity will be identified at both central and local levels. A market analysis of priority goods and services for demand aggregation will also be conducted. Pilot implementation is planned to begin in January 2026, with active engagement from beneficiary institutions.

3.4. Economic Policy

3.4.1. Moldova Supporting Growth and Resilience DPO

Purpose and Project Description

At the time of preparation, Moldova faced severe external shocks, including energy and refugee crises, placing pressure on households, the economy, and

The Government of Moldova values the continued support of the World Bank and partners through the M-GROW program. The DPO has been instrumental in advancing reforms to strengthen social protection, boost energy efficiency, and foster inclusive growth. With the generous $10.5 million M-GROW grant, we've laid the foundation for long-term resilience and competitiveness, while promoting labor market inclusion for vulnerable groups, including refugees and women. These efforts align with Moldova's EU accession goals and reflect our commitment to sustainable development and institutional strengthening. We look forward to deepening this partnership to build a more resilient and inclusive future for all Moldovans."

—Ion Gumene, MoF State Secretary.

Due to legislative changes that simplified the award of connection permits, Moldova has seen a surge in renewable capacity. As reported by NCSE, total renewable capacity stood at 851.51 MW, having increased by 279 MW in the first 8 months of 2025 compared to end 2024.

public finances. In response, the DPO was designed to address urgent needs while advancing long-term reforms to build a more competitive, resilient, and private sector–led economy. Key measures support social protection, fair competition, energy security, and climate resilience, aligning with Moldova's EU convergence goals and laying the foundation for sustainable, inclusive growth.

The objective of the US$55.5 million DPO, which including a $10.5 million M-GROW grant, is to support GoM's efforts to assist refugees and households in the face of the fallout from Russia's invasion of Ukraine, while maintaining the momentum on the long-term agenda of economic convergence to the EU and climate resilience by: (i) strengthening the resilience of refugees and households; (ii) promoting sustainable growth through enhanced competition and private sector-led growth; and (iii) supporting climate resilience.

Implementation Progress and Key Results

Under Pillar 1 Strengthening Resilience of Refugees and Households, Moldova shifted from emergency response to long-term refugee integration. The Law on Asylum was amended to enhance the regulatory framework for both temporary protection holders (primarily Ukrainians) and asylum seekers, laying the foundation for self-reliance and socio-economic integration. This reform was supported by the Supporting Economic Opportunities and Climate Transition DPO.To shield vulnerable groups, especially low-income and refugee-hosting households, from rising energy costs, the GoM implemented the Energy Vulnerability Reduction Fund (EVRF), which provided targeted cash transfers. This was particularly critical during the energy price surge in late 2024 and early 2025.

Under Pillar 2 Fostering Sustainable Growth, Moldova advanced key reforms to enhance competition and attract private investment. With DPO support, the GoM implemented state aid and merger control regulations aligned with the EU acquis, streamlining procedures and improving oversight. Additionally, Moldova provisionally unbundled its gas transmission network in line with the EU's Third Energy Package. ANRE designated Energocom as the main gas supplier, replacing Moldovagaz (a Gazprom subsidiary) due to non-compliance with legal unbundling requirements.

Under Pillar 3 Supporting Climate Resilience, the DPO promoted energy efficiency and renewable energy to enhance energy security and affordability. Key reforms included the adoption of the Energy Performance of Buildings Law and amendments to the 2016 Renewable Energy Law. Building on these, Moldova approved its first National Energy and Climate Plan (NECP), establishing a framework for sustainable energy transition. Further, amendments to the Electricity Law freed up unused capacity and connection permits for renewables, and the government concluded its first large-scale renewable energy auction by June 2025. Both reforms were supported by the Supporting Economic Opportunities and Climate Transition DPO.

Challenges and Lessons Learned

Preparation and implementation of this standalone DPO were shaped by a compressed timeline and an ambitious reform agenda, compounded by limited client capacity and the need to align with EU standards. These challenges underscored the importance of early and sustained engagement with government counterparts and key stakeholders, as well as robust coordination mechanisms to facilitate joint planning, monitor progress, and address challenges in real time. TA funded by M-GROW played a critical role in supporting policy implementation and capacity building.

Looking Forward

The DPO team will continue to work closely with the GoM to monitor results and ensure continuity with the next DPO series. Implementation support will be provided through ongoing investment projects and M-GROW-funded TA, with a focus on tracking progress and impact. As with other M-GROW-funded DPOs, the operation and its results framework will be assessed after the closing date of June 30, 2026, through the preparation of an Implementation Completion and Results (ICR) report.

> *"Moldova has a unique opportunity to capitalize on the momentum of its EU candidacy. World Bank support will underpin critical reforms to establish a functional market economy, enhance competitiveness, equip the workforce with necessary skills, and bolster energy security,"*
>
> **—Melanie Simone Trost Zagatti,** World Bank Group Economist for Moldova.

3.4.2. Moldova Supporting Economic Opportunities and Climate Transition DPO

Purpose and Project Description

Recent crises have exposed vulnerabilities in Moldova's growth model, underscoring the need for deep economic transformation. As an EU candidate, Moldova now has a unique opportunity – through the EU Reform and Growth Facility – to accelerate structural reforms that boost growth and job creation. To fully capitalize on this, the country must tackle persistent challenges such as limited market competition, low labor participation, skills gaps, and misalignment between education and labor market needs. Climate-smart policies are also essential to enhance energy security, expand renewables, and strengthen climate resilience.

The $105.7 million Moldova Growth and Resilience DPO, including a $7.7 million M-GROW grant, supports government efforts to foster economic opportunity and advance the climate transition in line with EU standards. It focuses on: (i) boosting private sector competitiveness; (ii) improving employability and education quality; and (iii) enhancing energy security and promoting climate-smart agriculture.

Implementation Progress and Key Results

The DPO was approved in May 2025, became effective in August 2025, and the M-GROW grant was fully disbursed in September 2025. Key achievements include:

- **Private sector competitiveness:** The DPO supported reforms to ease market entry and exit, including amendments to the Law on Insolvency. These introduced digital processes, simplified procedures, and increased remuneration for insolvency administrators, all aimed at improving recovery for viable firms and creditors. By enabling restructuring and efficient exit of non-viable firms, the DPO seeks to reduce unresolved insolvency cases and enhance the dynamism of Moldova's private sector.

- **Employability and education:** The DPO supported the introduction of dual education programs in Moldovan universities through a Government Decision establishing a framework that integrates theory with practical experience. Accredited bachelor's programs will now include 60 percent theoretical courses and 40 percent practical training, jointly developed by universities and private sector partners in coordination with the Ministry of Education. This approach aligns education with labor market needs, equipping students with relevant skills and early work experience, ultimately helping reduce youth unemployment.
- **Energy security:** The DPO supported the adoption of the National Energy and Climate Plan (NECP) and the Energy Governance and Climate Action Mechanism, both of which set out Moldova's national targets for renewable and efficient energy. The NECP outlines a comprehensive set of policies and measures to achieve the EU's energy and climate objectives by 2030, focusing on five key dimensions: decarbonization, energy efficiency, energy security, internal energy market integration, and research, innovation, and competitiveness. Through these instruments, the DPO is helping Moldova increase the share of renewable energy sources in gross electricity consumption.
- **Climate-smart agriculture:** The DPO supported the establishment of ten regional Agricultural Chambers and a National Chamber under the new Law on Agricultural Chambers. These farmer-led institutions will promote sustainable practices, provide training, and improve access to subsidies and financing. By encouraging climate-smart and productivity-enhancing approaches, the chambers aim to boost resilience to climate change, natural disasters, and disease outbreaks, while expanding technical support and improving overall sector performance.

Field mission to CHP, Source 1 of Termoelectrica

Challenges and Lessons Learned

Experience from previous DPOs highlights the value of complementary investment and capacity-building support for effective reform. This operation has benefited from the MSME Competitiveness Project and M-GROW TA, which support business environment reforms and strengthen the insolvency regime. Labor market reforms are informed by the Moldova Higher Education Project and M-GROW, focusing on employability and inclusion. Energy sector reforms align with ongoing investments in infrastructure and renewables, including the Moldova Power System Development Project and DHEIP2.

A key lesson learned is the value of strong coordination with development partners, particularly the EU. The reforms supported under this pillar are critical for advancing the EU accession agenda. Regular collaboration with the EU has ensured that DPO-supported reforms are well aligned with accession requirements, reinforcing the effectiveness and relevance of the reform program.

Looking Forward

The DPO team will continue to work closely with the GoM to monitor results and ensure continuity with the next DPO series. Implementation support will be provided through ongoing investment projects and M-GROW-funded technical assistance, with a focus on tracking progress and impact. As with other M-GROW-funded DPOs, the operation and its results framework will be assessed after the closing date of June 30, 2026, through the preparation of an ICR report.

4. M-GROW Program

This section covers progress under individual activities funded by M-GROW over CY2025. It also includes information on the challenges and lessons learned and M-GROW teams' plan for the next 6-12 months.

The M-GROW management team has the following core responsibilities in ensuring the efficient administration of the program:

- ***Organizing the M-GROW Annual Progress Meeting:*** The World Bank team leads the preparation of the M-GROW Annual Report in close collaboration with project teams from both the government and the Bank. This report consolidates progress across all components and serves as the foundation for the Annual Progress Meeting, where stakeholders review achievements, challenges, and priorities for the upcoming year.
- ***Implementing the M-GROW information strategy:*** To ensure transparency and stakeholder engagement, the team organizes regular progress and update meetings, along with other information-sharing events, such as project site visits. It also maintains a dedicated M-GROW webpage that provides timely updates, resources, and visibility into the program's activities and outcomes
- ***Keeping stakeholders regularly informed:*** The team ensures that key decisions and updates are communicated promptly to all stakeholders, including government counterparts and development partners. This is done through remote channels such as email briefings, virtual meetings, and shared documentation, fostering continuous alignment and responsiveness.
- ***Managing key financial data:*** Financial oversight is a core responsibility, with the team updating financial data monthly. This includes tracking disbursements, commitments, and budget execution to ensure transparency and accountability in the use of Trust Fund resources.
- ***Ensuring efficient communication flows:*** The team acts as a central coordination hub, facilitating effective communication among government institutions, World Bank teams, and development partners. This helps maintain coherence across activities, resolve issues quickly, and support collaborative decision-making throughout the program lifecycle.

M-GROW intensified its communication efforts during the reporting period, with a strong focus on visibility, outreach, and stakeholder engagement across multiple platforms:

- The program was referenced in approximately 30 media articles and official announcements across Romanian, Russian, and English outlets, reflecting broad public interest and relevance to Moldova's reform agenda.
- Over 20 dedicated posts were published on the World Bank Moldova Facebook page, highlighting M-GROW-supported activities, events, and progress updates.
- Additional visibility was generated through institutional communications on Facebook, LinkedIn, and X, reinforcing M-GROW's presence across key digital platforms.
- M-GROW's progress was featured during the World Bank Group Spring and Annual Meetings, where reform achievements under the program were reviewed and discussed in the presence of government representatives and development partners.
- The dedicated M-GROW webpage was regularly updated throughout the reporting period, accompanied by a newly introduced program newsletter that shares key milestones and implementation progress with partners and stakeholders.

5. M-GROW Program Risks and Challenges

5.1. World Bank Group multi-level approach to risk management

The World Bank has an institution-wide comprehensive Risk Framework at country, portfolio and project level to manage and mitigate risks in its operations.

At country level, the World Bank conducts systematic risk assessments through individual projects and TA programs, helping identify macroeconomic, political, institutional, and social risks that could affect development outcomes. Risk mitigation strategies are embedded in country engagement plans, including policy dialogue, TA, and coordinated donor support. The Bank also monitors external shocks, such as conflict, climate events, or global market volatility through continuous macroeconomic surveillance and collaboration with international partners.

Portfolio-level risk management focuses on the performance and strategic alignment of the Bank's active operations within a country. The Bank uses tools such as the Country Portfolio Performance Review (CPPR) to assess implementation risks, disbursement delays, fiduciary compliance, and safeguard performance across projects. Risk flags are tracked through the Operations Portal and inform decisions on restructuring, resource reallocation, or enhanced supervision. Portfolio-level analysis also supports adaptive programming and ensures alignment with evolving country priorities and risk environments.

At the project level, risk management is integrated throughout the project lifecycle—from design to implementation and closure. Each project undergoes a detailed risk assessment using the Systematic Operations Risk-Rating Tool (SORT), which evaluates risks across technical, financial, environmental, social, and institutional dimensions. Mitigation measures are embedded in project design, including contingency planning, stakeholder engagement, and capacity-building. Risk ratings are updated regularly and inform implementation of support strategies, including intensified supervision for high-risk operations.

M-GROW integrates these different levels of risk management across its activities to ensure effective delivery and safeguard development outcomes. The team works closely with project teams using the SORT tool to assess risks, with mitigation measures embedded in project design, such as enhanced supervision, stakeholder engagement, and capacity-building. Regular PC and update meetings with government officials and

TABLE 3. Overview of Risks for M-GROW-supported Activities

Risk/Activity	STEEM	District Heating	MSME	Financial Sector Reform	Procurement Efficiency	Growth DPO	Climate DPO
Political and Governance	Moderate	High	Substantial	Substantial	Substantial	High	Substantial
Macroeconomic	Moderate	Substantial	Substantial	Substantial	Low	High	High
Sector Policies	Moderate	Moderate	Moderate	Moderate	Moderate	Substantial	Substantial
Technical Design	Moderate	Substantial	Moderate	Moderate	Moderate	Moderate	Moderate
Institutional Capacity	Moderate	Substantial	Substantial	Substantial	Low	Substantial	Substantial
Fiduciary	Substantial	Substantial	Moderate	Moderate	Moderate	Moderate	Moderate
E&S	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
Stakeholders	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate	Moderate
OVERALL	Moderate	Substantial	Moderate	Moderate	Moderate	Substantial	Substantial

Source: individual activity ISRs and Project Documents (most recent ratings).

development partners enable progress reviews and communication of risks and adjustments. Country-level risks, including macroeconomic volatility, governance challenges, and external shocks, are monitored in coordination with national counterparts to align with Moldova's broader resilience and reform agenda.

M-GROW contributes to strengthening Moldova's domestic risk management systems. Under the Growth and Resilience DPO, reforms are underway to enhance enforcement of the Competition Law by the Competition Council, aiming to increase rulings on anti-competitive behavior and improve regulatory transparency. Businesses will benefit from greater legal certainty and more efficient market dynamics. The Public Procurement Efficiency Project is advancing a centralized e-procurement system to boost transparency, simplify procurement processes, and expand private sector access to tenders, thereby supporting broader governance reforms and improved public sector performance.

A key theme that emerges from M-GROW implementation are associated with institutional capacity and continuity as well as multi-institutional coordination and data availability challenges. High staff turnover in key institutions, such as Invest Moldova under the MSME activity, has affected continuity, particularly in investment promotion and aftercare. Project teams responded by developing onboarding/offboarding tools and coordinating donor efforts to avoid duplication. Sustaining impact requires tailored support that adapts to institutional changes and strengthens internal knowledge systems. Some TA activities faced delays due to slow data collection, inconsistent stakeholder responsiveness, and data sensitivity concerns. While entities like TE and Moldelectrica were responsive, others such as ANRE and Energocom were slower. Complex data processing and frequent model revisions added to the time burden. These challenges underscore the need for strong ownership and regular technical engagement with implementing and development partners to build trust, foster cooperation, and ensure alignment.

5.2. M-GROW Risk by Risk Assessment

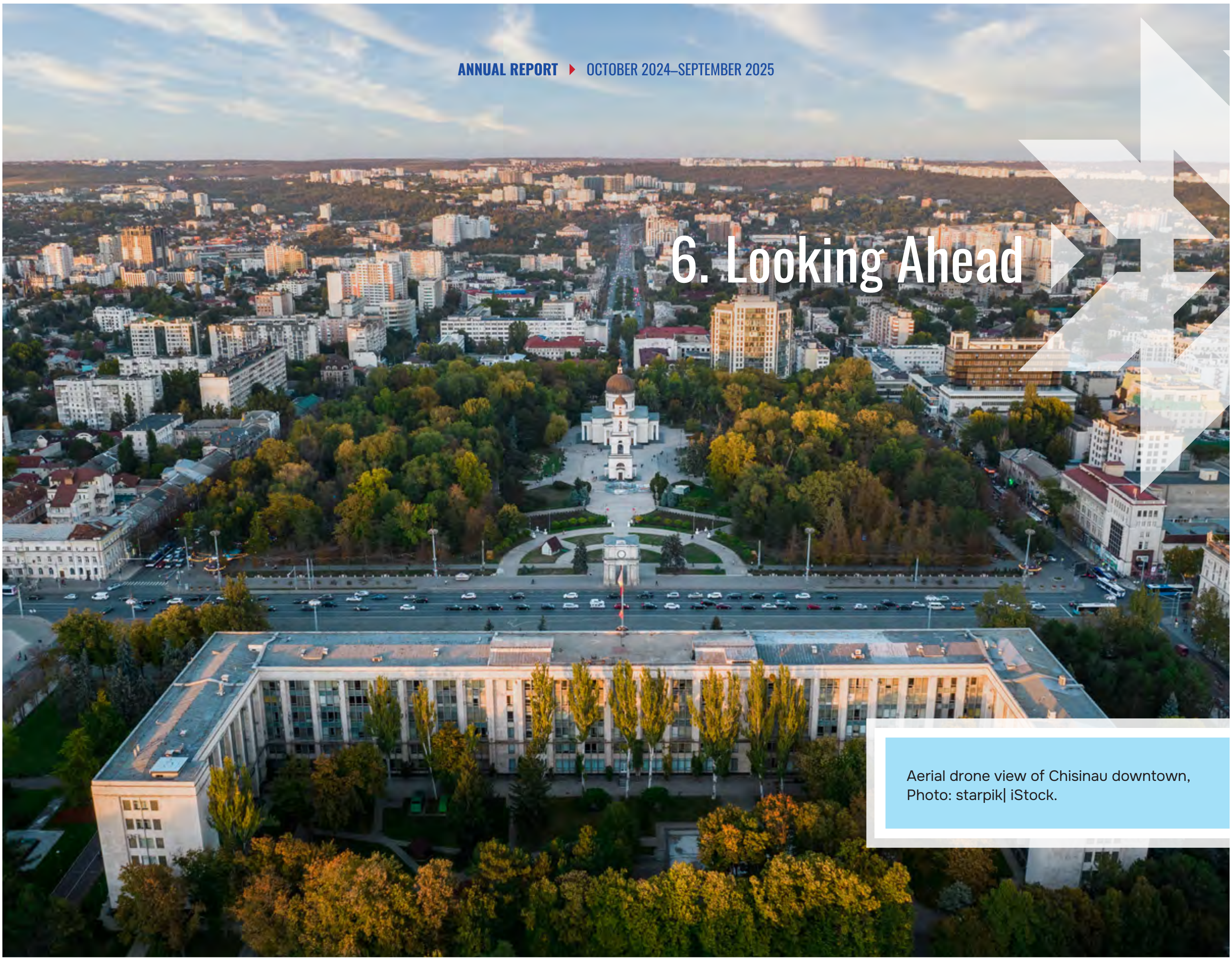
Strategic Risk has been reduced from Substantial to Moderate. Despite ongoing regional uncertainty, Moldova's recent parliamentary elections reaffirmed its commitment to EU integration. With the Party for Action and Solidarity retaining its majority and a pro-European president in office, the country remains focused on addressing short-term impacts, advancing structural reforms, and pursuing its EU agenda. M-GROW will stay aligned with the WBG CPF and collaborate with the incoming government team, including the new Partnership Council chair, to ensure a smooth transition in programming and implementation.

Stakeholder Risk continues to be considered Substantial. While the same party won a parliamentary majority, the government team is expected to go through considerable changes. In an implementation context that requires multi-institutional coordination, this will require additional efforts by the WBG team to bring the incoming officials and possibly changing technical staff up to speed. The Country Management Unit (CMU) and project teams have considerable experience in managing this type of transition, and individual teams will engage proactively with the new GoM to prevent implementation bottlenecks and delays.

Financial Risk remains unchanged as Moderate. Financial risks for M-GROW's Recipient-executed activities are continuously monitored and audited by WBG teams under project-specific financial management arrangements. With all funding committed to ongoing activities, the main risk—similar to last year—relates to mobilizing additional concessional resources for the Trust Fund. This challenge reflects shifting priorities amid geopolitical pressures, notably toward Ukraine. To mitigate this, the World Bank team continues close coordination with GoM and development partners to ensure efficient implementation and maintain transparency around impacts and challenges, building trust to support future contributions.

The Overall Risk is assessed as Moderate down from Substantial. Moldova remains vulnerable to external shocks, particularly the war in Ukraine, and internal structural challenges, including energy security, fiscal stability, and trade dynamics. Domestically, low labor force participation, high emigration, and persistent rural poverty, along with institutional and governance constraints, continue to hinder reform. Despite these risks, Moldova's EU candidate status, reaffirmed by recent elections, and strong reform momentum offer a foundation for resilience. The €1.8 billion EU-Moldova Growth Plan presents a transformative opportunity for integration into the EU market. The WBG CPF supports this trajectory by promoting inclusive growth, human capital development, and green, resilient investments.

6. Looking Ahead



Aerial drone view of Chisinau downtown,
Photo: starpik| iStock.

In the last weeks of 2025, the CMU team will continue to engage proactively with the newly appointed Government of Moldova to bring them up to speed on the CPF and both ongoing and pipeline WGB program in general, and the M-GROW objectives specifically, to ensure a quick transition and accelerated implementation of approved projects and TA activities in line with the AWP. The WBG and GoM teams will work together to identify implementation bottlenecks and address them effectively and collaboratively to keep the program on track.

In line with discussion with the M-GROW's Partnership Council, the World Bank and the M-GROW team are working closely with Moldovan authorities on the Annual Work Plan. This will include engagement with development partners to ensure alignment on implementation, identification of funding to fund new priority activities, as well as communication and visibility approach.

The M-GROW team will continue to discuss, seek feedback, and build on the previous year's communication and visibility plan, to effectively showcase the outputs and outcomes achieved by M-GROW program with support from the development partners.

The M-GROW team continues to engage other potential donors to highlight the advantages of an integrated approach to maximize the impact of the program and help the Government reach its development goals.

7. Annexes

Annex 1. Results Framework

The following tables do not represent a comprehensive presentation of the entire M-GROW Results Framework but only selected critical indicators by pillar.

PILLAR 1. Critical Project Investment

Helping Moldova to make critical new investments or to expand existing projects to boost competitiveness and advance green, resilient, and inclusive interventions, buttressed by efforts to enhance technical and operational capacity.

OUTCOME 1.1. Increased Competitiveness of Moldova's Enterprises

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (June 2029)	Source of Data	Notes
Outcome 1.1.1: Value of exports generated by MSMEs that are supported by Project activities (cumulative) (amount (USD))	- (Dec 2023)	$8,000,000 (November 2025)	$175,000,000 (Jun 2029)	MSME Competitiveness Project – PAD MSME Competitiveness Project (P177895) – ISR Link CPF Anchored National Bureau of Statistics (NBS) data	Cumulative value of exports generated by MSMEs that are supported by project activities with ODIMM (including CGF and MGF), IA export missions
Output 1.1.1: Analytical tools and products developed and deployed for increased competitiveness of Moldova's enterprises	– (Dec 2023)	9 (November 2025)	20 (Jun 2029)	MSME Competitiveness Project – PAD M-GROW-related MSME AWP, team input	• Needs assessment for redesign of State Aid registry completed • Regulation on state aid approved in January 2024 • Analytical framework for green exceptions in January 2024 • Case study simulation with participation of Deputy Head of State Aid unit of the DG COMP • Note on IT Forensics delivered based on international experience. Forensic implementation plan not implemented due to lack of resources. • Capacity building to conduct dawn raids based on international best practice completed • Draft leniency Guidelines completed • Note on sector prioritization considering impact on climate mitigation and adaptation completed • High level round table on competition and growth, joint with WB Economic Policy team (November 2024);

OUTCOME 1.1. (cont.)

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (June 2029)	Source of Data	Notes
Output 1.1.2: Capacity building for increased competitiveness of Moldova's enterprises	– (Dec 2023)	9 trainings for 8 institutions (November 2025)	5 trainings (six institutions) (Jun 2029)	MSME Competitiveness Project – PAD M-GROW-related MSME AWP, team input	• Completed and overachieved • Training on sector prioritization (Sep 24) • Training on state aid (Sep 24) • Training on dawn raids, depositions/ interviews (Sep 24) • Training on leniency best practice (April 25) • Training on state aid (April 25) • Training on economic analysis for market assessments (May 25) • Joint event with the European Union twinning program (Sep 25) • Training on economic analysis in enforcement cases (Sep 25) • Training on merger control (Oct 25) • The Competition component work has benefited the Competition Council and 8 ministries and public agencies)

Woman selling vegetables and greens at a local farmers market in Chisinau, Photo: Juan Alberto Casado | iStock

OUTCOME 1.2. Increased Quality and Accessibility of Public Services

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (June 2029)	Source of Data	Notes
Outcome 1.2.1: Key government initiatives under implementation for increased quality of, and greater access to, public services	– (Dec 2023)	– (Nov 2025)	– (June 2029)	N/A	Individual activities and outputs reflected below will contribute to the achievement of this outcome
Output 1.2.1: Analytical tools and products developed and deployed for increased quality of, and greater access to, public services	– (Dec 2023)	2 (Nov 2025)	1 (June 2029)	MSME Competitiveness Project – PAD M-GROW-related MSME AWP, team input	• Recommendations for strengthening the strategic, institutional, and operational framework of the Investment Agency (Sep 2024) – MSME project • Investor aftercare program completed
Output 1.2.2: Capacity building for increased quality of, and greater access to, public services	– (Dec 2023)	1 (Nov 2024)	1 (June 2029)	MSME Competitiveness Project – PAD M-GROW-related MSME AWP, team input	Comprehensive IPCB training program completed covering 6 core topics for investment promotion: 1) Global and Regional FDI and IPA Trends 2) The Value Proposition – Establishing and Developing the Investor Offer 3) Market Outreach – Company Targeting and Lead Generation 4) Information and Assistance Services at the Entry and Establishment Phase 5) Aftercare, Retention & Expansion 6) Investor Relationship Management Systems and M&E 11 IMA staff befitted from the training of which 5 were women. • 9 participants fulfilled the requirements for receiving the official certificate of completion.

OUTCOME 1.3. Expansion of Green and Resilient Infrastructure and Investments

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (June 2029)	Source of Data	Notes
Outcome 1.3.1: Projected energy or fuel savings (megajoules (MJ))	– (Dec 2023)	– (November 2024)	– (June 2029)	STEEM – PAD STEEM (P500560) – ISR Link, CPF Anchored, Bank analytics	Project in early implementation and awaiting confirmed ISR results indicators and targets review (Sep 2024)
Outcome 1.3.2: Building/home energy efficiency improvements (#)	– (Dec 2023)	– (November 2024)	– (June 2029)	STEEM – PAD STEEM (P500560) – ISR Link, CPF Anchored, Bank analytics	Project in early implementation and awaiting confirmed ISR results indicators and targets review (Sep 2024)
Output 1.3.1: Analytical tools and products developed and deployed for expansion of green and resilient infrastructure and investments	– (Dec 2023)	1 (November 2024)	48 (June 2029)	STEEM (P500560) – ISR Link and energy team inputs M-GROW-related MSME AWP, team input (for the note on sector prioritization)	In-period results and targets include these: • Note on sector prioritization considering the impact on climate mitigation and adaptation (completed) • Energy audits- Phase 1 (10 schools) to be completed in early 2026 after initial delays. Phase 2 before end of 2026 (12 schools). Procurement for a consultant to undertake Phase 3 (24 schools) will begin taking lessons learn from Phases 1 and 2). • Procurement of the National Information System for Energy Efficiency in Public Buildings is expected to conclude by end of 2025. Implementation by end of 2026.
Output 1.3.2: Capacity building for the expansion of green and resilient infrastructure and investments	– (Dec 2023)	2 (November 2025)	12 (June 2029)	STEEM – PAD STEEM (P500560) – ISR Link and team inputs	In-period results and targets include these • First cohort of 3 interns is expected to be launched by November 2025. Second cohort shortly after the first finishes after 6 months once lessons learnt are reflected in internship design/implementation. • NAES and MEPIU staff benefitted from training at dedicated program at IEA in April 2025. • Activity also financed a series of capacity-building workshops for MEPIU and ministry officials to ensure international best practice in energy efficiency retrofits

PILLAR 2. Institutional Strengthening

Support development policy financing and deeper TA and capacity building to support Moldova's policy and institutional reform agenda toward implementing well-funded, coherent, and coordinated projects that advance in the country's competitive, green, resilient, and inclusive development.

OUTCOME 2.1. Decreased Regulatory Burden of Moldovan Enterprises

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (June 2029)	Source of Data	Notes
Outcome 2.1.1: Reduction in compliance costs for businesses in meeting regulatory requirements (cumulative) (Amount (USD))	– (Dec 2023)	$60,000 (November 2025)	$8,000,000 (Jun 2029)	MSME Competitiveness Project - PAD MSME Competitiveness Project (P177895) – ISR Link, CPF Anchored Bank analytics	Reduction in compliance costs for businesses in meeting regulatory requirements as a result of regulatory reforms supported by the Project. This is a cumulative indicator and will be measured using the standard WBG Compliance Cost Saving methodology
Outcome 2.1.2: Key government initiatives under implementation to decrease the regulatory burden on Moldovan enterprises	– (Dec 2023)	(in progress with delays) (November 2025)	4 (Jun 2029)	M-GROW-related to Enhancing the Competitiveness and Transparency of the Financial Sector AWP, team input	In-period results and targets include these: • Amendments to the Insolvency Law to align with EU requirements - Delays in achieving this objective on account of management turnover at MOEDD and lack of clarity on ownership between MOEDD/MOJ. The team has been regularly following up without much progress • NFIS diagnostic note delivered to Moldovan authorities in April 2025 and inter-ministerial working groups for National Financial Inclusion Strategy (NFIS) development established. NFIS Concept was approved on 14 August 2025, by the Coordination Council for Sustainable Development. • Regulation on how to establish the risk category for member institutions approved by the FGDSB - Delays in achievement of this output due to prioritization by FGDSB to implement MIS systems to ensure availability of validated data ahead of implementing risk-based systems. In the meantime, FGDSB applies NBM risks categories. • Upgraded collateral registry: Technical concept approved by the Government in April 2025, delays observed as a result of multiple factors related to the preparation of the cooperation agreement, grant agreement and restructuring of the project. First draft of Technical Specifications prepared.

OUTCOME 2.1. (cont.)

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (June 2029)	Source of Data	Notes
Output 2.1.1: Analytical tools and products developed and deployed for decreased regulatory burden on Moldovan enterprises	– (Dec 2023)	1 (Nov 2025)	1 (Jun 2029)	M-GROW-related to Enhancing the Competitiveness and Transparency of the Financial Sector AWP, team input	• Completed: Diagnostic on gaps in insolvency framework to align Insolvency Law with EU Directive delivered to Moldovan authorities (for feedback) in March 2025
Output 2.1.2: Capacity building to decrease the regulatory burden on Moldovan enterprises	– (Dec 2023)	7 (Nov 2025)	10 (Jun 2029)	MSME Competitiveness Project – PAD M-GROW-related MSME AWP, team input	Completed. The following training sessions were organized for SC, MoEDD, MEGA, and key Moldovan Regulators: • IFD Needs Assessment with digital lens (in Moldova). **November 2024.** • Environmental Inspection Tools and Techniques (in Moldova). **December 2024**. • Digital Regulatory Readiness Check (in Moldova). December 2024. • Environmental Inspectorate Tools & Techniques (in Moldova). **March 2025**. • Agile policy-making and regulatory implementation (in Moldova). **April 2025**. • Peer-learning exchange with Lithuania focused on legislative harmonization and digital strategies (in Lithuania) **June 2025**. • Building Permitting and Licensing/G2B Portals using low coding platforms (with UNCTAD and UNITAR, UN HQ, Geneva). **June 2025**.

OUTCOME 2.2. Enhanced institutional capacity for service delivery and management

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (Jun 2029)	Source of Data	Notes
Outcome 2.2.1: Key government initiatives under implementation for enhanced institutional capacity for service delivery and management	- (Dec 2023)	– (Nov 2025)	1 (Jun 2029)	M-GROW-related Procurement project AWP, team input, Bank analytics	Targets include the following: • A new e-procurement system covering the main stages of the procurement cycle, from needs identification to contract implementation, including the interconnection with other national systems and databases – **Status:** The system is expected to be functional by the end of 2026. However, the registration of procuring entities may happen in stages and therefore the percentage of registration at the end of project implementation, which may coincide with the start of operation of the e-procurement system, is lower and will increase progressively over time as the system will be used
Output 2.2.1: Analytical tools and products developed and deployed to decrease the regulatory burden on Moldovan enterprises	- (Dec 2023)	Nov 2025)	3 (Dec 2024)	M-GROW-related Procurement project AWP, team input, Bank analytics	Target status is the following: • Bidding documents for the e-procurement system were prepared and will be submitted through STEP by the end of October 2025. • Study of the most frequently procured categories- 11 proposed categories were presented to and discussed with the key stakeholders, including central and local authorities in June 2025 • Report on proposed models for central and local level - Proposed models for centralization at central and local levels were presented to and discussed with the key stakeholders, including central and local authorities in June 2025.
Output 2.2.2: Capacity building to decrease the regulatory burden on Moldovan enterprises	– (Dec 2023)	Nov 2025)	2 (Jun 2025)	M-GROW-related Procurement project AWP, team input, Bank analytics	Targets include the following: • Roll-out, communication and training plan after completion of the e-procurement system • Promotion and dissemination campaign, including decision on the selected model after completion of the e-procurement system
Output 2.2.3: Number of beneficiaries (cases) processed under case management, of which women	Total: 0 (2023) Women: 0 (2023)	Total: 0 (2025) Women: 0 (2025)	Total: 2,400 (2025) Women: 1,600 (2025)	Growth and Resilience DPO PAD Ministry of Labor and Social Protection, NBS data	Targets include the following: • DPO will be evaluated during the preparation of the Implementation Completion and Results (ICR) report (Jun 2026) – DPO

OUTCOME 2.2. (cont.)

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (Jun 2029)	Source of Data	Notes
Output 2.2.4: Percentage of refugees with fixed and open-ended work contracts after receiving employment services from the National Agency for Employment of Moldova (ANOFM), of which women (percent)	Total: 28 (2023) Women: 23 (2023)	Total: 28 (2025) Women: 23 (2025)	Total: 40 (2025) Women: 38 (2025)	Growth and Resilience DPO PAD Ministry of Labor and Social Protection, NBS data	Targets include the following: • DPO will be evaluated during the preparation of the ICR report (Jun 2026) – DPO
Output 2.2.5: Percentage of recipients of the Energy Vulnerability Reduction Fund (EVRF) that receive a monetized benefit, of which refugee host families (percent)	Total: 36 (2023) Refugee host families: 29 (2023)	Total: 36 (2025) Refugee host families: 29 (2025)	Total: 100 (2025) Refugee host families: 100 (2025)	Growth and Resilience DPO PAD Ministry of Labor and Social Protection, NBS data	Targets include the following: • DPO will be evaluated during the preparation of the ICR report (Jun 2026) – DPO

OUTCOME 2.3. Increased institutional capacity for infrastructure and sustainable development

Indicator	Baseline (December 2023)	Actual (November 2025)	End Target (Jun 2029)	Source of Data	Notes
Outcome 2.3.1: Key government initiatives under implementation for increased institutional capacity for infrastructure and sustainable development	– (Dec 2023)	– (Nov 2025)	2 (Jun 2029)	Growth and Resilience DPO PAD DPO team inputs, DPO ICR (2026), Ministry of Environment	Targets include the following: • EE retrofitting program for buildings under implementation (2026) – DPO • Enhanced conservation and management program for terrestrial and aquatic areas under implementation (2026) – DPO
Output 2.3.1: Analytical tools and products developed and deployed for increased institutional capacity for infrastructure and sustainable development	- (Dec 2023)	– (Nov 2025)	1 (Jun 2029)	Growth and Resilience DPO PAD DPO ICR (2026), Ministry of Environment	Targets include the following: • National GHG inventory documents published in line with the monitoring, reporting, and verification (MRV) criteria of the Law of Climate Actions (cumulative) (2026) – DPO
Output 2.3.2: Capacity building for increased institutional capacity for infrastructure and sustainable development	– (Dec 2023)	– (Nov 2025)	- (Jun 2029)	N/A	No activities that are supported by M-GROW currently support contributions to this output indicator.
Output 2.3.3: Total area of public and residential buildings retrofitted for energy efficiency (square meters)	0 (2023)	0 (2025)	50,000 (2026)	Growth and Resilience DPO PAD DPO team inputs, DPO ICR (2026), Ministry of Energy	Targets include the following: • DPO will be evaluated during the preparation of the ICR report (Jun 2026) – DPO
Output 2.3.4: MW of renewable energy capacity enabled (PCE)	60 (2023)	60 (2025)	139 (2026)	Growth and Resilience DPO PAD DPO team inputs, DPO ICR (2026), Ministry of Energy	Targets include the following: • DPO will be evaluated during the preparation of the ICR report (Jun 2026) – DPO
Output 2.3.5: Terrestrial and aquatic areas under enhanced conservation and management (thousand hectares)	451.7 (2022)	451.7 (2025)	465 (2026)	Growth and Resilience DPO PAD DPO team inputs, DPO ICR (2026), Ministry of Environment	Targets include the following: • DPO will be evaluated during the preparation of the ICR report (Jun 2026) – DPO

Annex 2. M-GROW Priorities / Cross-Cutting Indicator Review

Area	Question	STEEM	MSME	DPO 1	Procurement	Financial Sector	DPO 2	Heating
Climate Change	Will this grant support climate change mitigation or transition?	Yes	Yes	Yes	Yes	No	Yes	Yes
	Will this grant support climate change adaptation or resilience?	Yes	Yes	Yes	No	No	Yes	Yes
Gender	Will this grant undertake or draw upon existing gender analysis?	Yes	Yes	Yes	No	No	Yes	No
	Will the grant activities include specific gender actions?	Yes	Yes	Yes	No	No	Yes	No
	Will the grant activities monitor gender impacts?	Yes	Yes	Yes	Yes	Yes	Yes	No
Refugee/ Forcibly displaced	Will the grant activities include specific actions related to refugees and forcibly displaced persons?	Yes	Yes	Yes	No	No	Yes	No
Citizen Engagement	Will this grant include citizen engagement?	Yes	Yes	N/A (DPO)	Yes	No	N/A	No
EU Integration	Will this grant support EU integration?	Yes	Yes	Yes	Yes	Yes	Yes	No

Annex 3. Financial Information—TF074062—M-GROW MDTF Program

Sources of Funding—Period: As of September 30, 2025 (unaudited expressed in United States Dollars)

Contributions	Original Currency	Amount	Contribution date
Ireland	EUR 2 million	$2,158,400	2/20/2024
	EUR 2 million	$2,078,800	12/23/2024
Norway	NOK 60 million	$5,269,537	12/24/2024
	NOK 100 million	$9,849,888	12/22/2023
UK	GBP 9 million	$11,490,030	12/27/2023
Investment income	**US Dollars**	**$1,870,272**	**As of 9/30/2025**
TOTAL		**$32,716,926**	

Status of Grants: Active, disbursed and pending.
Period: December 15, 2023, to September 30, 2025 (unaudited expressed in United States Dollars).

Project	Pillar	Execution	Status	Project ID	Grant Number	Amount	Cumulative Disbursements
STEEM	(1) Critical Project Investments	RE	Active	P500560	TF0C4723	$4,500,000	$70,000
	(1) Critical Project Investments	BE	Active	P500560	TF0C6295	$500,000	$16,467
District Heating Project	(1) Critical Project Investments	BE	Active	P172668	TF0C8703	$100,000	$0
MSME Competitiveness	(1) Critical Project Investments	BE	Active	P177895	TF0C5578	$1,000,000	$580,886
Growth and Resilience DPO	(2) Institutional Strengthening	RE	Active	P181479	TF0C4995	$10,500,000	$10,500,000
Economic Opportunity and Resilience DPO	(2) Institutional Strengthening	RE	Active	P507576	TF0C8040	$7,700,000	$7,700,000
	(2) Institutional Strengthening	BE	Active	P507576	TF0C8698	$50,000	$0
Public Procurement Efficiency	(2) Institutional Strengthening	RE	Active	P507197	TF0C7801	$3,600,000	$400,000
	(2) Institutional Strengthening	BE	Active	P507197	TF0C6382	$650,000	$318,016
	(2) Institutional Strengthening	BE	Active	P507197	TF0C6337	$50,000	$0
Financial Sector Transparency	(2) Institutional Strengthening	RE[i]	Pending[ii]	P500913		$350,000	$0
	(2) Institutional Strengthening	BE	Active	P500913	TF0C5740	$1,150,000	$535,572
Program Management		BE			TF0C4283	$300,000	$105,954
WB Cost Recovery Framework						$1,788,500	$1,501,827
TOTAL						**$32,238,500[iii]**	**$21,728,722**

Notes:

i For Recipient-executed (RE) activities, a fee is charged when trust funds are committed for RE activities under a Grant Agreement signed between the World Bank and a recipient. The fee is based on the cumulative value of the committed amounts, as follows: a 5 percent fee on the first $50 million committed; a 4 percent fee on the next $450 million committed; a 3 percent fee on next $500 million committed; and a 2 percent on any further amounts committed. By contrast, for bank-executed (BE) activities, a standard flat fee of 12 percent is charged on the total amount of disbursements. No indirect rate on personnel will be charged to trust funds subject to this 12 percent flat fee. Further information on the World Bank's Cost Recovery framework can be found at https://thedocs.worldbank.org/en/doc/1ddff870f2ebee8ec76dfb7383d67c96-0060072021/original/CR-Fact-Sheet-2021.pdf.

ii Grants noted as pending refer to those set out in the Annual Work Plan, but which had not been activated by September 30, 2025.

iii Sums of columns may differ from totals because of rounding. The US$ value of contributions is determined at the time of receipt of funds into the MGROW trustee account.

M-GROW

MOLDOVA GROWTH, RESILIENCE AND OPPORTUNITIES FOR WELL-BEING

WORLD BANK GROUP