

Investments in Quality Life

Moldova Social Investment Fund

"Five to six years ago I could have only dreamt of having my household piped to the gas main – as the inhabitants of cities do – however, over 60 per cent of households are getting centralized steady supplies of natural gas today", said Mr. Chiril Cojocar, the mayor of the community of Popeasca in the district of Stefan-Voda. The project has been made true courtesy of the support from the Moldova Social Investment Fund. The lower secondary education school, auxiliary school, kindergarten, family physician office, and trade centers alike – all are benefiting from the centralized natural gas supply.



Ensuing from the project aiming at piping households to the gas main was another one, ensuring the drinking water supply, following which as many as three water towers have been refurbished and four kilometers of water supply pipelines have been built up. Over 70 per cent of households are supplied with drinking water today, and basically, all the households willing to have water supply do get it; moreover, all water recipients are plugged to the meters. Courtesy of MSIF support, a patch of roads have been renovated during 2007, thus enabling about 1,300 citizens to benefit from the advantages granted by refurbished and developed roads – first of all – the children attending schools and kindergartens.



"It is a huge accomplishment, and having not been for the Moldova Social Investment Fund projects, there would be no such outcomes attained", told Mr. Chiril Cojocar.



Following the crisis from the 1990's, Moldova has become one of the poorest countries in the South-Eastern Europe. The poverty has taken its toll on the rural population the most, with over 80 per cent of them living with revenues of less than one US dollar a day. This is a drama for a country in which 54 per cent of population inhabits rural areas. There was a significant drop in the living standards, coupled with a drop in the quality of public services, with the social infrastructure deteriorating and the human capital degrading.



In order to cut down on the negative impact of the poverty, the Government of Moldova requested assistance from the World Bank to set up a Social Investment Fund. Hence, a MSIF-1 kicked off, considered at a later stage as one of the most efficient projects supported by this facility in the Republic of Moldova. Over 750 thousand people from 415 communities that benefited from implemented micro-projects have gained access to better social services. With the support from the World Bank and other donors, as many as 189 schools have been renovated, and about 720 km of gas pipes and 85 km of drinking water pipes have been built up, while another over 140 km of roads have been renovated; 24 centers are providing social assistance services for the children-at-risk. The strong social impact of the MSIF-I project underpin the decision to carry on the project.

The MSIF-II became effective on 15 September 2004 and it is ought to be implemented until March 2010 and it will focus upon three key components: a) community development; b) social care service development; and c) capacity building, communication, monitoring and evaluation.

During the project implementation, the population of as many as 281 villages that has not been covered by the MSIF-I will be benefiting from investments within the framework of the second social investment project; whereas another 121 villages that have already implemented projects under the MSIF-I and which have proved successful in community development will have the opportunity to implement new micro-projects. Moreover, support will be provided to refurbish the social infrastructure units from 42 smaller towns, tallying up a population of some 20 thousand inhabitants. Integrated social services will be developed within six districts (30 subprojects to set up innovative social care services for the people in need – elderly, women, youth, children etc. at risk). By the completion of the MSIF-II project, there will be 50 more communities benefiting from investments, as selected by the Government during the implementation of the EGPRSP Action Plan and the Moldova Village National Program (14 communities – sorting out the issues concerning drinking water supply and sewerage, and 36 communities – concerning the renovation of ‘culture houses’).



It is also important that, besides the working out of burning issues of rural communities, the MSIF project perfectly fits the Economic Growth and Poverty Reduction Strategy Paper and is a real support for implementing it by empowering the poor communities and affiliated facilities in the management of priority development needs.

In order to reach the set goals, likewise within the MSIF-I, primordial attention is paid to building the capacity of communities and improving the quality of social services rendered to people. Emphasis is put on building up the potential and the organizational capacity of communities, develop their skills to both jointly and individually tackle the burning issues that have been plaguing them all throughout. Responsibilities have been delegated to communities, such as the carrying out of procurements, supervising the quality of works, ensuring the sustainability of implemented micro-projects etc. Those have had the real opportunity to get financial support from the Social Investment Fund to renovate and refurbish schools, kindergartens, roads, bridges, to build gas pipelines, water supply pipelines, environment protection projects, and create community-based social care services.



Four years after the MSIF-II was launched, there have been 581 requests for funding received for project proposals overall. As many as 448 subprojects have been completed or are being implemented to date. Over 535 thousand people from 356 rural and urban communities (15 per cent of the country’s populace) have gotten access to better social services today, following the implementation of grants and subprojects. As many as 281 Beneficiary Associations have been set up in 283 deprived villages, while developing plans for ensuring the sustainability of the units refurbished with MSIF support. There have been 236 subprojects already completed in the aforesaid communities. As many as 273 communities filed in project proposals to the CDD, of which 121 have been



selected for funding. The process of developing or updating the economic and social development strategic plans has been facilitated for 87 communities. As many as 18 towns with no social and economic development strategic plans have benefited from technical assistance and training. Approval for implementation was granted for 60 funding proposals, of which 53 have been completed. Following the success of the MSIF Project, the Government of the RM has agreed over the procedures under its purview for the MSIF managing the funds from the State Budget in view of resuscitating the youth centers, in partnership with the Ministry of Culture and Tourism.

Within the framework of the "Education for All – Rapid Action Initiative" Project, the MSIF-II has been contracted by the Ministry of Education and Youth to provide consultancy services regarding the renovation of 33 kindergartens and 16 premises for setting up alternative education centers in those communities that have no kindergartens, including a Rehabilitation Center for Children with Disabilities.



New procedures are piloted regarding the shifting of knowledge accrued by the MSIF towards the Investment Management Resource Centers. The latter have been vested with responsibilities to assess to what degree the sustainability of units, renovated by communities with the MSIF-II support, has been ensured.

A recent study on the impact that the MSIF-II has had upon beneficiaries, developed and coordinated by Bernard Brunhes International from France, shows significant changes within the MSIF-funded communities. The share of people happy and very happy about the economic and social situation increased from 18 per cent to 37 per cent throughout 2004-2007. Moreover, 55 per cent of respondents from the MSIF communities reckon that the work of local public administration has improved over the last three years (in control communities – 40 per cent). The survey pointed out that the MSIF – although a social project – has had an economic impact upon the household revenues. The average household revenues increased from MDL 886 to MDL 1,527, whereas the revenues tripled in the villages where implemented projects focused on piping to the gas main. The water consumption levels for households went up by 15 per cent, while the average number of rooms heated with gas during wintertime surged up by 38 per cent in the MSIF communities, whereas the growth accounted for merely 9 per cent in control communities. The education conditions improved in schools.



The study also outlined a wide involvement of community members in co-financing the MSIF subprojects. Cash contributions from individual households were MDL 1,300 on average.

All respondents, including those from the Parliament and Government structures, voiced the need to scale up the MSIF and to start up the development of a MSIF-III Project.

General Data about the Social Investment Fund Project in Moldova

Total cost of the MSIF Project (cumulatively)	USD 72 million
Funds used, total	USD 62 million
Projects, total	921 (av. cost of USD68,000)
<i>International Development Association (IDA)</i>	USD34.3 million
Great Britain Department for International Development (DFID grant)	GBP 2,744,000.00
Government of Sweden (SIDA grant)	SEK 35.4 million
German Bank KfW	EUR 4.6 million
European Commission	EUR 2.1 million
Government of Japan (JSDF grant)	USD 1.8 million
Government of Japan (PHRD grant)	USD 0.9 million
USAID	USD 0.5 million
Republic of Moldova State Budget	eq. of about USD 6million
Government of Moldova share (to the projects)	eq. of USD 2.8 million
Communities (cash, in-kind goods – construction materials, labor)	eq. of USD 8.3 million

Partners: USAID, Local Agenda 21, SRISP Project, UNICEF, Embassies of Netherlands, United Kingdom, Germany, Ministry of Finance, Ministry of Energy, Ministry of Education and Youth, Ministry of Labor, Family and Social Protection, Ministry of Culture and Tourism, Soros Foundation Moldova, “Step by Step” Program, “*Pro Didactica*” Center, “Contact” Center, “*Pro Comunitate*” Center, “Save the Children” etc.

Goal of the MSIF Project: to contribute to implementing the Economic Growth and Poverty Reduction Strategy Paper by empowering poor communities and affiliated facilities in managing priority development needs.

Objectives of the MSIF Project:

- To financially support the project proposal aiming at improving the quality of social and social-economic services in rural communities and smaller towns;
- To develop the capacity of local public administration regarding the provision of above said services alongside community organizations and civil society;
- To create a coordinated network of social services integrated at district level (for disadvantaged groups – children, youth, women, adults at risk);
- To share the lessons learnt and expertise gained by local communities across government facilities;
- To disseminate and replicate advanced practices in community development and integrated social services.

Status: MSIF-I became effective August 1999 and it was completed on 31 May 2004. MSIF-II became effective 15 September 2004. Expected completion date is 31 March 2010.

Implementation agency: Moldova Social Investment Fund. Staffing – 24 employees. Running costs – 5 per cent.

Executive Director: Mr. Boris Popadiuc (Telephone: +373 22 279121; Fax: +373 22 279141), Mail: Office@msif.md)

Address: 124 Stefan cel Mare Blvd., Chisinau, MD-2001, Republic of Moldova.