Moldova declared itself an independent state in 1991, as part of the dissolution of the Soviet Union. The country is landlocked, and is bounded by Romania to the west and by Ukraine to the north, east and south. The country currently has a population of around 3.8 million people.

Agriculture and industry account for around 75% of Moldova’s economy, with the remaining 25% coming from the service sector. The country’s predominant export is wine, which is mainly sold to Russia. In general, the industrial sector is still largely based on old, Soviet-style factories, and the country imports all of its supplies of natural gas, petroleum and coal, mainly from Russia.

Moldova ranks low in terms of commonly used living standards and human development indicators in comparison with other transition economies. The Bank’s Poverty Assessment, conducted in 1997, showed that poverty in Moldova is concentrated mainly in the rural areas. The Bank’s successive Country Assistance Strategies have emphasized poverty alleviation and rural development as primary areas of IDA involvement in Moldova.

Services for the poor and vulnerable have traditionally also been based on the old, Soviet-style residential model, where people unable to cope with the difficulties of life were brought into large, centralized institutions, where their basic needs could be met. The recipients were either elderly people no longer able to feed or care for themselves, or children who had been orphaned or were from indigent families. The institutions were located in the country’s largest cities, and given that the poor were mainly concentrated in rural areas, people entering these institutions were often separated from their loved ones and from the lifestyle they knew.

The traditional model has proven itself largely incapable of serving the needs of large numbers of vulnerable people, including abused women and children, victims of human trafficking, and a growing number of elderly whose needs were not being otherwise met by the state. One challenge facing IDA and other donors in the late 1990s was how to provide social services for these groups in their own communities.

The Project

In January 1999, the IDA Board approved a $15 million equivalent credit to finance the (first) Moldova Social Investment Fund
(MSIF). The Swedish International Development Agency (SIDA) and the United States Agency for International Development (USAID) provided the technical assistance needed to create the Fund and formulate and resource an initial set of community-based micro-projects. The MSIF was developed as a traditional social fund project, scaling up micro-projects selected on the basis of, (a) the capacity and leadership available in the village, (b) experience in execution of similar initiatives, and (c) the urgency of rehabilitating the basic infrastructure within the village. The MSIF’s infrastructure focus included the rehabilitation of schools and health care centers, providing water supply and sanitation and gas distribution works. In addition, the project supported some early childhood development and health development activities. Priority was given to serving the most disadvantaged villages.

The Bank Task Team, however, had long-term objectives that were much more ambitious. The team saw a great need to develop community-based social care services targeted to vulnerable population groups. Over time, this would entail developing policies and facilities to provide such services on a large scale; however, the most urgent short term need was for the government to develop confidence in: (i) the capacity of local communities (through local governments, community based organizations (CBOs) and village groups) to organize and deliver these services; and (ii) the feasibility of providing such services economically and effectively.

In 2002, the Task Team applied for a JSDF grant to fund seven pilot community driven development (CDD) projects and seven community-based social services centers. The JSDF grant approved by the Government of Japan in January 2003 provided $979,500 in support of three project components:

1. Community Driven Development micro-projects. $434,000 was allocated to this component, which provided small grants (up to $75,000) to established CBOs to implement seven comprehensive community action plans. The CDD approach, used elsewhere in Bank and IDA financed projects, would be pilot-tested, and lessons learned from the implementation of those pilots would inform the design of the follow-up

2. New Community-Based Social Care Services. $479,500 was allocated to this component, which provided small grant funding (up to US$75,000) to local NGOs for implementation of seven innovative non-residential social care service projects for newly identified vulnerable groups. The government had limited funding to address the problems of these groups. The ongoing MSIF project had a window that provided funding for piloting of innovative social services for children. Those micro-projects had been successful and influenced the further development of the nonresidential care services for children at risk. Under this component of the JSDF grant, community-based services for vulnerable groups other than children would be pilot-tested, with the communities identifying the target beneficiary groups and the micro-projects.

Of the seven social centers that were created, two addressed issues of children-at-risk, four were for elderly people living alone, and one addressed issues of maternal care. The local governments were required to co-finance 3% of investment cost and 100% of the recurrent costs of the services. This component also financed in-country training and international technical assistance to help the NGOs to manage new services based on international best practice. In addition to providing these services, this component would demonstrate the benefits of alternative, community-based social services and inform future government policies in this area.

3. Training Communities in Participatory Monitoring and Evaluation of Projects. The component provided $66,000 to fund consultant services to guide participatory monitoring and evaluation of projects by the communities involved. In addition,
the consultant produced a manual for participatory M&E. The objectives of this component were: (a) to develop the skills of facilitators in participatory M&E; and (b) to reduce the need for external M&E and create sustainable skills at the community level. This component also included $36,000 to cover the Bank’s incremental costs.

Results

While none of these activities supported by the JSDF project were new, they were highly innovative for Moldova. Although the government was interested in the potential benefits and efficiencies of CDD and Community-Based Social Services to address poverty in rural areas, it was reluctant to attempt these new approaches without some assurance that they would work at the local level. The JSDF grant provided the opportunity to test these approaches, and to adjust their design to fit local circumstances.

This project was extremely successful. The results by component were as expected:

- **Seven localities developed comprehensive community action plans.** CBOs provided technical assistance to enable communities to develop plans, prioritize micro-projects and select from among competing alternatives. At the time of the Grant Closing Report, two communities had completed implementation of their micro-projects. This set of activities benefitted around 15,000 people.

- **Seven social centers were established** – two serving youth-at-risk, four assisting elderly people living alone and one addressing issues of maternal health. By the time of the Grant Closing Report, an estimated 10,000 people had benefited from this component.

- **300 communities were trained in Participatory Monitoring and Evaluation**, and the information they collected was used an input into the Moldova Social Investment Fund’s information system.

The JSDF project’s greatest success was the impact it had on the central and local governments as well as the local communities of Moldova. The project established that local communities could be trained to formulate micro-projects to upgrade facilities and services, set priorities among competing alternatives, select micro-projects collaboratively, and monitor the implementation of those activities. Local governments proved that they could take responsibility for managing funds, procuring goods and services and implementing the construction of civil works. The central government learned that it could trust local governments and local communities to take responsibility for delivering social care services to the poor and vulnerable through community-based social care centers.

The proof of this change in the government’s attitude concerning CDD and community-based social care services is found in the enthusiasm with which it pursued funding from IDA and other donors to scale up the successes of the JSDF project. The Second IDA funded MSIF project was prepared and approved by the Board on schedule. That project, for which IDA provided $20 million equivalent for allocation through the Social Investment Fund, was formulated to include a $22.5 million equivalent CDD component and a $3.3 million social care development component. The project’s financing plan included $1.5 million in counterpart funding, to be raised from the central government; $3.7 million in counterpart funding, to be raised from local communities; $3.7 million from SIDA; and $0.2 million from the Soros Foundation. In addition, the government asked the European Union for a grant to finance a similar community-based social care services project. The gains from the JSDF project have been sustained and scaled up through IDA, Government and Donor funded projects.

Perhaps the most important success factor for the JSDF and related IDA projects was the work of the Bank Task Team. Although they reported on each project separately, they worked toward a unitary vision for the social services sector, and each project was a piece of a unified, seamless program. The focus of the IDA projects were to develop a competent and effective Social Investment Fund, that could serve as the core agency for implementing the government’s social agenda. As components of this broad effort, the team sought to expose the Fund’s leaders, as well as government policy makers, to innovative approaches to social care that had been borne out in other countries, and enable those approaches to be adapted to the Moldovan context.

The Task Team appreciated the Government’s concerns that it could not afford to experiment with social care interventions that might not work; in turn, they used the opportunity provided by the JSDF grant to work at the local level, developing social care interventions that were endorsed by communities and that did work in the
Moldovan context. The Task Team Leader traveled continuously to Moldova for about a year to prepare the JSDF grant and build local commitment to the project and refine the components so that they would produce the intended outcomes. The team’s dedication turned a set of good ideas into a highly successful program.

Lessons Learned

At the Project Level

**Working with others to sustain gains** - Implementation of innovative activities requires intensive cooperation with relevant ministries and institutions involved in the implementation. Similarly, it is important to keep district public authorities involved throughout the process. This enhances their own accountability and the entire process is seen as more transparent.

**Building on Best Practice** - The team went out of their way to build a project that built on existing international best practice and that captured and shared lessons learned during grant implementation. This enhanced confidence in the viability of the approach and its likely outcomes.

**Cooperation and creation of synergies** with other organizations involved in community development can maximize development impact at the community level. Joining financial and human resources with other organizations leads to positive synergies and better results and services in the implemented micro-projects.

**Participatory monitoring** - Involving community members in project monitoring, enhances the transparency of the process, builds ownership and can contribute to the sustainability of projects.

**Capacity building** - Training provided in tandem by local and international consultants can provide the strongest outcomes. Local consultants learn new techniques and are exposed to international practices while international consultants benefit from the local knowledge offered by the national experts.

**General Lessons**

The Moldova case is an excellent example of how JSDF can complement other sources of development assistance. Three aspects are worth noting:

- **The piloting of innovative approaches or interventions**. As elsewhere, in Moldova, the innovations introduced had been tried successfully elsewhere, but local authorities required the comfort of knowing that they could be adapted to the local context. By supporting the pilot(s), JSDF reduced the risk to local agencies and, through rigorous project design and monitoring and evaluation, produced demonstrable and reliable results that could be presented to stakeholders.

- **In the same way that JSDF can support piloting on behalf of local stakeholders, it can perform this function for other Donors**. IDA projects are typically nationally focused and do not have the flexibility to test approaches prior to scaling them up. This commonly applies to other Donors as well. The Moldova case is one of many where innovation tested under JSDF has been scaled by IDA, by Government and by other Donors.

- **In terms of the beneficial relationship that exists between JSDF and IDA**, this largely operates through the common teams that prepare and implement the projects and their interest in aligning the JSDF project with existing country and sector strategies. By enabling Task Teams to take a local focus when field testing innovations, JSDF allows communities to adapt interventions to the local culture and, in the process, build understanding, acceptance and ownership for innovative measures. The subsequent scaling-up and knowledge sharing can ensure broad replication of successful ideas and better lives for the target groups beyond the pilot communities.

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The Japan Social Development Fund -- The JSDF is a partnership between the Government of Japan and the World Bank that supports innovative social programs in developing countries. JSDF grants are executed by NGOs/CSOs and local governments and implemented at the community level. JSDF projects meet four basic requirements: (i) they target and respond to the needs of poor, vulnerable, and disadvantaged groups, and aim to achieve rapid results, (ii) they are innovative and pilot alternative approaches or partnerships, (iv) they use participatory designs and stakeholder consultation to design inputs and as an integral part of monitoring and evaluation, (iii) they empower local communities, local governments, NGOs/CSOs through capacity building and rapid feedback of lessons learned, and (v) they focus on scale-up potential, replication and the sustainability of interventions.