

IMPLEMENTATION OF POVERTY REDUCTION STRATEGIES IN THE NIS
DESK STUDY: MOLDOVA (NO PRSP)
JUNE 2004

Acronyms and Abbreviations

Timeline of the PRSP Process in Azerbaijan

Preface

1. BRIEF OVERVIEW OF THE PRSP PROCESS IN THE COUNTRY

1.1 Brief country background

1.2 The national development planning framework

1.3 The aid regime

2. THE PRS PROCESS SO FAR

2.1 Start of the process

2.2 Poverty Analysis

2.3 Participation in the process

2.4 Ownership of the process

2.5 Donor support for the process

2.6 The draft PRSP document and implementation

3. POTENTIAL ISSUES RELATED TO PRSP IMPLEMENTATION

3.1 Institutional Set-Up and Responsibilities

3.2 Intra-Government Coordination

3.3 Capacity

3.4 Political Commitment

3.5 Consultation with Other Stakeholders

3.6 Donor Support for Implementation

4. FEATURES OF A PRSP THAT CAN BE IMPLEMENTED

4.1 Integration into budget

4.2 Sector programmes

4.3 Monitoring

4.4 Other

4.5 Potential risks to implementation

ANNEXES

1. Documents Reviewed

2. Map of Moldova

TIME LINE OF THE PRSP PROCESS IN AZERBAIJAN

| Stage in PRSP Process | Date |
|--|---------------|
| Start of PRSP Process: President Instruction? | 2000 |
| Interim-PRSP | November 2000 |
| Updates I-PRSP | April 2002 |
| PRSP Preparation Progress Report | July 17 2002 |
| JSA of PRSP Preparation Progress Report | July 22 2002 |
| Draft Economic Growth and Poverty Reduction Strategy (2004-2006) | March 2004 |

“Economic Growth and Poverty Reduction Strategy”

FOREWORD

EC-PREP is a programme of research to enhance collaboration between the European Commission and the UK Department for International Development (DfID). Its objective is to enhance the poverty impact of the European Community's development assistance and contribute to achieving the International Development Target of halving the number of people living in extreme poverty by 2015. DFID has assigned £1,750,000 to EC-PREP for research projects which will be funded on a competitive basis. A further £250,000 has been set aside to fund Commissioned Studies. The Studies are designed by DFID or the European Commission and aim to respond to specific and topical issues.

This document has been prepared as an input into the EC-PREP commissioned study "Implementation of Poverty Reduction Strategies in the NIS". PRSPs are being prepared by seven Newly Independent States (NIS) of the former Soviet Union and, of these, five countries have completed full PRSPs and have started implementation. This overall study will identify the key challenges facing NIS governments in implementing full PRSPs and set out recommendations for addressing them. The purpose of the study is to provide useful insights to be used by the EC in the policy dialogue with partner governments in the NIS on PRSPs, and as input for the preparation of the next generation of Indicative Programmes (2007-12) and for the development of Action Programmes from 2004 onwards.

The consulting process involves the preparation of (a) five desk studies (Azerbaijan, Georgia, Moldova, Tajikistan and Uzbekistan); (b) two in-depth case studies (Armenia and the Kyrgyz Republic); (c) a comparative study examining global experience with implementation of PRSPs (d) a synthesis report bringing together the findings, lessons and recommendations from the other reports.

ACRONYMS AND ABBREVIATIONS

| | |
|--------|--|
| CIS | Commonwealth of Independent States |
| EGPRS | Economic Growth and Poverty Reduction Strategy |
| EGPRSP | Economic Growth and Poverty Reduction Strategy Paper |
| HBS | Household Budget Survey |
| I-PRSP | Interim Poverty Reduction Strategy Paper |
| JSA | Joint Staff Assessment |
| MTEF | Medium Term Expenditure Framework |
| PRSP | Poverty Reduction Strategy Paper |
| PRS | Poverty Reduction Strategy |
| SWG | Sector Working Group |

1. INTRODUCTION AND CONTEXT

1.1 BRIEF COUNTRY BACKGROUND

Moldova is a small, landlocked, and densely populated, bordered by Ukraine and Romania. It has rich agricultural land and a temperate climate. Agriculture and agro-processing represent about 60 percent of GDP and over half of its ethnically diverse population lives in rural areas. Moldova is almost wholly dependent on the import of energy and raw materials for its manufacturing industries.

Moldova is the poorest nation in Europe, after starting independence in 1991 as a middle income country. Its GDP per capita is significantly below the average for the Commonwealth of Independent States (CIS) and the Central European countries. After one of the most severe peacetime economic declines of the twentieth century in the 1990s, Moldova's economy registered consistently positive growth since 1999. However, per capita income remains well below half its level in 1990. The economy has successfully stabilized after a series of structural reforms, and the current government has begun to reconstruct parts of the social protection system that collapse in the 1990s.

One of the major problems facing the government is that when the transition to a market economy began, the country did not qualify for concessional lending from the Bank and the Fund, thus accumulating large debts at relatively high interest. Moldova is now one of the region's most heavily indebted countries, with a debt per capita of US\$ 436. Inequalities in income are high and considerable disparities exist between the capital city of Chisinau and the rest of the country. Though the poverty rate has dropped from seventy-one percent in 1999 to fifty-one in 2002 as the economy recovered from its severe depression, it remains higher than it was before the Russian financial crisis of 1998, which manifested itself as a severe banking crisis in Moldova.

Moldova's severe economic decline in after 1991 resulted from the collapse of trade links with Russia. A large portion of the country's exports were intermediate and capital goods for Russian enterprises. When many of those enterprises closed, the Moldovan manufacturing sector was devastated. Living standards fell sharply, poverty increased, and the quality of social services deteriorated, with some, such as pensions, virtually disappearing in real terms.

Since 1998, Moldova has benefited from the recovery of its main trading partners, especially Russia. Improved economic performance in the last three years has largely been demand driven by workers' remittances, with GDP growth rising from 2.1 in 2000, to 6.1 in 2001, and 7.2 percent in 2002. Inflation fell from 39 percent in 1999 to a 4.4 percent at the end of 2002. Monetary inflows, workers' remittances and a small amount of foreign direct investments, have helped stabilize the exchange rate to 36 percent of its 1997 level. There is some controversy over the health of the external account, because of the difficulty in accurately estimating remittance. Not in contention is that the export base is quite narrow, mainly food products, textiles, vegetable and animal products), with limited market differentiation (CIS, EU, East Europe). Further, the country imports almost all of its energy requirements.

1.2 THE NATIONAL DEVELOPMENT PLANNING FRAMEWORK

As is the case for the other NISs, Moldova had little in the way of institutions for the formulation of economic policy prior to independence. Over the decade of the 1990s, the Ministry of the Economy, and to a lesser extent the Ministry of Finance, evolved as the centre of policy making, along with the prime minister's office. The National Bank of Moldova (central bank), while nominally independent, takes its policy guidelines from the Ministry of Finance. Institutions for policy making are discussed in more detail in Section 2.

The recent UNDP desk study on MDGs in Moldova (2003) concluded that *“By and large, plans of actions, national programs and strategies, both by sector and global, do not include explicitly millennium development goals and targets. Thus, it is difficult to monitor the progress in achieving relevant objectives, while the efficiency of the actions aimed at achieving them is reduced.”*

1.3 THE AID REGIME IN MOLDOVA

With the exception of a series of non-concessional stabilisation and adjustment loans, development assistance to Moldova is largely in the form of project aid. Bilateral donors have yet to shift to budget support, though this may develop as implementation of the PRSP unfolds.

During the last ten year Moldova became a highly indebted country. Moreover the loans where provide on commercial terms to Moldova therefore the debt service became a serious burden for Moldova. The problem was that in early 1990s Moldova qualified for commercial loans as the income of population was overvalued. The main creditors are multilaterals. Moldova owes about 54% of its debt to multilaterals, 28 to bilaterals and 18% is commercial debt. In 2003 IMF and World Bank loan programs stopped. The only programs that remained are investment projects by World Bank. Debt service accounts for an important share of budget expenditures. Ministry of Finance officials stated that in 2002 around 70% of budget funds represented debt service. In 2003 and 2004 the share is close to 50%.

Moldovan authorities plan to renegotiate important part of its debt at Paris Club but before it needs to start cooperation with IMF that frozen its programs because of failure of Moldova to fulfil necessary conditions. Probably negotiations will not have any result until the Parliamentary election that will take place next year. One of the important conditions both from IMF and World Bank to continue providing assistance is the EGPRSP. EGPRSP is finalized now and presented to IMF and World Bank for approval.

Besides loans Government is also supported by grants designated for budget support or for investment projects.

There are also numerous technical assistance projects in Moldova funded by development agencies and programmes. According to the Ministry of Economy Main Technical Cooperation Direction there were 135 and 185 operating technical assistance projects in 2002 and 2003 respectively. The projects are funded by international and national development agencies and directly by embassies. The main provider of technical assistance is US, through USAID and US Embassy in Moldova, that spend for this purpose around 44 and 34 million USD in 2002 and 2003 respectively. Other important donors are EU mainly through TACIS Program, SIDA, World Bank, DFID, UNDP and others.

Remittances

Assistance from international organizations and other countries is, however, not urgent in Moldova now. Although assistance to Moldova decreased the economy seems to grow continuously. It is generally believed both by donor organization and public authorities in Moldova that economic and social improvements are generated by considerable growing flow

of remittances from Moldovan labour working abroad mainly unofficially. Some estimates say that there are over 600,000 people working abroad that, according to National Bank officials, send over USD 400 million to Moldova only by fast money transfer system in 2003. An additional amount of money enters also unofficially the country, i.e. in the pockets of migrant workers. Therefore remittances are major fuel of Moldovan economy for the moment. But the economic growth based on remittances and with considerably growing imports of consumer goods seems to be consumption based and unsustainable. Moreover the sustainability of remittances flow is highly questionable and probably sensitive to political changes not only in Moldova but also in those countries where labour migrates.

2. THE INITIAL POVERTY REDUCTION STRATEGY PROCESS

2.1 START OF THE PROCESS

The PRS process started in 2000 with the establishment of the key elements of the institutional framework for implementing the PRSP process (ie developing the I-PRSP). The initial institutional framework was as follows:

- The Government has established a **PRSP Steering Committee** to oversee the development of the poverty reduction strategy. The First Vice-Prime Minister and Minister of Economy and Reforms will act as the coordinator for the preparation of the PRSP.
- An inter-ministerial **PRSP Working Group**, reporting to the First Vice-Prime Minister and Minister of Economy and Reforms and the Steering Committee, has been set up and will be responsible for the day-to-day management of the PRSP exercise and for the preparation of the draft PRSP.
- In the sectors in which government policies and programs can have a significant impact on poverty reduction, **Sector Working Groups (SWGs)** have been or will be established and will be responsible both for the development of policies and strategies for inclusive development and for defining priority programs and measures within the sector public expenditure program.

The **I-PRSP** was completed in November 2000. In the I-PRSP the government stated that it intended to complete the full PRSP by end-2001. This intention was overtaken by political events. In December 2000, the President dissolved parliament and elections for a new parliament were held in February 2001. With the incumbent government assuming the role of caretaker, preparation of the PRSP came to a halt. A new government, under the leadership of the Communist Party, was fully established only in May 2001.

While a principal objective of the new government is to reduce poverty, preparation of the PRSP only resumed in August 2001 when the government had re-established a basic dialogue with the international financial institutions, familiarized itself with the PRSP process, and filled key vacancies created by the departure of officials who had been involved in the initial

PRSP. The government has resumed implementation of structural policy changes, including health sector reform, anti-corruption measures, and improvement of the business environment. In implementation of financial policies has moved forward, notwithstanding some arrears on domestic expenditures and external debt service that accumulated because of lower-than-expected external financing. The 2002 budget included an increase in social expenditures, in line with the objectives outlined in Moldova's I-PRSP.

In light of the political changes and financial difficulties, the IMF and World Bank staffs accepted a delay in preparing the full PRSP. The authorities resumed the process and progressed toward the full PRSP. This progress included an **updated I-PRSP**, approved by the PRSP Coordinating Committee chaired by the President, and subsequently by the government on April 21, 2002, and the introduction of a **Medium-Term Expenditure Framework (MTEF)** for the 2003–05 budget, as stated in the updated I-PRSP. The final draft of the PRSP was completed in mid-2004.

A **National Council for Sustainable Development and Poverty Reduction** was, established by the Decree of the President of the Republic of Moldova in 2002, which coordinates the strategic planning activities in the area of socio-economic policy. The institutional framework of the EGPRS is formed by two components:

- The **Inter-ministerial Committee for Sustainable Development and Poverty Reduction**, established by the Resolution of the Government in December 2002, is ensuring the development, promotion and implementation of EGPRS. The cooperation between the State and the civil society in the development of this document is done with the assistance of the synthesis group and opinion leaders and experts from the civil society.
- The **Council for participation in EGPRS development**, created in September 2002 with the support of the World Bank and the Government of the Republic of Moldova, ensures a large participation of the civil society in the development of EGPRS. The nominal structure of the Council, approved by the Resolution of the Government of the Republic of Moldova, comprises seven representatives of the civil society, seven – of the state, five – of donors, one representative of local authorities and one of the private sector.

2.2 POVERTY ANALYSIS

Poverty analysis is based primarily on household budget survey (HBS) that is carried out regularly by the Department of Statistics and Sociology. The HBS data is available for the period 1997-2003.

Besides HBS, there have been other surveys undertaken within the frame of poverty analysis, analysis of poor and their access to different public goods including targeting efficiency of social assistance benefits. However those studies were usually carried out once and within a specific project of technical assistance. Often such studies were carried out on a smaller scale, i.e. for a specific region or commune, or for a specific segment of people.

The World Bank is producing regularly the Poverty Assessment Report in Moldova based primarily on HBS data.

Department of Statistics and Sociology, owner of HBS, does not produce in-depth poverty assessment. They issue regularly statistical bulletins consisting of data from the HBS in comparison to other statistical data, i.e. average salary, average pension etc.

UNDP supported financially and technically the foundation of the Poverty Monitoring Unit within the Ministry of Economy. The Unit is responsible for in-depth analysis of data from HBS and produces different reports regarding poverty issues.

Department of Statistics and Sociology together with Poverty Monitoring Unit receives continuous assistance from donor organization, including UNDP, World Bank, DFID, to improve the capacity, accuracy and effectiveness of poverty data and analysis. The HBS questionnaire has been modified over time to reflect better the changes in legislation and characteristics of poverty. Moreover new chapters have been added to the questionnaire to reflect better the access of poor to certain public goods and the efficiency of governmental social programs. The improvements enhanced the capacity of HBS of providing relevant and sufficient data for poverty analysis. However it is possible that numerous changes in content and methodology of HBS affected the comparability of data from different periods of time.

2.3 PARTICIPATION IN THE PROCESS

The Council for Participation does not represent by itself the participation mechanism in EGPRS development, though it is a central part of its institutional framework. The purpose of the CP is to organize public participation to ensure the equitable and efficient distribution of funds granted through a special World Bank fiduciary fund. The Council for Participation is supervising the management of this World Bank grant through the Implementation Unit, which was created under the CP in May 2003. The nominal structure of the Council comprises seven representatives of the civil society, five from of the state, one representative of local authorities, and one from the private sector. The present president and vice-president of the CP are Vlad Garaba and Oxana Domenti, respectively.

There are three stages in the poverty strategy: I (2000-2001), II (2001-2003), and III (2003-2004). Organization problems accompanied by other factors resulted in minimal civil society participation at the beginning. Only by the end of 2003 and beginning of 2004 was a significant process of public consultation begun. There is a Participation Council of PRSP (since 2002) consisting of representatives of Presidency, Parliament, government, civil society (NGOs), donors and international organizations. Its mission is to ensure wide participation and transparent administration of WB grant for PRSP elaboration and participation process. The public consultation process consisted of:

- Local round tables on sector of the strategy (One sector discussed in one locality. 9 localities covered. Process lasted during 27/01/04 – 10/02/04)
- National seminars on sectors of the strategy, with eleven seminars organized in Chisinau, and one seminar outside the capital. Process occurred during 09/02/04 – 02/03/04)
- Local round tables on sectors of the strategy. Process occurred during 25/02/04 – 23/03/04
- National round tables on sectors of the strategy (8 seminars organized in Chisinau. On sector covered by one seminar. Process lasted during 10/03/04 – 26/03/04)

The strategy was still being discussed although a final draft was presented. At the presentation of final draft Prime-Minister was present including all ministers, representatives of parliament, presidency, donors, civil society, academic, world, etc. After the presentation of final draft all participants were split into several groups by different sectors of PRSP and had workshops suggesting improvements. Participation process involved to some extent presidency, parliament, government, civil society, donors and international organizations, localities.

The strategy document was not fully published on the PRSP web site for some time, and updates were slow in being presented. These delays weakened transparency and participation. At some round tables civil society groups claimed that recommendations proposed by them were not taken into consideration. One reason might be that because of large amount of information, government officials did not have time to read all recommendations.

2.4 OWNERSHIP OF THE PRS PROCESS

The PRS process and document were primarily owned by the Ministry of Economy. Institutional framework of elaboration and participation process has two components:

- National Council for Sustainable Development and Poverty Reduction chaired by the President is responsible for elaboration of the document. For better elaboration the Inter-ministerial Committee for Sustainable Development and Poverty Reduction was made responsible for elaboration and promotion of PRSP.
- The Participation Council consisting of representatives of the Presidency, Parliament, Government, Civil Society, Donors and International Organizations, which is responsible for public discussion of the PRSP (transparency, partnership, coordination and efficiency)

The contents of the document have been revised several times. The first version was produced in the second part of 2003. It was considered unsatisfactory, and a team was established to rewrite it. These processes were financed by donors, the whole document was nationally owned.

2.5 DONOR SUPPORT FOR THE PROCESS

The main provider of support for EGPRSP process was World Bank. In 2003 WB provided a Trust Fund to support the development of document. The grant was managed by the Grant Implementation Unit administered by the Participation Council, consisting of public authorities, NGOs, donors.

Later during the process other donors provided some assistance. UNDP and DFID provided experts to improve the document of EGPRS. Assistance of other donors where provided because the first draft of EGPRSP did not satisfy the main stakeholders: It was too lengthy and confusing without focus and therefore important improvements were necessary.

3. POTENTIAL ISSUES RELATED TO PRSP IMPLEMENTATION

3.1 INSTITUTIONAL SET-UP AND RESPONSIBILITIES

The Implementation chapter of EGPRSP includes several institutions involved in implementation phase.

The oversight and coordination role of EGPRSP implementation, monitoring, evaluation and annual update will be performed by the **EGPRSP National Council**, headed by the President of the Republic of Moldova.

Monitoring Units made up from personnel of divisions from ministries and departments will monitor the implementation of sectoral policies, and of the final and intermediate progress of policies and actions implementation.

The Ministry of Economy will coordinate the monitoring and evaluation process at interdepartmental and regional levels and perform the analysis of impact of policies promoted to achieve the EGPRSP objectives at the national level, through its **EGPRSP Implementation Monitoring Unit**.

The **Participation Council** will play an active role as facilitator of participation of all stakeholders by ensuring transparency, mobilizing and facilitating the involvement of different partners, serving as a discussion forum, fostering a meaningful policy dialogue between the civil society and the government, facilitating participatory monitoring and independent evaluation of the results, ensuring the development and implementation of a sound communication strategy, including wide and timely dissemination of the relevant information to partners. The Participation Council will comprise representatives of different constituent groups, in particular of central authorities (Parliament, Government and Presidency), local public administration, NGOs, private sector, trade unions and donors.

The Participation Council will initiate the creation of **Working Groups** to address specific sectoral or cross-sectoral issues. The Working Groups will facilitate discussions with participation of representatives from ministries/departments and civil society.

3.2 POLITICAL COMMITMENT

The authorities show considerable commitment for the strategy but their actions often is opposite to what they say. Moldova has produced numerous reformatory legal acts, strategies and programs but little was done to implement them. One thing is, of course, that they are often too ambitious and almost impossible to implement within the timeframe provided for them. The other thing is lack of competence and knowledge within state institutions. There are many old-fashion minded people that cannot perceive the change and reform, working within public institutions. Moreover incentives are very low in terms of remuneration and professional environment. These facts serve as disincentives for young, forward looking, educated and competent people to work for public institutions.

Numerous technical assistance projects offer motivated employment for competent people that in such positions assist the public institutions in better governance. But a negative thing is that as result of such technical assistance solutions in form of strategies and legal acts are overly ambitious.

Besides competence important obstacle to reforms and implementation of strategies is political and personal interests. Political interests deal with maximum centralization and control of powers in the country. An example is Local Public Administration Reform which resulted in more centralization of power and financial control over local governments. Personal interests deal with control over money flows that means financial power. Here is involved control over businesses and public spending.

3.3 INTRA-GOVERNMENT COORDINATION

There is usually weak coordination between the Ministries and Departments.

3.4 CAPACITY FOR IMPLEMENTATION

Implementation capacity is low as there is lack of necessary resources. Human resources are scarce within public institutions. An important reason is motivation, i.e. low salaries of public servants. The other reason is promotion of loyal and old-fashion minded people. Lack of skills of public servants is another important problem that has similar roots to the first problem. Lack of competence is an enormous obstacle indeed for Moldova to integrate into Europe that is one of the main long term objectives stated in EGPRSP.

Besides human resources, technical capacity to implement reforms is also weak.

3.5 CONSULTATION WITH OTHER STAKEHOLDERS

Although consultation process is enough developed within the whole EGPRSP, the reality until now show a strong opposition of public authorities to transparency and participation of other stakeholders into decision making especially when the issue is political or deal with the interests of a tight group of people.

3.6 DONOR SUPPORT FOR IMPLEMENTATION

IMF and World Bank stopped their programs with Moldova for the moment. EGPRSP is now adopted by the Government and submitted for approval to IMF and World Bank. Generally speaking those two organizations believe the final draft is much better than previous drafts. Nevertheless the implementation is questioned. Probably they will not go into serious negotiations with Moldova until the elections of Moldovan Parliament next year.

4. FEATURES OF A PRSP THAT CAN BE IMPLEMENTED

4.1 INTEGRATION INTO BUDGET

The MTEF is now being implemented for the second consecutive year and served as the budget framework in 2003 and 2004. The MTEF states that the MTEF played an important role in the preparation of the budget and provided a strategic framework within which it could be examined by Government and Parliament. A wide range of stakeholders have also engaged in the discussion of the underlying policy and resource issues. This has been facilitated by a Task Force established to oversee the preparation of the MTEF and has contributed to a growing understanding of its importance.

The MTEF document (2005-2007) is very clear on the basic linkages with the EGPRS and recognises the crucial role the MTEF has in the EGPRS implementation process. It sets out the linkages in Box 1 below.

Box 1: The Role of the MTEF in Budget Planning and Linkage with the EGPRS

The Government's objectives in introducing the MTEF were:

- to improve macroeconomic and fiscal projections in order to elaborate a realistic and comprehensive resource framework for budget planning;
- to ensure that resource allocations are better linked to key-cross-cutting and sector policies and priorities;
- to enhance predictability within the budget planning process;
- to highlight key issues in public finance management and identify strategic actions to resolve them; and
- to enhance capacities of the public authorities for achieving the efficient allocation and use of public resources.

The MTEF and EGPRS represent two distinct planning processes which are directly linked. The EGPRS provides the basic policies for national development, while the MTEF sets out the general framework of available public resources over the medium-term with which to implement the priority measures and actions.

Additionally the EGPRS provides a framework for the Government to negotiate with aid donors for external assistance to cover priority measures for which funding is not currently available under the MTEF, conditioned that these are considered efficient and effective by the donors. However, linkage between EGPRS and MTEF should be based on effective prioritisation of realistic assessment of the likely availability of additional external financing.

MTEF is updated annually to maintain the three year forward budget planning perspective. The EGPRS will be similarly updated by means of annual revision of its action plans, according to the methodology of evaluation and participation process. To provide for continuity between the two processes, it is important that the processes of updating are effectively coordinated and linked, including as regards the timing. At present the EGPRS covers for 2004-2006, whereas the MTEF – 2005-2007.

Having said that, the EGPRSP does not include key priority actions and costs associated with the MTEF.

4.2 SECTOR PROGRAMMES

According to the Government decree 524 of 2002 line ministries were to prepare sector strategies which led to the EGPRSP. The World Bank comments, however, that the proposed actions should be more concrete and better prioritised

4.3 MONITORING

Monitoring indicators are inadequately linked to the proposed strategies and expected outputs and outcomes included in the MDG targets

4.4 POTENTIAL FUTURE CHALLENGES

EGPRSP has a chapter on Expected Risks. The main risks expected within the paper are the limited experience and professionalism, special instruments and mechanisms for implementation and monitoring, as well as limited skills in co-coordinating activities those involved in implementation.

The paper states that the implementation of the strategy can only succeed through a radical change in the management system and its components.

Another problem paper mention is inadequate development of market economy institutions and infrastructure. Moreover it is important as the strategy places main emphasis on private sector development.

An emphasis on improvement of public management is a good point but questionable taking into consideration political interests and interests of narrow group of people.

ANNEX 1: DOCUMENTS REVIEWED

Key PRSP Documents

- Interim PRSP (November 15, 2000)
- Interim PRSP (April 21, 2002)
- PRSP Preparation Status Report (July 17, 2002)
- JSA of PRSP Preparation Status Report (July 22, 2002)
- Draft Economic Growth and Poverty Reduction Strategy (2004-2006), March 2004
- Report Regarding Participation to the Process of Finalizing EGPRSP, March 2004

Other Government Documents

- Medium Term Expenditure Framework (2005-2007), Republic of Moldova, Chisinau, 2004
- Analytical Report on the efficiency of technical assistance projects and grants, provided during 2003 by countries and international donor organization, their activity being coordinated by the Ministry of Economy, Main Direction of Technical Cooperation, Ministry of Economy, Chisinau, January 2004

Other Donor Reports

- WB Public Economic Management Review (February 2003)
- WB Comments on PRSP
- UNDP (2003) Millennium Development Goal Desk Study

Donor Programming Documents

- DfID Regional Strategy (Draft) DATE
- WB CAS Progress Report (May 20, 2002)

ANNEX 2: MAP OF THE REPUBLIC OF MOLDOVA

