



MOLDOVA SOCIAL INVESTMENT FUND

OPERATIONAL MANUAL

APPROVED BY MSIF NATIONAL BOARD

Chişinău, 2004

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ACRONYMS

ATID	Assistance in Technical Issues Department
BA	Beneficiary Association
CBO	Community Based Organization
CF	Community foundations
CSDD	Community and Social Development Department
ED	Executive Director
EGPRS	Economic Growth and Poverty Reduction Strategy
EO	Executive Office
FAD	Finance and Administrative Department
GDP	Gross Domestic Product
GoM	Government of Moldova
IDA	International Development Association (World Bank)
IA	Implementing Agency
LPA	Local public administration
MDG	Millennium Development Goals
MIS and ME	Management Information System and Monitoring and Evaluation Department
MIS	Management Information System
ME	Ministry of Education
MoH	Ministry of Health
MSIF	Moldova Social Investment Fund
SP	Subproject
NCB	National Competitive Bidding
NS	National Shopping
NGO	Non-governmental Organization
NB	National Board
PTA	Parents and Teachers Association
SCS	Social Care Services
CDD	Community Driven Development

CDC
ST
TA
UN
UNICEF

Community Development Consultant
Small town
Technical Assistance
United Nations
United Nations Children Fund

Introduction

Moldova Social Investment Fund (MSIF) is a Government of the Republic of Moldova project, created with the support of the World Bank aiming at contributing to EGPRSP implementation by empowering poor communities and their institutions to manage their priority development needs.

The main factors contributing to the elaboration and development of this project were not only the social-economical decline during last several years, the reduction of life quality indicators and impoverishment of a considerable part of the population, particularly in the rural area and small towns, but also the decrease of moral spirit and of the level of population's implication in the process of community medium changes.

In the context of development policies and strategies of Moldova, the Social Investment Fund is considered to be an efficient mechanism for changing of community population's attitudes and behavior, for social activism increase, for community's solidarity spirit increase and for life quality increase in poor population and in vulnerable groups by increasing the access to improved social services.

The target groups of Project's beneficiaries consist of the poor population from deprived rural communities and small towns, and persons in difficulty, as well as orphans, persons with disabilities, those affected by human traffic, HIV/AIDS etc. The Social Investment Fund contributes to these groups' organizational capacity development and to an increase in the sense of responsibility for everything that happens in the community by means of their direct involvement in the process of their stringent needs identification and in the subprojects proposals implementation and sustainability maintenance.

Promoting the social partnership development at the community level and the participatory elaboration of strategic plans for community social-economical development, MSIF supports the objectives of the local public reform and contributes to capacity building of the institutions from the community, to provision of respect for participation and transparency principles, and as a result to a sustainable community development.

In its activity Moldova Social Investment Fund, managed by the National Board headed by a vice prime minister, follows as a guide the Credit Agreement signed between the World Bank and the Government of the Republic of Moldova.

MSIF's Operational Manual is an incorruptible part of the Credit Agreement and represents a complex of rules and procedures, established and approved by the Government of Moldova together with the World Bank in order to reach Project's objectives and to ensure the efficiency of investments. Another goal of the Operational Manual is to ensure transparency in MSIF procedures at the national and local level, and to serve as a methodological support and practical guide for MSIF National Board, MSIF Executive Office, line ministries and other interested institutions from Moldova for promotion, identification, elaboration and implementation process of the subprojects proposals.

MSIF Operational Manual consists of 8 chapters and 30 paragraphs. The first chapter “MSIF Project in the context of national development strategies” describes the development policies and strategies of Moldova. MSIF’s role in the national strategies is identified.

Chapter II “MSIF Project Design” describes the development objectives of the project and the expected results, project’s beneficiaries, components and typologies of the project. A separate paragraph is dedicated to SIF’s organizational provision.

Chapter III “Subproject’s cycle” contains information on promotion, identification, appraisal, implementation and supervision procedures of the subproject proposals as well as on the mechanisms of implemented subproject’s sustainability provision.

Chapter IV “MSIF’s Mechanism of capacity building” describes Project’s strategy regarding MSIF Project participants capacity building: representatives from line ministries, local public administrations, Implementing Agencies and Beneficiary Associations, nongovernmental organizations, construction firms, MSIF staff. The training models are described, as are the techniques of capacity building.

Chapter V “Mechanisms of MSIF’s experience promotion at the national level” describes MSIF’s mechanisms of dissemination of the lessons learned during Project’s components implementation, aiming to include them in the national policies: Community networks, Social Care Services Network, Advisory Board in social care services, Advisory Board in local development.

Chapter VI “MSIF procurement procedures” stipulates the provisions related to procurement management in general and the methods of procurement used within the framework of the project and corresponding to the World Bank’s procurement requirements (national competitive bidding, direct contracting, contracting based on a short-list, etc.).

The problems relating to financial management, accounting and disbursement are described in Chapter VII “MSIF financial and management procedures”. This chapter contains as well the requirements for MSIF’s reports and the administrative procedures.

Chapter VIII “MSIF monitoring and evaluation” describes MSIF key performance indicators, as well as the internal and external monitoring system, the methods of participatory monitoring and evaluation.

Chapter 1. MSIF Project in the context of national development strategies

1.1. Social-economical situation in the Republic of Moldova and development policies

Moldova's last decade economical situation characteristic. The transition of the Republic of Moldova to market economy resulted in an unprecedented social-economical crisis. USSR disintegration caused a destruction of the economical relations system, led to obstacles in goods circulation and reduced the access to the newly created markets. The Gross Domestic Product (GDP) decreased with approximately 2/3 (comparing to other ex-soviet republics where the GDP decreased only with 1/3).

The Transnistrian conflict produced a break of economical relations from inside the country, Moldova loosing the control over the Eastern boundary and over a considerable energetic and industrial sector.

The transition from a centralized and planned economy to a market economy caused a range of new reforms in the majority of domains. Liberalization of prices, development of external economical activity, internal market formation, massive privatization, introduction of national currency, creation of a new bank system – these are only some of the consequences of the mid 90s reforms. Though, according to economists, in spite of this fact, many mistakes have been done during these reforms, leading to a further aggravation of the social-economical situation in the country. Thus, during reforms' planning and performing, their possible impact on social development wasn't taken into account, as wasn't the level of prepare of economical agents and of population to act under new conditions.

The destruction of economical relations, the disintegration of the country and the committed errors led to a continuous decline in all the sectors of economy during the years 1990-1996. The amount of industrial production decreased almost twofold; the amount of capital investments decreased more that sevenfold. The budget deficit reached in 1997 the level of 9,7% from the Gross Domestic Product. The first signs of crisis diminution and economical re-launch were noted in 1997 when an increase of GDP with 1,6% was registered, the level of inflation decreased to 12% and the budget deficit was reduced. The financial crisis in Russia in 1998 began a chain reaction for the economy of Moldova, as 60% of Moldovan export is oriented towards the Russian market. This crisis led to a decrease of industrial production with 25% and a decrease with 20% of the agricultural production. The GDP decreased with approximately 10%. In 1999 the GDP in real terms was equal to 34% of the level registered in 1990, the amount of industrial production – 32%, and the amount of agricultural production – 50%.

As a result of Eastern markets stabilization, increase of internal demand due to the income of Moldovan people working abroad, limitation of circulating monetary mass, in the year 2000 the Moldovan economy began to re-launch. During the years 2000-2003 the GDP in real terms increased with 24,1%, the amount of industrial production – with 54,1%, the investments in fixed capital – with 21,5%. These positive changes are due mainly to private sector development, which constitutes approximately 75% of the GDP. At the same time, according to economists opinion, this re-launching of the economy could be only temporary, because of the existence of quite high

risks, as the expressed agrarian structure of the economy with an insufficient weight of the manufacturing industry, the dependency of the economical growth and of consumptive demand on the migration's proportions, a quite high disproportion between the social-economical development branches of the capital and of the other regions of the country. 80% of the population lives in rural areas, receiving only 20% of foreign investments, less than 40% of the export and the salary level is almost two times smaller than that from the capital.

Country's economical development impact on its social development. As a result of the social crisis from the 90s, the rate of unemployment and the inflation increased considerably, state's expenses for social needs decreased, resulting in a considerable reduction of population's sources of income, its purchasing capacity, and possibilities to obtain subsidies and social aids from the state. In 1999 the average monthly salary constituted only 25% of the 1990's level and the average pension – only 17%.

The reduction of population's life quality caused modifications in the demographic structure of the population. The birth rate and life expectancy decreased and the mortality increased, a fact that led to a decrease in the number of country's population.

The economical re-launch after the year 2000 led to several positive changes in social area – salary growth in the state budget sectors, pension growth with approximately 64%. State's expenses for health and education increased. However, population's access to social services remains limited, because the real amount of financing from the state which used to be before the crisis wasn't reestablished and an important part of social services are paid (40% of the medical services, 30% of the educational services). Albeit, the economical re-launch wasn't accompanied by an increase in the number of jobs, nor by an unemployment reduction, a fact that obviously hasn't considerably contributed to an improvement in Moldovan population's life conditions.

The poverty picture in the Republic of Moldova. According to the researches performed in this area, the poverty is often identified with deprivation, which represents a multidimensional phenomenon and includes material as well as non-material aspects of an individual's or a family's welfare. Most often the poverty is simplified to the economical deprivation or to an income inadequate to vital necessities of an individual or family. But in the same time, according to Household Budget Survey performed in the republic, the poverty also includes the following aspects: insufficient or low-quality nutrition, poor health state, limited access to education, limited participation in the decision taking process, absence of a potential or of possibilities (through a lack of personal empowering) to influence the life conditions change.

A permanent appraisal of poverty dynamic in Moldova indicates that this phenomenon remains to be quite persistent. The poverty rate averaged 63% from 1997 to 2001. The poverty rates have been increasing from 1997 till 1999 from a rate of 47% to 71%, caused by the vulnerability of the Moldovan economy to the Russian crisis. In 2001 the poverty rate decreased with approximately 11.6% comparing to year 2000. However, still the poverty rate was 60% in 2001 and remained higher than it was before the crisis in Russia. As in 1997 the majority of poor population of Moldova lives in rural area. However, there is a growing poverty in small towns.

Development policies and strategies of Moldova. Being oriented to overpass the disastrous consequences of the social-economical crisis and to ameliorate the situation of vulnerable layers, the Government of Moldova tried within the last years to adopt a range of policies and strategies at a national level. In this context, should be mentioned the Millennium Declaration, elaboration of Economic Growth and Poverty Reduction Strategy, approbation of National Child and Family Protection Strategy, approbation of National Education for all Strategy. We'll try to further briefly describe the objectives of these strategies.

Millennium Development Goals. In September 2000, Moldova together with other 189 states adopted the Millennium Declaration, which sustains peace, security and development by promoting some development objectives in the global agenda. According to this Declaration the Government of Moldova took the commitment to achieve till 2015 the following objectives:

- Eradicate extreme poverty and hunger;
- Achieve universal primary education ;
- Promote gender equality in education;
- Reduce child mortality;
- Improve maternal health;
- Combat HIV/AIDS, malaria and other disease;
- Ensure environmental sustainability;
- Develop a global partnership for development.

Economic Growth and Poverty Reduction Strategy. According to Millennium Development Goals, the Government of Moldova has elaborated the Economic Growth and Poverty Reduction Strategy Program, having the following long-term objectives: sustainable and social-oriented development; state reintegration; European integration.

EGPRS medium-term objectives are as follows:

- Sustainable and inclusive economic growth;
- Poverty and inequity reduction, increase of poor layers' participation in the economic development;
- Human resources development.

Sustainable and inclusive economic growth will be based on the development of the private sector and insurance of a liberalized business medium by supporting the entrepreneurship. The basic stress will be made on the improvement of investment climate and attraction of foreign investments, increase of local production, increase of market penetration and export increase, development of small and medium enterprises, creation of new jobs.

An essential moment is to attenuate the social-economic discrepancies between the center and the periphery and insurance of life quality level increase in population from small towns and rural area. With this aim it is planned to ameliorate the conditions for a stable increase over the entire territory of the country, including the infrastructure development and renovation (roads, water supply networks, heating systems, power nets, gas, telecommunications).

Inequity and poverty reduction, increase of poor people's participation in the process of economic growth will be performed by a more precise address of the social assistance, facilitation

of the access to social services for the poor layers, a support provided to families and citizens for the development of small business, jobs number increase, support in employment for socially vulnerable categories.

Human resources development assumes a maximal orientation of the policy and of the development results to the human development support. For a medium term the stress will be put over the improvement of medical and educational services and the increase of access to these services for the vulnerable layers.

Medium-term priority areas of development are as follows: private sector, public administration, social protection, health and education, infrastructure, regional development, environment.

National Child and Family Protection Strategy was adopted by the Government of Moldova in 2003. Its main objectives are in relation with the Millennium Development Goals and consist of:

- Insurance of development and realization of child and family social protection policy at a national and local level;
- Development and harmonization of the legal framework relating to child and family protection and insurance of a complete implementation of UN Convention and of other normative and international documents regarding family's and child's rights;
- Consolidation and development of institutional capacity to elaborate, implement and develop models of community services according to quality standards for child and family protection;
- Creation and development of a national and local system of child's and family's state monitoring and appraisal;
- Development and consolidation of human resources working in the area of child and family protection services and employment of a staff according to professional standards;
- Development of financial mechanisms of promotion and maintenance of efficient models of services for child and family protection;
- Development of family capacity to ensure assistance for the children and to prevent the risk of institutionalization and appearance of difficulties in children;
- Society sensitizing and formation of public opinion over the problems of child and family.

National Education for all Strategy was approved by the Government of Moldova at April 4, 2003 and is in concordance with the Millennium Development Goals that promote universal primary education insurance. The period of Strategy implementation is 2004-2015.

The key goal of this Strategy is to ensure the access to a qualitative basic education for all children, especially for children in difficulty: orphans, children without parental care, children with disabilities, children of the street, children from socially vulnerable families, refugee children, children in conflicts with the law, neglected or abused children.

The priority directions of the Education for all Strategy are as follows:

- Early education,
- Access to qualitative basic education, especially for children in difficulty;
- Non-formal education.

The areas of intervention within each direction are: legislative and normative framework, institutional framework, human resources, financial and material resources, informational didactic resources, and community services.

1.2. MSIF Project in the context of development policies

The logical framework of MSIF Project was elaborated by the Government of Moldova with the technical assistance of the World Bank in the context of country development policies and strategies (See Annex 1).

We'll try to definite the Social Investment Fund Project's contributions to the implementation of the development strategies of Moldova.

Millennium development Goals. MSIF will contribute to:

1. Extreme poverty and hunger eradication by:

- Increasing the access for the poor layers to improved social services (renovated schools, new roads, opened community centers, new gas and water supply systems, etc.);
- Empowering the poor and vulnerable layers of population through their involvement in the process of decision making and responsibilities delegation;
- Creating new permanent and temporary jobs in poor communities;
- Capacity development in local institutions.

2. Achieve universal primary education through:

- The access for children with disabilities to regular schools and creation of inclusive classes;
- Improvement of educational services in poor communities by renovating the school buildings and implementing new educational programs;
- Renovation of pre-scholar institutions from poor rural communities;
- Development of partnership between the school, parents and community;
- Primary education support by creating and developing Parents and Teachers Associations and sustainability funds.

3. Gender equality promotion and women's affirmation through:

- Women empowering by their participation in decision making process and by development of their managerial capacities. One of the main conditions, in case of subprojectsubprojects proposals identification at a community level, is the participation of at least 40% of women at the general community meetings. At least two women are selected as members of the subproject's Implementing Agency;
- Development of social services for disadvantaged women and their families;
- Stimulation of women's employment in construction firms as constructors or technical supervisors;
- Stimulation of women's employment in the local public administration as social assistants, psychologists, teachers in the newly created centers of community based social care services.

4. Infantile mortality reduction, 5. maternal health improvement , 6. combat of HIV/AIDS infections, malaria and other disease through:

- Implementation of educational programs in mother and child health protection, HIV/AIDS;
- Creation of community social care services for mothers in difficulty and their children (maternal centers);
- Access for the children with disabilities to social-medical services created at a community level.

7. Ensure environmental sustainability through:

- Appraisal of the projects regarding the infrastructure renovation against environmental criteria;
- Renovation of sanitary and hygienic facilities in educational institutions (schools, kindergartens, community centers) and community involvement in ensuring their sustainability;
- Construction of gas and water supply systems and community involvement in ensuring their sustainability and continuous development;
- Promotion of new ecologically safe materials and technologies within the implementation of sub- projects of social infrastructure renovation;
- Implementation of educational programs regarding energy conservation, protection of the environment;
- Implementation of projects with a direct ecological character (prevention of soil erosions, dumping sites equipment, construction and repair of sewerage systems, etc.).

8. Develop a global partnership for development through:

- Promotion of MSIF's experience in community development and creation of social care services for disadvantaged groups at a national and international level in order to identify partners and to engage in a joint manner in the development process.

Economic Growth and Poverty Reduction Strategy. During the Strategy Program implementation for a medium term MSIF will contribute to the economic growth and poverty reduction through:

- Orientation of financial resources towards poor rural communities, small towns and the groups of population in difficulty (orphans, persons with disabilities, lone elderly persons requiring care, disadvantaged women etc.);
- The access of the population from poor communities to improved social services (renovated schools and kindergartens, new implemented educational programs, renovated roads, renovated or new gas and water supply systems);
- Access of the persons in difficulty to qualitative social care services created in the community;
- Empowering poor rural population through their involvement in decision making (identification of stringent needs) and delegation of some concrete responsibilities in project proposals implementation and their sustainability insurance (community contribution, preparation of technical documents, selection of the building firm and

technical supervisors, supervision of works quality and volumes, creation of Beneficiaries' Association, creation of sustainability funds etc.);

- Capacity development in poor communities' institutions through their involvement in the process of identification and implementation of community needs, development of community organizations, training and technical assistance;
- Development of partnership among the community actors through the involvement of all community actors (local public administration, economic agents, nongovernmental organizations) in the process of elaboration and implementation of community social-economic development strategic plans;
- Capacity development in local public administrations from small towns through their direct involvement in strategic plans elaboration and implementation of the sub-projects from the plan. Development of transparency mechanisms at the level of local public administrations by implementing the formularies of citizens' participation;
- Dissemination of advanced experiences in community development at a regional and national level and creation of conditions for their replication. For this reason will be used the Community Networks, Social Care Services Network, Community information Centers and other networks of nongovernmental organizations created at a national level. The advanced experience will be also disseminated by means of national and regional mass media, conferences at a national level, supporting the publication of diverse areas professional magazines (for example in social assistance).
- Involvement of population from poor communities in the process of participatory monitoring and evaluation of the EGPRS implementation process. For this reason will be used Community Networks, as well as those 18 Community information centers created with MSIF's support in order to increase population's access to information.

National Strategy for Child and Family Protection. Moldova Social Investment Fund will contribute to the implementation of this strategy through:

- Promotion of models of integral approach to social services by elaborating master plans of social services development in 6 pilot-districts and dissemination of gained experience at a national level;
- Promotion and implementation of realistic models of community social care services in child and family protection. The analysis and dissemination of gained experience at a regional and national level through the Social Care Services Network, created with MSIF 1 support.
- Capacity and human resources development in the area of child and family protection in a partnership with state institutions and civil society, national and international organizations

National Strategy Education for all. The Social Investment Fund will contribute to:

Early education through:

- Access for all the children to a qualitative education (renovated pre-scholar institutions, new implemented educational programs, creation inclusive groups in kindergartens, etc.)
- Support of creation of community educational alternatives for children in difficulty;
- Support of creation of socio-psycho-pedagogical assistance services for families with small children, aiming to inform, document, conciliate and provide consultations;

- Managerial and professional capacity development in order to improve the services related to the early education and development of the children.

Access to a qualitative basic education through:

- Insurance of access of children from poor communities to improved educational conditions by supporting the schools renovation project proposal and implementation of new educational programs;
- Support of some educational programs implementation in renovated schools, oriented to the development of life skills, including health education, civic education, education in family life, vocational training;
- Insurance of access for the children with special educational needs to the common educational system by supporting the creation of inclusive classes in the renovated schools;
- Capacity development in teachers, school directors, parents of the children with disabilities in the area of inclusion of children with disabilities in regular classes;
- Promotion of inclusive models at a national level, aiming to disseminate the gained experience and to replicate the positive practices by means of mass media, national conferences, Community Networks;
- Increase of children with disabilities access to education in regular schools; creation of necessary technical conditions for the increase of children with disabilities access to social institutions (slopes for wheel chairs, special sanitary facilities, etc.).

The activities performed by MSIF in conformity with the Grant Agreement signed by the Government of Moldova and the World Bank will be included as an integral part in the plans of action elaborated in conformity with the abovementioned developmental strategies.

The Social Investment Fund will participate in the development of Moldova strategies and policies regarding the social area, as well as of plans of action by means of MSIF National Board, Advisory Board in social care services, Advisory Board in local development, Community Networks, Social Care Services Network, Association of Social Assistance NGOs, TASK force group created with UNICEF's support, work-groups created by the National Council for Child Protection, sector work-groups for EGPRS elaboration and development.

1.3. Principles promoted by MSIF Project

The main principles promoted by MSIF in its activity are the following:

1. Orientation of financial resources towards the necessities expressed by the poor rural communities, small towns and disadvantaged groups.
2. Active involvement of the communities as partners of MSIF in the process of projects' identification, implementation and sustainability insurance.

3. Development of a social partnership between community actors and increase of their involvement in the process of a sustainable community development.
4. Development of a social capital by promoting relations of mutual help, trust, continuous exchange of experience among community groups, community actors, different communities.
5. Sustainability in time of MSIF Project and executed subprojects;
6. Insurance of a synergy among different national and regional projects by promoting the partnership between MSIF and other institutions and organizations activating in the area of community and innovative social services development.
7. Permanent dissemination of gained experience aiming to replicate it at a national level;
8. Increased responsibility and transparency at a national and community level in following procedures and financial management.

Chapter II. MSIF Project Design

2.1. Project Development Objectives and Expected Benefits

Moldova Social Investment Fund Project Development Objective is to contribute to the implementation of Moldova's Economic Growth and Poverty Reduction Strategy by empowering poor communities and their institutions to manage their priority development needs.

Project's Benefits

Long-term project benefits:

- Improvement of education, health protection and economic indices through improved social services;
- Developed institutional capacities and long term sustainability of community based organizations;
- Empowerment of communities and social capital development;
- Improved accountability and transparency of local governments

Short-term benefits:

- Improved quality of social services in the communities
- Improved planning and management of social care services;
- Benefits resulting from temporary and permanent jobs created in the community;
- Work opportunities for designers and contractors

2.2. Project's Beneficiaries

MSIF Project's Beneficiaries are as follows:

- Poor rural communities,
- Population of small towns,
- Vulnerable and disadvantaged population groups (orphan children, disabled persons, elderly persons requiring permanent care, women and young people in difficulty)

Poor rural communities are the human settlements consisting of a group of families that live compactly from a territorial point of view, are facing the same social problems and needs and are qualified as poor according to the deprivation index, officially approved by the Ministry of Economy.

Small towns are considered the human settlements of an urban type with population less than 20,000 inhabitants.

Disadvantaged population groups, according to the Social Assistance Law of the Republic of Moldova, are the persons and families than, because of some economic, physical, psychological and social factors, do not have the possibility to ensure a decent level of life for there own. Particularly these are:

- Children and young people whose health, development and physical, psychical or moral integrity are prejudiced by the environment in which they live;
- Families that are not properly following their obligations related to children's care, maintenance and education;
- Families without any income or with small incomes;
- Persons without families, unable to maintain alone their households; persons that require supervision and are unable to face their socio-medical necessities;
- Disabled children under the age of 18 years;
- Elderly persons;
- Disabled persons;
- Other persons and families in difficulty.

The disadvantaged groups eligible for Moldova Social Investment Fund's projects can proceed from both rural and urban communities.

2.3. Project's Components

The Moldova Social Investment Fund's Project financially supports 4 components:

Component 1. Community Development

Component 2. Social Care Services Development

Component 3. Capacity Development, Monitoring and Evaluation

Component 4. Project Management.

2.3.1. Component 1. Community Development

The main objective of the Component 1 "Community Development" is to increase the capacity of the local governments to organize the providing of improved social services in partnership with the community based organizations and the civil society.

The following sub-components are financed within the Component 1:

- Rural community development (for poor rural communities that haven't previously benefited from MSIF 1 Project's support)
- Rural community development with the delegation of financial self-management responsibilities (community driven development) – for the communities that have previously benefited from MSIF 1 Project's support and have reached high performances in community development
- Small towns community development.

Each of these sub-components includes an essential amount of training and technical assistance aiming to develop the capacities of the communities. We'll further describe the content of the abovementioned sub-components.

2.3.1.1. **Sub-component Rural community development** (for communities that have not benefited from MSIF support)

Within this sub-component will be supported the project proposals submitted by poor rural communities that haven't previously benefited from MSIF 1 support.

Immediate outputs expected after the implementation of the actual component are as follows:

- Improved quality of priority social and economic services,
- Community actors trained in community activities organization

The mechanism of financial sources allocation. The financial sources for the actual sub-component will be allocated to each district according to the share of rural population that hasn't benefited from MSIF 1 Project's support. At the district level the poorest communities, established on the basis of the deprivation index approved by the Ministry of Economy, will be eligible for the project. The deprivation index will work concomitantly with the competition principle. Thus, all the rural communities from the district, which haven't previously benefited from MSIF support, will be ranked according to the deprivation index. For the beginning a number of $n \times 1.5$ deprived communities will be selected, where n is the estimated number of projects, which the district will benefit from (according to the allocated finance). These villages considered to be "the poorest ones" will benefit from intensive promotion, training and community facilitation, regarding priorities identification and subproject proposals drawing.

***Example of villages selection.** The financial sources addressed to district X are sufficient for the implementation of 5 projects at a maximal cost. A number of $5 \times 1.5 = 7.5$ communities will be selected from the total number of poor villages ranked according to the deprivation index. Thus, 7 communities will benefit from an intensive facilitation from MSIF and will enter in a transparent competition to obtain the financial sources.*

The competition among the communities will be based on the principle "first come – first served" beginning with the stage of sub-project proposals appraisal. The aim of this competition is to motivate the poor communities in obtaining financial sources for their stringent needs.

If one year after the project proposals' submission the financial sources addressed to the district will not be used by the selected communities, then an open competition will be organized for all the communities that haven't previously benefited from MSIF's support.

The financial size of the grant under this sub-component will not exceed US\$75,000.

The community investment share under this sub-component will be not less than 15% of the subproject proposal's cost

2.3.1.2. **Sub-component Rural Community Development (CDD)**

Grant applications submitted by rural communities that have previously benefited from MSIF 1 Project's support and achieved high performances in community development will be financed under this sub-component.

Immediate outcomes expected after the implementation of sub-component:

- Capacities developed by the communities that have previously benefited from MSIF 1 support through CDD projects;
- Developed strategic plans for socio-economic development of rural communities.

The mechanism of financial sources allocation. The finance allocation will be performed based on the strategic plan for socio-economic development of the community and will be managed by a CBO/NGO selected by the community.

All eligible communities will have the possibility to participate in the competitions simultaneously organized by MSIF in those 3 operational zones. The following criteria will be taken under consideration when selecting the winning communities:

- NGO's possibilities to implement projects in community development according to their statutory objectives;
- NGO's institutional capacity (experience in community development projects implementation, financial management skills, procurement arrangement skills, qualification of NGO's members responsible for future projects implementation);
- Sustainability of projects previously implemented with MSIF support;
- Experience in projects implementation in partnership. Experience in one partnership agreement with the local mayor's office regarding the delegation of responsibility in further sub-projects implementation;
- Percentage of community contribution (at least 30%).

The communities selected as winning will be included in a short list of MSIF and will benefit from training and support in elaboration of strategic plans for socio-economic development of the villages. The selection of project proposals will be performed basing on the strategic plans for socio-economic development of the villages, according to the criteria included in the CDD Manual elaborated by MSIF and approved by the World Bank.

The financial size of the grant for the community will be US\$120,000, of which MSIF's maximal contribution will be US\$ 25,000.

The community contribution should be at least 30% of the grant application cost.

2.3.1.3. Sub-component "Small towns community development"

The objectives of this component are as follows:

- To introduce the local governments to the participatory planning process and implementation practices,
- To help LPA to involve citizens in decision making and problem solving and to ensure transparency and accountability.

Immediate outcomes expected after sub-component's implementation:

- Developed capacities in LPA representatives in participatory elaboration of the budget, resources mobilization and providing of services according to the populations needs,

- Improved quality of socio-economic services in the urban environment.

The mechanism of financial sources allocation. All small towns with population less than 20,000 inhabitants will benefit from a financial support. The financial sources will be distributed among all small towns according to the elaborated strategic plans.

Under this component, MSIF will accord the plan of action with the similar projects financed by USAID and UNDP, which have already facilitated the elaboration of 21 strategic plans for the development of small towns. MSIF will contribute to the elaboration of development strategic plans in the other 22 small towns. However, the plans previously elaborated with USAID and UNDP support will be revised and renewed.

The selection of Grant applications will be performed according to a range of criteria summarized in the Promotion Handbook, i.e. the technical quality, the impact on poverty, the level of citizens' participation in the development of strategic plans and subproject proposals identification, the ability to mobilize community contributions, etc.

The actual sub-component is oriented towards the LPA capacity development, budget elaboration in a participatory manner, mobilization of local resources, increase of local governments' responsibility in front of the population for the quality of provided services. In addition to capital investments, MSIF will support such elements of the projects as public hearings on budgets, citizens report cards and mechanisms of community mobilization. The financing of sub- grants will be performed directly through the LPA (mayor's office) in order to develop their capacities in participatory planning, increase their responsibility in front of the population and insurance of transparency in the ongoing activities.

The maximal financial size of the grant will be US\$ 75,000 for the towns with a population less than 10,000 inhabitants. The towns with a population between 10,000 and 20,000 inhabitants will benefit from grants sizing up to US\$ 125,000. The grants will support the implementation of 2-3 sub-projects identified according to the strategic plan for town development. In case of approval of a second or third sub-project from the development strategic plan, the community performances during the first sub-project implementation will be taken into account

Community contribution will be at least 15% of the grant application cost.

2.3.1.4. The typology of the project proposals under Component 1 Community development

There is no strictly determined list of subprojects types eligible for financing by MSIF under the Component 1. The subproject proposals submitted by the communities must correspond to MSIF objectives and selection criteria. However, MSIF has elaborated a list of non-eligible subprojects, exposed below.

Examples of eligible subprojects:

- *Subprojects oriented towards the insurance of the access to improved social services (renovation of schools, kindergartens, creation of community service centers, support of new educational programs, etc.)*

- *Subprojects oriented towards the insurance of the access to improved socio-economic services (renovation of roads, bridges, water and gas supply systems, support of educational programs for improvement of provided services, etc.)*
- *Subprojects oriented towards the environment protection (renovation of sewerage systems, measures of energy conservation, soil erosions control, dumping sites arrangement, educational programs in environment protection, etc.).*

The list of eligible subprojects presented above is an indicative one and doesn't exclude the possibility in which the communities requiring financing would propose subprojects based on new ideas, different from those exemplified, with the condition that the subproject selection criteria are followed and the list of non-eligible subprojects is taken into account.

Non-eligible subprojects

The Moldova Social Investment Fund doesn't support financially the following typologies of subprojects:

- **Administrative services and facilities**, i.e. rehabilitation of mayor's office, rehabilitation of political parties' offices and trade unions' offices, rehabilitation of cooperatives' or other owner groups' facilities, procurement of transport units or other machines to be used by mayor's office workers;
- **religious infrastructure facilities and services** as the rehabilitation of churches, mosques, chapels and other buildings for religious purpose;
- **investments in facilities with a commercial character**, as private, commercial and entertainment facilities (bars, dance clubs, camps, health strengthening centers, etc.);
- **other types of projects and activities**, as would be any actions that would have a negative impact on the environment either encourage the marginalization of some social and ethnical groups; subprojects which would double other projects and activities supported by other institutions; subprojects/subprojects and activities that run counter to the Legislation of Moldova; any project proposal submitted by the communities that haven't followed their obligations assumed in front of MSIF regarding the maintenance and sustainability of the previously renovated objects; rehabilitation of summer camps for children; any investment required by NGOs for the buildings that are not a public privacy.

2.3.2. Component 2. Development of social care services

The main objective of this component is to increase the capacity of local and central governments to develop a coordinated network of integrated social services at a district level in a partnership manner with the civil society, aiming to:

- Present models that could be supported and replicated at a national level and would contribute to awareness on policy changes and reforms at a national level;
- Rationalize the mechanisms of decision making in the area of social assistance at a district level;
- Stimulate the capacities of the local authorities and communities to direct the efforts towards the vulnerable social layers of the community;
- Increase the responsibility and obligations of the local communities regarding the problems of social assistance in the community;
- Provide vulnerable layers adequate, accessible and high quality services;

- Reinstall service providing at home.

Target groups. The services waiting to be developed should be oriented towards (but not limited to) the following vulnerable groups: families in difficulty, children in difficulty, disabled children, teenagers in difficulty, disabled adults, elderly persons.

Typology of the developed services. The services to be developed could be classified as follows:

- According to their aim: preventive, rehabilitation, integration/reintegration,
- According to their content: diversified, integrated, modulated, innovative,
- According to their level: local (for prevention and support) or district (coordination and specialized services).

Immediate outcomes:

- A coordinated network of integrated social assistance/protection services, created at a district level;
- Implemented innovative programs with a direct positive impact on the beneficiaries;
- Enhanced managerial, professional capacities of the participants in project proposal; implementation (LPA, NGO, social service providers, contractors etc.);
- Innovative awareness regarding the problems of social services.

The mechanism of financial sources allocation. Selection of the districts. The public authorities from all the districts will be invited to MSIF to submit letters expressing of interest and application forms in order to be selected for a financial support of the projects. According to the results of received documents analysis and selection criteria , 6 districts will be selected.

Activities that will be financially supported under this component:

- **Elaboration of a strategic plan for social assistance/protection services development** for all those 6 districts, according to the elaboration of a map of social assistance/protection services existing at the district level, with an identification necessities and priorities to be addressed. The strategic plan will be elaborated by a work group created in each district, which will include representatives of the district local public authorities, civil societies of beneficiaries. The office of social assistance at the district level will be directly responsible for the issuing and development of this strategic plan.
- **Sub-projects for social assistance services.** Based on the studies carried on at the district and the established needs level, as well as taking into account the strategic plan for social assistance/protection services development, the district authorities will elaborate in partnership with the NGOs and the civil society a program for project proposals that would demonstrate an efficient implementation of social services integrated, coordinated and complementary at the district level. This program will include simultaneously with the projects, the development of a coordination and management structure for integrated social services at the district level. Each proposed program will be appraised by the MSIF according to the proposed objectives and appraisal criteria and will be financed only after its approval.

The maximal size of the subgrant for each district will be determined after the districts selection, according to the criteria established by the MSIF.

Community contribution is equal to 3% of the investment cost and 100% of the operational costs. The grants are financially supporting the civil works, consulting services and other technical assistance according to the necessities.

Training and technical assistance financed under this component is oriented towards the capacity development of the local public administration, service providers and social workers. The training will contribute to providing of a necessary support for the district authorities and elaboration of a strategic plan for the development of social assistance services, project proposals, as well as to capacity development of the local public authorities, NGOs and other organizations providing social assistance services.

The training and technical assistance will be performed by means of some international consulting services in collaboration with qualified specialists from the local universities and other service providers. The training needs of the groups involved in projects elaboration and realization will be identified basing on the studies performed in each district by the international consulting company, which will provide technical assistance in the elaboration of strategic plans for the development of social assistance services.

Coordination with other projects and institutions. During the implementation of this component, MSIF will coordinate its actions with the Ministry of Labor and Social Protection and with other Agencies involved in the area of social assistance services development. In order to ensure a more efficient collaboration, MSIF will create an Advisory Board, based on the work group, which activated in this component's preparation. The Advisory Board will consist of representatives from the Ministry of Labor and Social Protection, Ministry of Education, Ministry of Health, National Council for Child Protection, national NGOs activating in social assistance services providing and donating organizations from this area of activity i.e. UNICEF, TACIS, Youth Project etc.

The Advisory Board's responsibilities are as follows:

- Selection of 6 pilot-districts,
- Development of Terms of References for consulting services, training and technical assistance,
- Revision in common with the district administration of the strategic plans for the development of social services;
- Documentation of the lessons learnt during projects implementation, elaboration of recommendations for new policies promotion basing on gained experience;
- Dissemination of the best practices by means of social assistance offices network, existing at the level of each district and through other channels of communication.

MSIF staff will be a part of this Advisory Board and will facilitate its activity

2.3.3. Component 3. Capacity development, monitoring and evaluation

The main objective of this component consists in development of an institutional mechanism to reflect communities' experience and the influence of the national policy.

This objective will be achieved by means of three components:

- Development of capacities to support the transfer of the learnt lessons and experience from the local community level to the governmental institutions level,
- Monitoring and evaluation,
- Communication, dissemination and replication of positive practices.

Immediate outcomes expected after the component implementation:

- Improved capacities to formulate and analyze policies,
- Identified and disseminated positive practices,
- Identified and disseminated learnt lessons,
- A communication system established between MSIF and its partners,
- Partnership agreements signed for the replication of positive lessons and practices,
- Organized and functional community foundations,
- Community performances monitored on a regular basis,
- Implemented participatory monitoring and evaluation,
- Improved MSIF performances as a result of project's impact appraisal

The objective of this component is in a tight correlation with the participatory mechanism of implementation, monitoring and development of the Economic Growth and Poverty Reduction Strategy, based on the building of an efficient partnership between the government and the civil society.

According to this fact, the activities stipulated under this component are and will be mainly oriented towards the maintenance of a synergy between MSIF Project's objective and EGPRS objectives, regarding the dissemination of learnt lessons.

In order to achieve the component objectives, MSIF will continuously develop the mechanisms of dissemination of learnt lessons and positive practices gained within the previous project:

- Three Community networks developed at a regional level and their monthly journal "Rural alternatives";
- 18 Community information centers, created in partnership with the Program for Community Development of the SOROS foundation;
- Network of social care services developed with MSIF support.

MSIF will use the abovementioned mechanisms not only for a permanent information exchange at a local and regional level, but also to ensure a bi-directional communication between local communities and the national government. In order to disseminate the learnt lessons and positive practices at a national level and to consider them in the process of national policies development, MSIF will organize national and regional conferences inviting stakeholders; will support the involvement of rural communities representatives in the discussions of law projects; will contribute to an active involvement of the communities, which have obtained MSIF support, in the process of discussion, implementation and development of the EGPRSP, National Strategy for Child and Family Protection, Strategy Education for all.

For an efficient transfer of the learnt lessons and knowledge to a central level, MSIF will contribute to capacity development for resort ministries representatives (Ministry of Labor and Social Protection, Ministry of Education, Ministry of Ecology, Ministry of Transport, Ministry of Construction) in the areas in which MSIF activates.

For this reason MSIF will elaborate semiannual and annual activity reports that will be transmitted to the respective ministries and the representatives of the ministries will be invited to study trips to the communities that have obtained financial support from MSIF, to conferences organized by MSIF, will benefit from seminars, training courses, training study trips elaborated according to the necessities of the ministries' representatives and MSIF objectives. MSIF will facilitate the involvement of the ministries in the process of action plans development and of implemented subprojects supervision.

By means of MSIF National Board, Advisory Board in social care services, Advisory Board in local development, MSIF will facilitate the involvement of related ministries in the process of pilot districts selection, revisal of strategic plans of actions for efforts accumulation and Project efficiency increase.

At the same time, MSIF will continue to actively participate in different work-groups created at a national level by the Government of Moldova, related ministries, donor institutions, NGO networks in order to coordinate activities, disseminate accumulated experience, participate in the process of elaboration, implementation and development of national strategies.

The dissemination of lessons and positive practices is performed according to the action plan of MSIF Communication Strategy elaborated by MSIF Executive Office.

Component parts of the capacity development mechanism are the **Community foundations**. The community foundations under MSIF Project are qualified as Exit strategy.

The mechanism of community selection and creation of Community foundations. 5 large urban communities from Moldova: Balti, Cahul, Ungheni, Soroca, Orhei will be invited to participate in the program of Community foundations development. Initially, the leaders from these communities will be actively informed on the objectives and benefits of the Community foundations, their role in the process of socio-economic development of the communities, etc. Afterwards, MSIF will organize two study trips for the representatives of the local public administrations from the respective districts and for MSIF staff to countries with an advanced experience in community foundations. MSIF will employ an international consultant in Community foundations, which will help the leaders from the abovementioned communities to elaborate decent proposals to ask financial support from MSIF.

After project proposal submission MSIF will select 2 urban communities corresponding to selection criteria: the foundation council's capacities and accountability, professional capacities of foundation's staff, the quality of submitted proposal, the quality of the operational plan for the first year of activity, expression of support from the community, financial resources generated during the process of preparation.

The maximal size of the grant is equal to US\$ 50,000. The grant will be disbursed in two installments. The first installment will be the biggest one and will be disbursed at the beginning of the project, after the Grant Agreement is signed. The second installment will be disbursed only after the Community foundation will achieve some quality and quantity performance indicators specified under the Grant Agreement signed by MSIF and the foundation.

The Community foundations will benefit from technical assistance and training offered by international consulting companies contracted by MSIF in the process of project proposal preparation and at the stage of project implementation in order to develop their capacities and to achieve defined benchmarks.

MSIF Project monitoring and evaluation. During the implementation process MSIF will pay particular attention to the monitoring and evaluation of progresses in accordance with the objectives and impact indicators. For this reason MSIF will use several methods of monitoring and evaluation:

- internal monitoring through information and monitoring system
- external monitoring by contracting international consulting and auditory companies that will monitor the project regarding both the impact on beneficiaries and MSIF management efficiency (financial, technical and procurements audit).
- Participatory monitoring and evaluation that will be carried out by MSIF in common with the communities participating in the project. The Community Information centers created by MSIF in 18 communities will be used for participatory monitoring and evaluation. The main objectives of the participatory monitoring and evaluation consist in: an active involvement of the rural communities in the process of proper performances monitoring and their responsibility; study by the community actors of participatory monitoring practices, MSIF projects implementation transparency insurance, obtaining and maintenance of vast information on the process of subprojects implementation, MSIF impact on community development aiming to increase MSIF Project's efficiency.

2.3.4. Component 4. Project management

The given component supports the operational activity of SIF. The immediate outcomes expected after the implementation of this component is the efficient and effective implementation of project activities.

2.4. MSIF organizational structure

MSIF National Board

The management of the Fund is ensured by a National Board with 10 members. The National Board is chaired by the Deputy Prime Minister and includes representatives from public institutions, NGOs, donating organizations.

The National Boards main competences are as follows:

- Elaboration of Fund's policies and strategies in accordance with the national policies and strategies regarding poverty eradication;
- Approval of the Operational Manual;

- Approval of the mechanisms of financial sources distribution;
- Approval of the annual budget and annual financial reports;
- Approval of results of audit companies selected on a competitive basis;
- Approval of the MSIF Executive Director selected on a competitive basis

The National Board meetings are held at least once in three months. The extraordinary meetings of the National Board are performed at the initiative of the President of the National Board either at the request from at least two members of the Board. The meetings of the National Board are considered to be deliberative if more than a half of its members are present at the meeting.

Any decision of the National Board is adopted through a simple majority of votes. In case of vote parity, the vote of the President of the National Board is considered to be decisive

MSIF Executive Office

The MSIF Executive Office is responsible for the current activity of the Fund. The main attributives of the Executive Office are as follows:

- Insurance of Fund's objectives and main indicators achievement;
- Organization of a promotion and information campaign regarding the Fund's procedures and activities at national, district and local levels;
- Providing of technical assistance to communities, NGOs, and community-based organizations in subprojects identification;
- Social and technical appraisal of subprojects according to the criteria stipulated in the Operational Manual;
- Approval for implementation of subprojects according to eligibility criteria;
- Providing of technical assistance to communities, NGOs, CBOs in procurement of services, goods and consultations;
- Providing of technical assistance to communities, NGOs, CBOs in supervision of subprojects implementation;
- Providing of technical assistance to communities, NGOs, CBOs in insurance of implemented subprojects sustainability;
- Training for all the participants to the MSIF Project implementing process (MSIF staff, representatives of the LPAs, NGOs, Implementing Agencies, Users Associations, contractors, technical supervisors) in their capacity development for an efficient implementation of subprojects and achievement of immediate and development objectives of the MSIF Project;
- Project's progress monitoring and supervision of the financing process of all approved subprojects;
- Elaboration of reports and their presentation according to the destination;
- Analysis of the learnt lessons and positive practices and their dissemination at a national and regional level;
- Creation of partnerships with the organizations, institutions interested in local development;
- Identification of new sources of financing.

The Executive Office is headed by the Executive Director, who has the following prerogatives:

- Ensures the activity of the Fund and is personally responsible for the achievement of project objectives;

- Represents the Fund in its relations with the state and public organizations and with the international organizations;
- Opens bank accounts;
- Administers the assets and the financial resources of the Fund according to his functions and the National Board's decisions;
- Employs on a competitive basis and dismisses the directors of the departments, consultants and other employees of the fund, determines the job obligations and work programs for them.

The Executive Office consists of 4 departments (see Annex The MSIF organizational structure)

1. Finance and Administration department
2. Community and Social Development department
3. Assistance in Technical Issues department
4. Management Information System, Monitoring and Evaluation department

Attributes of the Finance and Administration Department:

- Elaboration of annual budgets and financial reports;
- Supervision of the Fund's disbursements;
- Keeps financial-accounting evidences and the fund's accountancy according to the national accounting standards and the requirements presented by the donor organizations;
- Prepares the balance and presents the reports according to the requirements of the legislation of Moldova and of the international organizations;
- Completes documents of payment according to requirements and submit them for approval to the Executive Director,
- Performs the necessary payments and disbursements and supervises the financing of the approved sub grant applications;
- Supervises the MSIF support staff;
- Organizes the annual appraisal of performances of the MSIF permanent staff.

Attributes of the Community and Social Development Department

- Proposes the Strategy of information, education and communication of the fund and implements the annual work plan according to this strategy;
- Ensures the coherence of the external communication strategy by means of a permanent coordination and interaction with other departments and activities of MSIF;
- Elaborates the training plan for the participants at the MSIF Project implementation and implements the annual work plan;
- Elaborates the terms of references for different consultants in community development, in communication strategy, in social care services development and supervises the fulfillment of these terms;
- Provides technical assistance to communities in the process of identification, appraisal, implementation, monitoring and sustainability insurance of the subprojects;
- Provides technical assistance to the communities that collaborate with the MSIF in the elaboration of strategic plans for socio-economic development and facilitates the process of their monitoring;

- Ensures the social appraisal and monitoring of social issues during the entire sub-project cycle;
- Ensures the supervision of the implementation process of the component Social care services development;
- Ensures the supervision of the implementation of educational programs, which are a component part of the subprojects;
- Elaborates and promotes manuals and guides for community participation and contributes to the elaboration of Fund's work procedures on the social and community development component;
- Initiates and organizes competitions between performance communities in community development and participates in the appraisal of results;
- Initiates and develops Fund's partnerships with other organizations;
- Ensures the process of dissemination of positive experience and practices and learnt lessons at a regional and national level.

Attributes of the Assistance in Technical Issues Department:

- Records the sub-project proposals submitted by the communities;
- Elaborates the Subproject/grants implementation plan and supervises the process of approved Subprojects/grants implementation;
- Provides technical assistance to communities in subprojects identification, appraisal, implementation and sustainability;
- Ensures the technical and ecological appraisal of the subprojects;
- Assists the communities in the process of participatory appraisal of the technical drawings correspondence to the volume of works included in the Subproject proposal/grant application;
- Provides technical assistance to the communities in the supervision process of the quality of works within the implementation of subprojects and in the process of handover of the finalized objects;
- Verifies the accuracy of the payment documents completed by the communities and countersigns them, transmitting them to the accountancy office;
- Promotes and assists the communities in new building technologies implementation;
- Participates in the training process for the representatives of local public administrations, Implementing Agencies and Beneficiaries Associations regarding the problems of energy conservation and space utilization, new building technologies and materials, environment and, other community development problems;
- Elaborates the terms of references for consultants in technical, know how problems, environmental problems, technical supervision of subprojects etc., and supervises the fulfillment of these terms.

Duties of the Management Information System, Monitoring and Evaluation Department:

- Develops the informational system for internal management and ensures the internal process of MSIF Project's progress monitoring;
- Provides effective information at any stage of the subprojects cycle, beginning with their registration till their closure;
- Provides information and elaborates reports at the request of the Ministry of Finance, Ministry of Economy, financing organizations, according to their report requirement;
- Synthesizes the whole activity of the Fund and elaborates annual reports;

- Analyses the learnt lessons and positive practices and elaborates recommendations and strategies regarding the improvement of Fund's activity;
- Realizes the function of monitoring and evaluation of Fund's activities through studies and analyses;
- Furnishes to other departments of the Fund information, analyses and syntheses regarding the activity of the Fund, in order that they could ground their operative decisions;
- Contribute to the elaboration of Fund's appraisal and supervision formularies and other operational documents;
- Maintains the web page of the Fund, permanently updating the information according to Project's progress;
- Ensures the facilitation of supervision of the participatory monitoring and evaluation process in the communities, collects the necessary data and synthesizes them according to the report forms;
- Elaborates the terms of references for the consultants in monitoring and evaluation, in beneficiaries impact assessment and supervises their fulfillment;

The Procurement Specialist operates under the direct supervision of the Executive Director and is responsible for:

- The elaboration of the annual procurement plan of the Fund based on the requirements of each department;
- The processing of all procurements at the Fund level;
- The facilitation and technical assistance in procurement procedures for the IAs (communities, LPA, NGOs, CBOs) collaborating with the MSIF;
- The organization and fulfillment of the training for contractors, technical supervisors in procurement procedures;
- The elaboration of the Procurement handbook for consultants;
- The supervision of procurement contracts signing

The Procurement Handbook and its attachments shall serve as guidance in executing all procurement activities.

The MSIF Executive Committee will meet on a weekly basis or once in two weeks to make major decisions regarding MSIF's activity and to approve or reject subproject proposals/grant applications submitted by the communities. The Executive Committee will use the Operational Manual as a guide in its actions.

The members of the Executive Committee are as follows:

1. the Executive Director,
2. the Director of the Finance and Administration Department,
3. the Director of the Community and Social Development Department,
4. the Director of Assistance in Technical Issues Department,
5. the Director of the Management Information System, Monitoring and Evaluation Department.

Chapter III. Subprojects Cycle

3.1. Information, education and communication campaign

The Information, education and communication campaign will be performed according to the Communication Strategy of the Fund and will target the following objectives:

- maintenance of an informational awareness of the potential beneficiaries regarding the objectives, procedures and possibilities to obtain financial sources from the fund;
- understanding by the beneficiaries, local and district public administration, NGOs activating in the area of social care services and local development, community-based organizations of the principles of a sustainable community development, holistic approach, involvement, participation, partnerships and sustainability;
- development of attitudes regarding the support of changing processes, social solidarity and involvement in the environment of poor communities, small towns and groups of beneficiaries;
- change of beneficiaries' behavior by their active involvement in the decision making processes, and by assuming some responsibilities in the process of project implementation and their sustainability maintenance;
- acknowledgement of the learnt lessons and positive practices and replication of success through a permanent exchange of experience and lessons;
- influence on the development policies in a progressive way by creating bi-directional communicating mechanisms among the communities and the governmental institutions.

The Information, education and communication campaign will be addressed to the following **target groups**:

- Local public administration,
- Civil society,
- Implementing agencies,
- Associations of Beneficiaries,
- Contractors,
- Schools,
- Social institutions,
- Central government,
- Donors,
- Other organizations and institutions that will collaborate with the Moldova Social Investment Fund.

In order to achieve the expected objectives, the Information, education and communication campaign will be incorporated in the entire subproject cycle, as well as in the post-implementation stage. Thus, the main activities and methods of the information, education and communication strategy will correspond to the objectives of each component and also to the stages of the subproject cycle.

The main methods and activities used by MSIF in the Information, education and communication campaign will include the following:

- Seminars in promotion at a national and district level,
- Focus-groups, meetings at the community level,
- Participatory monitoring and evaluation with an active involvement of the community members,
- Citizens report cards,
- Seminars with the involvement of all community actors regarding the development of trust relations;
- Publication of operational manuals in a language accessible for all community groups;
- Publication of booklets, leaflets, journal special editions;
- Elaboration and spreading of documentary films about the local development, involvement of the population in their own problems solving process;
- Study trips to the communities that have obtained success in local development;
- Preparation and spreading of materials about the MSIF, communities successful in community development by means of the national and regional mass media;
- Organization of national and regional conferences regarding the dissemination of gained experience and positive practices;
- Organization of seminars for the journalists in the issue of local development and social protection of the vulnerable groups;
- Organization of media campaigns on specific subjects related to local development, as would be for example an ecological campaign;
- Publication of the journal „Alternative rurale” (“Rural Alternatives”) and its dissemination in the communities;
- Publication of the materials from the conferences and seminars organized with the MSIF support and their dissemination in the communities of Moldova;
- Organization in collaboration with governmental institutions of contests for the communities obtaining performances in community development;
- Involvement of communities’ representatives, local leaders in the processes of discussion and development of national strategies, elaboration of plans of action, participatory monitoring of the Economic Growth and Poverty Reduction Strategy .

In order to ensure the efficiency of the Information, education and communication campaign, MSIF will involve in this process the following subjects:

- Community networks created with the MSIF support,
- Community Information Centers created with the MSIF support,
- Information and development centers created with the MSIF’s partners support (SOROS Foundation, Local Agenda 21, Agroinform, DFID Project Support for rural investment project, etc.),
- The network of Social care services,
- Local NGOs created with the MSIF support (Beneficiaries Associations),
- Advisory Board in social care services,
- Advisory Board in local development,
- National NGOs specialized in local development,
- National NGOs activating in the area of mass media (APEL, Independent Center of Journalism, etc.)

The coordination, management and development of Fund's information and communication strategy is performed by MSIF's specialist in communication strategy. Depending on necessities, MSIF will call for national and international consulting services, in accordance with the World Bank's procurement rules.

3.2. Promotion and identification of subprojects

The MSIF Project promotion will be carried on according to the MSIF promotion plan and the elaborated budget. The promotion activities will be performed at national , district and community levels.

In order to build institutional capacities at the district and local levels, the MSIF will try to delegate more responsibilities during the promotion and identification phases to representatives of district and local public administration, nongovernmental organizations and informal leaders. From these reasons, the promotion activities at the district and community levels will be combined with training and facilitation of all participating actors in methods of community facilitation, ways of organization of general community meetings, involvement of the most vulnerable groups in the process of subprojects identification.

The consulting companies and NGOs, involved in the process of Project promotion, will benefit from a training course offered by MSIF on the following subjects:

- MSIF objectives and procedures,
- Project's components,
- The cycle of subprojects
- MSIF's Project promotion,
- Models of training used at the stage of subprojects identification,
- Participatory monitoring and evaluation,
- Sustainability of different typologies of subprojects.

3.2.1. The promotion at a national level will have as goals the dissemination of information regarding the MSIF project launch, objectives, procedures, Project's beneficiaries, strategy of implementation. The following modalities will be used for a successful dissemination of this information:

- Project launch seminars,
- Press conference,
- Round table at the television and radio,
- Publication of a special edition of the journal "Rural Alternatives".

3.2.2. The promotion at the district level will be performed by the MSIF Executive Office in collaboration with district public administration and local nongovernmental organizations.

The promotion at the district level will include the following activities:

1. the first visit of the Executive Director to the district,
2. signing of a Memorandum of Understanding between the MSIF and the district administration,

3. organization of a district promotion workshop.

The first visit of the MSIF Executive Director to the district. The MSIF Executive Director will perform the first visit to the district according to a schedule established in advance. During the first visit he will meet the President of the district and other representatives of the district public administration (the Director of the Department of Education, the Director of the Department of Local Public Administration, the Director of the Department of Construction, the Director of the Department of Public Relations, etc.).

The problems to be discussed during the first visit are as follows: MSIF I results in the district, MSIF II objectives and procedures, the communities from the district that will have access to the MSIF financial sources, the responsibilities of the district and the MSIF in the process of Project implementation in the district. During the first meeting, the Memorandum of Understanding between the MSIF and the district administration will be thoroughly discussed and signed.

The Memorandum of Understanding between the MSIF and the local administration. In the Memorandum of Understanding the responsibilities of the MSIF Executive Office and of the local public administration regarding Project preparation and implementation at the level of district and communities will be stipulated in details.

Thus the MSIF responsibilities will include:

- The insurance of the access to information about the MSIF Project objectives and procedures for the district administration and for the local public administration, for the NGOs from the district.
- Providing of technical assistance to the representatives of the LPA, community initiative groups, on the issue of preparation, implementation and sustainability maintenance of the implemented subprojects,
- Training for the LPA, community initiative groups in the problems related to the community development,
- Providing of technical assistance to the representatives of the LPA, initiative groups from CDD communities and small towns on the process of pre-planning organization and elaboration of strategic plans for socio-economic development of localities,
- Mentoring and facilitation of the implementation of the strategic plans elaborated with MSIF support,
- Continuous maintenance of an exchange of experience between the communities by means of the Community networks,
- Stimulation of the initiative in successful villages through competitions,
- Providing of a financial support in the implementation of the subprojects/ grant applications submitted by communities, according to MSIF procedures,
- Monitoring of financial sources management performed by LPA, NGOs under CBOs projects and projects submitted by small towns.

The responsibilities of the district public administrations will include:

- Organization of the Project promotion process at the level of district and communities,

- Monitoring of the communities from the district on the issue of time delays for subproject proposals/grant application submission, the procedures during the subprojects appraisal and implementation stages,
- Providing of necessary assistance in preparation and approval of necessary documents for the subprojects implementation, free of charge and within optimal periods of time,
- Creation of necessary conditions for the organization of trainings and competitions for performing communities,
- Assistance of the communities in the process of contribution collection,
- Mediation of the MSIF subprojects implementation in the respective district,
- Assistance of the communities in the process of subprojects preliminary and final handover,
- Support of communities' initiative in using of modern building technologies and implementation of new educational programs,
- Insurance of an exchange of experience in community development among the localities from the district and promotion of positive practices replication,
- Contribution to the renovated objects sustainability maintenance and their further development.

District promotion workshops. The MSIF will organize promotion workshops at the district level per components in order to achieve the targeted communities and social groups. Thus, the promotion workshops will be organized for:

- Rural communities that had not benefit previously from MSIF support;
- Rural communities that benefited previously from MSIF support (rural community development CDD subcomponent);
- Small town community development;
- Social care services development.

The following subjects will be invited to the district workshops:

- The district administration and the representatives of the district council
- Representatives of different district services,
- Private contractors from the district working in construction,
- Representatives of the district mass media.

The agenda of the workshops will include the following subjects for discussions:

- MSIF role in implementing national strategies,
- MSIF objectives and procedures per each component,
- The MSIF and local public administration role and responsibilities during the preparation and implementation process,
- Communities benefits as a result of collaboration with MSIF.

The district and communities representatives participating during the workshop will receive training in how to facilitate community involvement in identification of priority problems, how to organize a general community meeting to be efficient.

3.2.3. The Promotion and identification of subprojects at the community level

The promotion at the community level will be combined with the facilitation of community groups in subprojects identification.

The methods of promotion and facilitation for the subprojects identification at the community level will vary essentially, depending on the diversity of the MSIF components and subcomponents as well as on the diversity of the target groups.

The promotion and identification of subproject proposals under the sub-component “Rural Community development” (the first time participating communities)

The promotion and facilitation activities in the communities that have not benefited from the MSIF support will be done by the MSIF consultants and local facilitators.

The promotion and facilitation activities in the communities will be oriented towards:

- The dissemination of information about the MSIF Project, its objectives and procedures at the level of community groups,
- Facilitation of community members involvement in the process analysis of the economical situation in the community through participatory monitoring and evaluation procedures,
- Facilitation of the process of priority needs identification at the level of different socio-demographic and community groups,
- Facilitation of the negotiation process between various community groups regarding the prioritizing of stringent problems and their proposal for discussion at the General Meeting of the village,
- Providing of technical assistance in the organization of an efficient General Meeting,
- Providing of technical assistance in the selection of priority subproject proposals in accordance with the MSIF selection criteria,
- Awareness of the Implementing Agency on its role and responsibilities in the process of subproject proposal elaboration and implementation
- Providing of technical assistance in the elaboration of the subproject proposal and the estimative budget.

In order to achieve the proposed aims, the MSIF and facilitators will use **the following methods:**

- Organization of focus-groups with different stakeholders: representatives of LPA, local council, economical agents, members of economical associations, farmers households, teachers, pensioners, and youth,
- Identification of community leaders and their active involvement in the process of subproject proposals promotion and identification,
- Training for community actors on the procedures of participatory monitoring and evaluation,
- Training at the district level for LPA and local NGOs representatives on the subject “How to organize an efficient General Community Meeting”. The training will be organized in a

- participatory way in accordance with the module specified in the Capacity Development Handbook)
- Training of Implementing Agencies on their role and responsibilities in the process of subproject proposal elaboration and implementation and on the MSIF requirements for the subproject proposal submitted by rural communities.

Community Meeting

According to a pre-established schedule, the NGOs contracted by MSIF will provide technical assistance for the LPA groups, community initiative groups in organizing general meetings or representatives meetings and will assist as supervisors at these meetings

In small villages, where the population is less than 2,000 inhabitants, MSIF will require the presence of 25-30% of the population at the General Community Meeting (GCM) in order that the made decision is valid. The procedure of GCM organization is described in details in the Promotion Handbook.

In the bigger villages where the population number is more than 2,000 inhabitants, MSIF will require the organization of the **Representatives Meeting**. The exact number of participants and the representation for these meetings will be decided by the local official power organisms (mayor's office), community leaders and MSIF. At least 15% of community members should be present at the Meeting for the communities with a population from 2,000 to 4,000 inhabitants; 10% for the communities with the population between 4,000 and 6,000 inhabitants; and 5% for the communities with a population over 6,000 inhabitants.

The community meeting will:

- (i) Discuss and vote a community priority problem, which will be submitted to MSIF as a subproject proposal (the representatives meeting will discuss and select at least two priorities),
- (ii) Decide the amount and the type of community contribution,
- (iii) Select the Implementing Agency (IA) to prepare and implement the subproject proposal in the name of the community

In case of representatives meeting, the proposed IA will organize a "referendum" by collecting the signatures of the community members supporting one of the priority problems proposed at the meeting. The priority problem, which will be supported, by at least 50% of community members will be included in the subproject proposal and will be presented to MSIF from the community name.

***Notice:** one of the conditions of community meetings and referendum results validation is the participation of at least 40% of women in the process of micro project proposal identification. In all Community Meetings lists with the signatures of all the participants will be created and presented afterwards to the MSIF together with the project proposal.*

A number of local organizations and institutions can act as **Implementing Agencies**:

a) *local public administration (mayor's office)*. The community can decide at the Community Meeting if the project is to be realized by the local public authorities or not;

b) *a local NGO specialized in community development*, which will represent the beneficiary community;

c) *Subproject Committee*. The subproject committee is a group of community members selected by the beneficiary community at the community meeting by a simple majority of more than 50% of the community members' votes. The MC will include representatives of the LPA, local NGOs and beneficiaries. A special condition is the inclusion of at least 2 women in the MC.

After the Community Meeting, the facilitating NGO will present to MSIF a report on the process and results of the meeting, which will include the following information: time and date of the meeting, number of persons participating at the meeting, number of women participating at the meeting, the IA component, the subproject proposal selected by the community, the level of stringency of the selected problem, the level of subproject proposal's correspondence to the MSIF eligibility criteria, the level of community's activism and involvement

Simultaneously the NGO will provide technical assistance to the Implementing Agency in subproject proposal drawing, elaboration of estimative budget and submission of subproject proposal to MSIF.

The Implementing Agency will present to MSIF within an established period of time the following documents from the community:

- The results of the socio-economic study of the community realized through participatory monitoring and evaluation methods
- The results of the focus-groups discussions with the list of participants
- Subproject proposal form,
- The Community Meeting decision, excerpt from the minutes of the meeting,
- The lists and the signatures of the participants at the meeting and referendum,

Promotion and identification of subprojects under the sub-component Rural Community Development (CDD)

The activities for subprojects promotion and identification under the actual sub-component will be oriented towards:

- The facilitation of the process of participatory elaboration of a strategic plan for socio-economic community development,
- Facilitation of community actors involvement in the process of participatory monitoring and appraisal,
- Facilitation of community members involvement in the process of community priority problems identification,
- Facilitation of the negotiation process between different social groups on the priority needs to be submitted as subproject proposals to MSIF,
- Providing of technical assistance to community groups in the elaboration of the Sub Grant Application form and its submission to MSIF

In order to obtain the expected objectives, the NGOs selected by MSIF will complete the following actions:

- Organization of training for the community leaders, particularly the local NGO created with MSIF's support at the time of the first project implementation, regarding the methods of community participatory involvement (creation of focus-groups, identification of priority problems, methods of participatory monitoring and evaluation, negotiation of priority problems at the level of community groups, creation of the Community Development Committees, establishment of partnerships between the community actors, strategic planning as a way of a sustainable development of the community, etc.).
- Supervision of the pre-planning process organized by the local NGO at the community level (creation of focus-groups to discuss the priority problems and propose candidates in the Community Development Committee, creation of the Community Development Committee, the execution of a socio-economic study of the community by means of participatory monitoring and evaluation methods, etc.).
- Organization in common with the local NGO of the process of elaboration of the Strategic Plan for socio-economic community development.
- Supervision of the process of discussion and adjustment of the strategic plan for socio-economic development elaborated in different community groups (the process will be organized by the local NGO by means of focus-groups).
- Facilitation of the local NGO in the process of General Meeting or Representatives Meeting organization. *Remark: the Community Meeting will be performed according to the procedures listed in the sub-point 3.2.3.1.* At the Community Meeting the strategic plan for socio-economic development of the village will be discussed and approved, and 2-3 priority problems will be identified and included in the Sub-Grant Application to be financed by the MSIF.
- The supervision of the Strategic Plan for socio-economic community development approval at the Local Council
- Providing of technical assistance to local NGOs in the process of Sub-Grant Application elaboration

After the General Community (Representatives) Meeting, the local NGO, with the assistance of the facilitating NGO, will prepare and present to MSIF the following documents:

- Sub-Grant Application Form;
- Minutes of the discussions in focus-groups and the minutes of the General Meeting (standard forms);
- The lists of the participants to the discussions in focus-groups and at the General Meeting with their signatures;
- The decision of the Local Council regarding the creation of the Development Committee of the village;
- A copy of the Strategic Plan for socio-economic development of the village approved by the Local Council;
- The decision of the Local Council regarding the approval of the Strategic Plan.

Promotion and identification of subprojects under the “ Small town Community Development” sub-component

The activities regarding the promotion and identification of subprojects under this component will be oriented towards capacity development of the local public administrations in:

- Citizens implication in the decision making process,
- transparency insurance and accountability,
- development and providing of social services according to the needs and expectations of the small towns population.

Activities for promotion and facilitation at the level of small towns will be organized by national NGOs selected by MSIF on a national competitive basis. In order to develop the capacities of local public administrations, the NGOs will orient their activities more towards the facilitation of involvement and development processes than towards the direct organization of activities. The local public administration will act as the main actor in the process of local development.

The methodology of sub projects identification at the level of small towns

After the organization of the district promotion workshop, the Local Council of the town will approve a decision regarding citizens' involvement in the process of elaboration of strategic plans for socio-economic development of the town and another one regarding the creation of an Organizational Committee for the process of strategic pre-planning and citizens' involvement.

The facilitating NGO will organize the training for the Organizational Committee, LPA representatives regarding the modalities of citizens' involvement in the planning process and will facilitate:

- the elaboration and approval of the Organizational Committee's plan of actions and work schedule,
- the elaboration of citizens report cards and the creation of work-groups by quarters for citizens' survey. The citizens report cards will include questions on the stringent needs to be solved in town for the next 5 years.
- Piloting of the citizens report cards with the community actors (LPA, Local Council. Private agents, NGOs),
- The process of research itself carried out by the community work-groups,
- Dissemination of the research results through the local mass media, booklets spread to households,

After the end of the community research and its results dissemination, the Organizational Council will organize a Meeting of the quarters' representatives to discuss the following questions:

- LPA's report on budget spending for the previous years. Information on modalities and sources for local budget formation.
- Information on the results of research performed at the quarter and town levels.
- Delegation of quarter's representatives in the Socio-economic Development Committee of the town,
- Additional proposals regarding the plan for socio-economic development of the town will be required.

The Socio-economic Development Committee of the town will include representatives of the LPA, private sector, associative sector and 2 representatives from each quarter of the town. The total number of persons included in the Committee will not exceed 25 persons. After the approval of the Socio-economic Development Committee of the town, the Organizational Committee for the process of pre-planning will stop its activity.

The Socio-economic Development Committee of the town, the President of the Committee, the Statute and the plan of actions will be approved by the decision of the Local Council of the town

The Socio-economic Development Committee of the town with the facilitation from the NGO selected by the MSIF will elaborate the strategic plan for socio-economic development of the town for 5 years on.

Work-groups of Advisory Boards will be created during the process of plan elaboration. Diverse specialists in the respective area or responsible for the respective sectors in town will be attracted in the Advisory Board together with the members of the Socio-economic Development Committee of the town

The elaborated project of the strategic plan will be published in a special edition of the district journal and will be diffused in every household of the town. The information on the date of public discussions of the plans by quarters will be published as well. Simultaneously, minimum 3 special mailboxes will be put in the town and quarters to allow the citizens to submit their proposals in reference to the elaborated strategic plan. A special telephone number will be announced to receive permanently the proposals from the territory.

Focus groups will be organized in each quarter that will discuss the elaborated project of the plan and will receive proposals for improvement. The Socio-economic Development Committee of the town in common with the Advisory Boards for various strategic directions will study the received proposals regarding the strategic plan of the project and will modify the plan.

The Local Council will organize the public hearing for discussion of the final variant of the strategic plan. The strategic plan, elaborated for 5 years including details for the first year, will be approved by the Local Council. At the same meeting the priority proposals will be selected from the plan for the first year of activity to be submitted for support to the MSIF. The approved strategic plan and the information about the selected proposals will be published in the local mass media.

The facilitating NGO will offer technical assistance to the local public administration in Sub Grant application writing and submission to the MSIF.

The local public administration will submit to the MSIF the Sub-Grant Application form accompanied by the following documents:

- The decision of the Local Council on the creation of an Organizational Committee for the pre-planning process and its regulation approval,
- The plan of actions of the Organizational Committee,
- Citizens report card form,

- The results of the research based on the citizens report cards
- The minutes of the Representatives Meetings by quarters with the list of participating persons,
- The decision of the Local Council on the creation of a Socio-economic Development Committee of the town and its regulation approval,
- A copy of the Regulation and the plan of action for one year of the Socio-economic Development Committee of the town,
- The minutes of the focus-groups discussions on the elaborated plan, including the list of participants,
- The decision of the Local Council of the town regarding the approval of the Strategic Plan for Socio-economic Development of the town and the selection of priority proposals to be included in the Sub-Grant Application form ,
- A copy of the Strategic Plan for Socio-economic Development of the town, approved by the Local Council.

Promotion and identification of the subprojects under the component Social Care Services Development

The promotion of the Social Care Services Development component will be performed separately from the promotion under the Community Development component and will depend on the objectives of this component.

Thus, the promotion at the **district level** will be done simultaneously in those 32 districts of Moldova through several district workshops with a one-day duration. Representatives of the district council, social assistance offices, directions of education, mayors, active local and district NGOs, mass media representatives will be invited to the workshop. The objectives of the workshop will be to disseminate the information on the concept of the actual component, the possibilities and conditions of MSIF financing, selection procedures and criteria of the districts, responsibilities of implementing partners.

After the district workshop the district councils will create Coordination Committees which will be responsible for the complete analysis of the social care services at the district level, elaboration of sub- grant applications form and their submission to the MSIF, monitoring of sub-projects implementation.

Following the organization by MSIF of a nationwide competition, the districts interested in social care services implementation will be encouraged to submit their expression of interest.

All the applicants will benefit from training at MSIF in completing the Sub-Grant Application Form. The district councils having manifested the interest will be encouraged to submit their application forms to MSIF within 30 days after the training.

MSIF will create an Advisory Board in Social Care Services including representatives from the Ministry of Labor and Social Protection, Ministry of Education, Ministry of Finance, National Council for Child Protection, financing organizations, NGOs activating in social assistance. The

Advisory board will be approved by the MSIF National Board. The Attributives of the Advisory Board will consist in: selection of pilot-districts, expertise of the subproject proposals social design, permanent exchange of information in order to avoid overlaps and doublings with other projects and efforts joining if possible to increase the efficiency of the implemented sub projects.

The Advisory Board will select the district according to the following criteria:

- The level of capacity development of the district in the area of social services,
- The awareness of the district about the need of changes. Acceptance of the change,
- The existence of a strategic plan for social service development,
- The presence of a nongovernmental and associative sector,
- Experience in similar projects implementation,
- Availability of local support funds and resources,
- Available human resources,
- Existence and the level of development of NGOs/associative sector,
- The level of community involvement and participation,
- The level of social problems difficulty (vulnerable groups, etc.).

The selected districts will develop with the technical assistance from an international consulting company the strategic plans for integrated social services development and the Sub-Grant Application form to be submitted to MSIF for financing

The strategic plan and the Sub-Grant Application will be elaborated after a complete analysis of the social service system at the district level and after the identification of needs and priorities to be addressed.

The stage of subprojects proposal promotion and identification will be accompanied by intensive training at the level of districts and resort ministries in the following subjects:

- Situation analysis and the use of data in strategic planning,
- Development of integrated services of social assistance/protection and their coordination at the regional level; decision making mechanisms,
- Standards for high quality social services, their application and monitoring;
- Elaboration of project proposals for social assistance/protection services;
- Management of social assistance/protection services;
- Efficient communication and communication strategies;
- Public opinion sensitizing
- Community involvement; management of voluntary activities;
- Social partnership development;
- Organizational planning and development

After the elaboration of the strategic plan and the Sub- Grant Application, the Coordination Committee created at the district level will present to the MSIF the Sub-Grant Application Form accompanied by the following documents:

- The decision of the district council regarding the creation of the Coordination Committee,
- The decision of the district council regarding the approval of the strategic plan for integrated social services development

- The strategic plan for integrated social services development at the district level approved by the district council,
- The decision of the district council regarding the creation of Implementing Agencies for the services included in the Sub Grant Application and the selection of the future centers directors,
- The decision of the district council regarding the support of contribution equal to 3% of the Sub-Grant Application cost and the integral financial support during 5 years of the operational expenditures required for the activation of the centers created with the MSIF support,
- Other confirming documents according to MSIF Handbook in Social Care Services Development.

3.3. Registration and pre-selection of sub project proposals

After being identified by communities the subproject proposals, Sub-Grant application forms completed in accordance with the MSIF requirements, are presented to the MSIF Executive Office with determined periods of time and are registered by the Subprojects Assistant. The subproject proposals and the Sub grant applications will be introduced in the Management Informational System. The original proposal will be kept in the MSIF folders.

The folders presented by the communities will be verified by the specialty compartments to ensure the submission of all necessary documents in accordance with the MSIF requirements;

A pre-selection of the subprojects proposals/sub-grant applications from an eligibility point of view will be performed as well.

The eligibility criteria are as follows:

- **The community submitted a sub-project or grant application following the MSIF II procedures;**
- **The financing request's and the annexed documents' compliance with the MSIF requirements** separately for each component/sub-component,
- **Eligibility of the target group requesting financing** (its introduction in the list of beneficiaries of the project component/sub-component for which the financing request was made),
- **Compliance of submitted sub-project proposals with the MSIF Project objectives** and their exclusion from the list of non-eligible sub-projects,
- **The cost and the co-financing of the request of financing.** The maximal cost of the sub-grant application and the share of the community contribution must correspond to the MSIF requirements for each component/subcomponent separately (see the description of the components and sub-components).
- **The budget and operational costs.** 100% of the operational costs are the exclusive responsibility of the local governments. The proposal/sub-grant application must include the description of the modalities of operational costs coverage by the local governments for a period of minimum 36 months. In case of request of financing under the "Social Care Services" component, the applicants will present the budget of the operational expenditures

for 3 years and the Decision of the Local Council regarding the coverage of all operational costs for this period.

If the subproject proposals/sub-grant applications does not match the eligibility criteria, it is rejected and the solicitants are informed on the reasons of rejection within 2 months after the deadline for requests submission.

The subprojects proposals/ sub-grant applications corresponding to the eligibility (or pre-selection) criteria are approved by the MSIF Executive Committee for the appraisal stage.

3.4. Subprojects appraisal

The sub-projects appraisal will be done in term according to the Appraisal Forms and to the MSIF Appraisal Manual. The appraisal will be performed by the MSIF consultants in community development (social and technical problems) in common with sub-project's beneficiaries. Participatory methods and techniques, described in the Participatory Monitoring and Evaluation Manual, will be used during the appraisal process.

The beneficiaries will be involved in the appraisal process with the following aims:

- To verify if the proposed subprojects reflect the priorities of the majority of groups from the community and are integrally supported by the community,
- To inform the community on the advantages, disadvantages, terms and conditions required for the subproject proposals preparation for approval;
- To discuss the community capacity to participate in the implementation of the subprojects and the necessity in transparency insurance of financial funds;
- To identify the necessities in training, capacity development and technical assistance
- To increase awareness of community people on the sub-project and the community role in the sub-project implementation;

The micro projects/subprojects appraisal will be performed in cooperation with the district authorities and the relevant ministries.

The subproject appraisal criteria can be classified in:

- Social appraisal criteria,
- Institutional appraisal criteria,
- Cost eligibility and sustainability appraisal criteria,
- Technical and environmental appraisal criteria

3.4.1. Social Appraisal Criteria will include:

3.4.1.1 Community Participation

- the percentage of the adult population of the community who attended the general community meeting (GCM) is not less than 30% (except the sub-component “Community Development for small towns” and the component “Social Care Services Development”);

- the percentage of the adult population who supported the sub-project through petition is not less than 50% (except the sub-component “Community Development for small towns” and the component “Social Care Services Development”);
- no more than two village/municipal council officials are present in the elected subproject Committee;
- size and sources of the community contribution are acceptable for the MSIF. *The community contribution will vary under different components and sub-components. Thus, in case of the sub-components “Rural Community Development” (communities that haven’t previously benefited from the MSIF support) and “Community Development of small towns”, the community contribution will be at least 15% of the subprojects cost. In case of subcomponent “Rural community development” CDD, the community contribution will be not less than 30% of the subprojects cost. In case of the Component “ Social Care Services Development”, the community contribution will be equal to 3% of the investment cost and 100% of the operational costs for 5 years on. In all cases the communities will be encouraged to contribute with bigger investments than the minimal requirements. The community contribution can be done in: a) construction materials, equipment; b) cash (collected from sub-project’s beneficiaries, from community members living outside the community, from sponsoring organizations etc), c) labor. In order to ensure the participation of the community and the sustainability of the sub-projects, the communities will collect from the direct beneficiaries 3% of the subproject cost in cash for the social infrastructure facilities and 7,5% - for the economical infrastructure facilities.*
- the community is willing to participate in the implementation of educational programs to improve services provided by renovated objects;
- there is a sound plan of supervision by community of the subproject/subproject implementation.

Social Impact

- the labor intensity of the subproject is in accordance with the MSIF norms for each type of subproject (at least 20 % of the total cost);
- the sub-project creates a number of temporary and permanent jobs for community (in case newly created social care services).
- The subprojects implementation is a stringent necessity regarding both the beneficiaries’ needs in such services and the importance of the renovation works
- the subproject is targeted to impact women, children, poor and vulnerable layers.

Gender Impact

- the sub-project has a direct beneficial impact on women and children; if not, appropriate measures are incorporated into sub-project design to ensure women/children beneficiaries;
- at least 40% of the attendees of GCM are women;
- at least two elected members of the MC are women;
- proposal’s compliance with the gender impact checklist as per type of the sub-project.

3.4.2. Institutional Appraisal Criteria will include:

3.4.2.1. Community Organizational Capacity

- the existence of community organizations or other agencies which can act as IA;
- assessment of the mayor's office cooperation with the IA;
- community capacity to ensure the subproject sustainability after implementation (local mayor's office, Beneficiaries Association, Implementing Agency, a NGO activating in local development, etc.);
- community capacity to make any in-kind and financial contributions to sub-project proposal implementation and to cover further O&M costs of the renovated objects;
- assess the soundness of the sustainability plan and estimative budget.

3.4.2.2. Implementing Agency Capacity

- what is the status of the organization? Is it properly registered? Can it be/does it have to be registered? etc.
- does it have credibility with the beneficiary groups it intends to work with in implementing the sub-project?
- does it have a competent and motivated staff?
- does it have an adequate administrative and organizational capacity to enable it to meet the operational and reporting requirements of the MSIF? (Would the IA be able to supervise the subproject implementation process, the amount and quality of executed works, financing of the activities (in case of CDD projects, small towns and social services subprojects), elaboration of financial reports, etc.?)
- does it have a satisfactory accounting systems, acceptable by the national legislation and the MSIF requirements?
- does it have the ability to involve the beneficiaries in the subproject's preparation and implementation in order to make a successful subproject/sub-project?

3.4.2.3. Approvals and Agreements necessary for sub-project implementation

- subproject has obtained the agreement of the local government and/or central government regarding subproject implementation (in the case of the component "Social Care Services Development" there is the Decision of the District Council regarding the creation of new services);
- the building where the sub-project will be implemented is at the LPA's balance;
- Memorandum of Understanding for facility maintenance and operation is signed with local government

3.4.3. Cost eligibility and Sustainability Appraisal Criteria

- the cost of subproject is not more than maximum established by the MSIF for each subcomponent and component;
- the subprojects are financially feasible;
- the costs included in the budget are realistic and take into account all potential items of expenditure;
- community contribution is at the minimum level required by MSIF (see above);
- for the economic infrastructure (water, gas, roads) the tariffs are calculated, the maintenance costs are incorporated into tariff, the full IRR is calculated (using the methodologies

approved by respective sector) and are not less than the required minimum described in the Operational Manual, there is a clear evidence that the IA/mayor's office will ensure the payment for maintenance services;

- the IA agree to the MSIF disbursement and procurement conditions;
- cost benefit analyses of subproject, such as cost per beneficiary, cost per unit are within the limits acceptable for the MSIF;
- the capacity of the infrastructure facility regarding the actual and expected demand is appraised;
- a clear and real sustainability mechanism has been developed by the community.

Remark: See the paragraph "Subprojects sustainability insurance" for information regarding the mechanisms to ensure the sustainability of the implemented subprojects and the requests submitted by the communities.

3.4.4. Technical and Environmental Criteria

3.4.4.1. Technical Criteria

- ensure that the necessary studies such as feasibility study, geological, technical and other expertise, additional supervision etc are completed and results/necessary measures are incorporated into the sub-project design and cost;
- ensure the compliance of design with the national and the MSIF adopted construction norms and standards.

3.4.4.2. Environmental Criteria

- the subproject has been screened according to the MSIF environmental guidelines and has no adverse impacts on the environment, and if so, suitable mitigating measures are incorporated into sub-project design;
- proposal's compliance with the environmental impact checklist as per type of the sub-project (see the MSIF Appraisal Handbook).

Under the component "Social Care Services Development", the appraisal criteria for the request of financing will include together with the above listed criteria, a set of specific criteria corresponding to the actual component. The appraisal criteria of the request of financing for this component are described in details in the Social Services Development Handbook.

The appraisal of subprojects will be performed in two stages. At the first stage the subproject will be appraised by consultants in community development according to the appraisal criteria listed above.

After the visits in the area, the MSIF consultants in community development will draw appraisal reports according to standard formularies, including the recommendations regarding the necessity in some technical investigations, expertise, etc. for the subproject proposal quality enhancement. The report will also have as annex the terms of references for the indicated experts. The appraisal report will be presented to the MSIF Executive Committee, which will make a decision regarding the pass the subproject proposal to the second appraisal stage.

During the second stage of appraisal all necessary technical expertise, technical drawing will be appraised in a participatory way, together with the beneficiaries, the level of correspondence of the technical drawing to the amount of included works and the general level of subproject proposal's readiness for the stage of approval for implementation. The results of the participatory monitoring and evaluation will be included in the Standard Form for participatory monitoring and evaluation at the second stage .

In cases, when the community needs to prepare technical drawings, MSIF will propose to the community to submit to MSIF, before the tender for technical drawings, an advance of monetary contribution, amounting 3,5% of the subproject budget, which will cover expenditures for drawings . This would serve as a guarantee for the cases when the community wouldn't continue the subproject implementation. The rest of its contribution the community will collect during one month after approval.

The same, at this stage by community will be calculated the budget of the sub-project.

Under the subcomponent "Rural Community development." (CDD), the subproject proposal appraisal will be done in a single stage, taking into account the IA's previous experience in subproject proposals appraisal and according to what it is able to perform independently some of the appraisal activities. The appraisal will be performed according to the CDD Operational Manual, annexed to the MSIF Operational Manual

3.5. Subproject/grant approval

Based on the appraisal results registered in the Management Informational System and on the appraisal reports, the MSIF Executive Committee will make the decision to approve, conditionally approve or to reject the subproject proposal.

The procedure of subproject approval is done in presence of community representatives (members of the IAs, Beneficiaries Associations, LPA, direct beneficiaries).

The community representatives present the subproject proposal to the members of MSIF Executive Committee. They argument the stringent necessity to solve the problem for the community, explain the impact of subproject implementation on the community population, explain the content of subproject, argument the community contribution and explain the methods of collection of financial sources.

Special attention is given to the sustainability plan of the implemented subproject, implemented educational programs for an improvement of services provided by the renovated object. The representatives of IA, LPA will explain how the transparency of implementation will be ensured and the community members will be involved in the process of implementation supervision (supervision of the volumes and quality of executed works).

The community representatives are tested by the members of MSIF Executive Committee in the awareness of the MSIF Project procedures.

If the subproject proposal is approved, the MSIF signs a Grant Agreement or a Grant Agreement with the Implementing Agency regarding the subproject/ grant implementation.

If the subproject proposal/grant application is conditionally approved, the community representatives will be informed in oral and in written on the conditions to be fulfilled by the community before a Grant Agreement being signed and the Executive Committee will approve concrete terms for conditions fulfillment.

The consultants in community development (technical and social problems) will supervise the fulfillment of conditions by the community within the established period of time. If the conditions will be fulfilled, the MSIF Executive Committee, following the proposal of the consultants, will approve the subproject proposal/ grant application for implementation. The community will be informed in written on the decision of the Executive Committee.

If the subproject proposal/grant application is rejected by the MSIF Executive Committee, the community will be informed in written on the causes of rejection within maximum two months after the Executive Committee Meeting.

In order to transfer MSIF experience in partnership relations with the community, development of participatory spirit, the MSIF will organize the meetings of Executive Committees in districts, involving of the local authorities, local NGOs, representatives of resort institutions from the district in the process of subprojects, grant applications approval. Thus, in the case of “Small towns community development” subcomponent and the “Social Care Services Development” component, the approval of all grant applications will be done in the field, at the district level. In the case of “Rural Community Development” subcomponent (for new communities), one meeting of the MSIF Executive Committee will be organized in each district for the subprojects proposal approval.

3.6. Subproject/ Sub-grant implementation

The implementation arrangements vary depending on implemented component or subcomponent of MSIF Project.

3.6.1. The implementation arrangements for Rural community development (new comer communities)

3.6.1.1. Grant agreement

After the subproject approval, a Grant Agreement between the IA and the MSIF will be signed. The community development consultants (technical and social issues), will review the particular conditions of each Grant Agreement.

The Grant Agreement will consist of:

- The MP cost
- Procurement and Sub-contracting
- Procedure for payment

- Responsibilities and obligations of the IA
- Responsibilities and obligations of the MSIF
- Assignment of Inspector
- Hand over and acceptance of works
- Amendments to the Agreement
- Cancellation and denunciation of the Agreement
- Conflict resolution
- Special conditions

The Grant Agreement will have 5 Supplements:

- Supplement 1 (the MP Budget),
- Supplement 2 (Technical Specifications, drawings), and
- Supplement 3 (the Schedule of implementation)
- Supplement 4 (the Bidding Documents)
- Supplement 5 (the Terms of Reference for the Inspector)

The Grant Agreement will be signed by the MSIF Executive Director, local government (primaria), and the authorized signatory on behalf of the IA. This document regulates the responsibilities of the three parts.

At this moment, a letter will be sent to the IA establishing a deadline for transferring community investment share to the special account.

3.6.1.2 Contracting

After the IA fulfils its obligations regarding community contribution collection and the labor and in kind contribution is accepted by MSIF, the IA will pass-over to the contracting stage for the execution of the subproject.

The IA will employ a Contractor and a Local Supervisor to help them implement the project. They will also select supplier/consultants for the provision of goods or consultant services.

The contracting mode is determined in the Grant Agreement. The details of each procurement method and its thresholds are provided in Chapter 6 of this Manual and in the Procurement Handbook.

The contracts signed between the IA and the Contractor/Local Supervisor are adapted to the Moldovan context from formats provided by the World Bank approved Standard Bidding Documents.

Contracts under sub-Subprojects, Part A (Rural Community Development for the first time participating communities), shall be prepared by the MSIF Procurement Specialist based on the information provided by the ATID regarding the specifics of the subproject, contractor and IA. MSIF, in the person of the ED, will approve all contracts signed by the IA.

The IA shall also be in charge of procuring goods and consultant services, as required by the respective sub-projects. MSIF may, if found more acceptable from a financial and logistical point of view, combine similar procurements to be carried out for the given sub-projects, into larger packages and carry out tenders on behalf of the IAs.

For more details on procurement please see Chapter VI. “MSIF Procurement Procedures” of the present Operational Manual.

3.6.1.3. Sub- project Follow Up

The signed contract between IA and Contractor will authorize the start of the construction works. The contract will indicate the date when the IA need to make a site available for the contractor. This contract can be signed only after the local supervisor has been contracted.

Two Hand over agreements signed between the contractor and IA that will serve as an official authorization of the commencement of the subproject:

- hand over of site to the contractor;
- hand over of in-kind and labor investments to the contractor.

During implementation, the supervision will be carried out by;

- a local supervisor recruited by the IA and
- MSIF community development consultants (social and technical issues).

Local Supervisor responsibilities

Every subproject will have a local supervisor. The IA will recruit a local supervisor on a competitive basis in accordance with the terms and conditions stated in the Grant Agreement. The local supervisor shall be hired upon the no-objection of the MSIF, in the person of the Director of Assistance in Technical Issues Department (ATID). The contract will last for the duration of the subproject.

The local supervisor must have vocational education related to subproject (that is confirmed by respective license) and at least 3 years of work experience. The supervisor will be paid based on terms and conditions stated in her/his contract. The cost for the local supervisor’s services will not exceed 2.5% of the total cost of the sub-project, and will vary depending on the subproject cost.

If the ATID in person of community development consultant for technical issues determines that the local supervisor is not fulfilling the terms of the contract, the MSIF Office may recommend to the IA to replace the local supervisor. If the IA refuses to replace the local supervisor; then this may be cause to suspend the operation of the Grant Agreement.

The local supervisor will be responsible for supervising the construction works. The local supervisor will report to the IA. The local supervisor will follow the procedures described in details in the Subproject Follow Up Handbook .

Operationally, the local supervisor will be responsible for:

- Carrying out the daily supervision of the construction works and maintaining a site log-book;
- Completing the required supervision procedures and documents for reporting to the IA, and for the monitoring of the MSIF consultants during site visits;
- Working with the contractor to identify problems and bring them to the attention of Primaria, the IA and MSIF consultants;
- Collecting and verifying Statements of Accomplished Works from the Contractor; and
- Presenting regular reports according to the terms of the supervision contract.

Statement of Accomplished Works (SAW)

As works progress the contractor will submit a Statement of Accomplished Works (SAW) to the IA. The IA will sign off on the accomplished works after they are verified by the local supervisor who has to sign the SAW. The SAW will include the following information:

- Quantity of Work and Accumulated Quantity since the last SAW, reflecting any amendment to the original amount of works(change orders);
- % of consumed time as a percentage of the total expected duration of the contract; and
- kinds of completed work, the total budgeted amount, accumulated disbursement, and the amount to be disbursed for the previous period produced by the MIS.

The MSIF consultant will make an assessment of the local supervisor responsible for the subproject, and the supervisor's rating will be recorded into the Supervisor database at the end of the supervisor's contract.

Community development consultants responsibilities

The community development consultant in technical issues in charge of the subproject will visit the subproject site at least once a month. The community development consultant in technical issues must give advance warning to the local supervisor and IA in order that the necessary documentation can be made ready. During these visits, the MSIF consultant will meet with IAs and beneficiaries to discuss any issues related to subproject implementation.

The purpose of the visits is to:

- verify the progress and quality of construction works;
- verify the progress made in the implementation of programs to improve services in the facility;
- examine documentation of the local supervisor;
- sign any Statement of Accomplished Works, together with local supervisor and IA; and
- identify technical, managerial or other constraints faced by IAs and contractors and provide that information to the ATID.

The community development consultant in technical issues needs to bring to the site the following documents:

- a copy of the contract and agreement;
- copies of previous Statements of Accomplished Works;
- a blank Statement of Accomplished Works;
- a blank Request for Payment form.

At the site the community development consultant in technical issues will first examine the site log-book of the local supervisor. The community development consultant in technical issues will randomly pick some works items in the Schedule of works and examine the works on-site: to check whether they are in accordance with technical specifications; and to verify whether the progress reported by the local supervisor and contractor are accurate. If there are any discrepancies, the community development consultant in technical issues will note them in the site log-book. If the discrepancy is significant, then the community development consultant in technical issues can investigate further or order a halt to the construction works with the agreement of the IA. The community development consultant in technical issues is responsible for immediately bringing this issue to the attention of the ATID director.

The contractor, during the visit of the community development consultant in technical issues , will submit the Statement of Accomplished Works to the community development consultant in technical issues for approval and signature, when he/she has accomplished works allowing to request the further payment. The contractor must prepare the SAW in cooperation with the local supervisor. If he/she is satisfied with all the works done, and all the information in the site log-book matches the actual work completed on the site, then the community development consultant in technical issues (CDC) will sign the SAW. The CDC can sign the SAW only after Primaria and the IA has signed it, certifying its satisfaction with the works completed.

The IA then will present a Request for Payment on the basis of the SAW to the community development consultant in technical issues. Given the possible distance to Chisinau, the community development consultant in technical issues can receive the request in the field and forward it to the ATID. The community development consultant in technical issues will submit the request for payment to the ATID Director, who will check it and forward to the FAD. The accountant will check the request and if acceptable, prepare the payment order for the FAD Director's signature. The FAD will sign the payment order, send it to the Executive Director who also is responsible for signing. The payment order is sent to the contractor. The FAD will make the payment within 5 working days of receipt of a duly completed request for payment form.

At the site the community development consultant in technical issues will have a meeting with Primaria, IA and verify the progress made in the implementation of programs to improve operations of facility being rehabilitated as per Grant Agreement. The community development consultant in social issues will visit the concerned community during the implementation of subproject. She/he will interview IA, community members and verify progress made in social, institutional and capacity building areas and report to the Director of Community and Social Development Department.

3.6.2. The implementation arrangements for Rural Community Development subcomponent (CDD), Small Towns Community Development subcomponent, Social Care Services Development component

3.6.2.1. Sub-Grant Agreement

MSIF will enter into a Sub-Grant Agreement with the IA for the implementation of a grant for the respective CDD/Social Care Services/Small Town sub components.

The Sub-Grant Agreement will consist of:

- The Sub-Grant amount
- Procurement and Sub-contracting
- Procedure for payment
- Responsibilities and obligations of the CBO/NGO/LPA
- Responsibilities and obligations of the MSIF
- Hand Over procedures of the renovated objects. Financial and administrative closure of the Sub-Grant Agreement
- Variation to the Sub-Grant Agreement
- Termination or dissolution of Sub-Grant Agreement
- Dispute resolution
- Special terms

The Sub-Grant Agreement will have 3 Supplements:

- Supplement 1 (the Budget),
- Supplement 2 (Drawings and Technical Specifications), and
- Supplement 3 (the Schedule of implementation)

The Sub-Grant Agreement will be signed by the MSIF Executive Director and the CBO's/NGO's/LPA's authorized representative.

The Sub-Grant Agreement will outline the agreed financial procedures and will specify the terms and conditions under which the Sub-Grant funds may be used.

Additionally to the Sub-Grant agreement a Memorandum of Understanding will be signed with the local government, regarding the commitment to operate and maintain the sub-projects after completion.

3.6.2.2. Execution of Grant Application

The CBO/ NGO/ LPA is responsible for organizing and managing the subprojects included in the Grant Application, funds management, supervision of the quality of executed works and contractor's schedule, informing the beneficiaries, goods, works and services procurement activity, mobilizing the community to collect the contribution.

The CBO/ NGO/ LPA will report monthly to MSIF on subprojects' implementation progress, providing information on the physical evolution of works and the expenses paid for subprojects' execution.

In order to develop communities' capacities in the process of Sub-grant organization and execution, MSIF will organize at the zone level training of the CBOs, NGO, LPA representatives (together with the local supervisors, in procurement issues, financial management, methods of monitoring subprojects implementation, community involvement in the monitoring process, ensuring transparency of subprojects implementation, methods of fund raising etc. Duration of training – 4 days.

3.6.2.3. Community Procurement

The IA (CBO/NGO), together with LPA will be responsible for carrying out all tenders for the procurement of civil works, goods and consultant services, in conformity with MSIF procurement procedures, described in Chapter VI “MSIF Procurement Procedures” of the present Operational Manual.

Contracts under sub-projects, Part A (Small Towns, Community Development for rural communities with previous SIF experience); Part B (Social Care Services Development) shall be prepared by IAs (CBO/NGO/LPA), based on samples provided by MSIF EO and shall be approved by the head of the IA.

The IA shall submit to MSIF the procurement results of the first contract for goods, works and consultant services for prior review and no-objection. The contract shall be awarded only after MSIF issues its no-objection on the results of the above mentioned procurements.

3.6.2.4. Participatory monitoring of Sub-grant implementation

Participatory monitoring is an internal subproject activity, it is included in the subproject's cost and is aimed at ensuring and controlling the quality and size of the effected works at all stages of execution.

The local supervisor, selected on a competitive basis by the CBO, NGO, LPA, coordinates the participatory monitoring done by community's members. More details about the specific of participatory monitoring is given in PME Handbook.

The CBO, NGO, LPA will also manage and monitor the general progress of subprojects and will require from the local supervisor qualitative supervision of renovation works execution. The CBO, NGO, LPA will organize at least twice a month joint sessions with the hired civil work company and will evaluate the execution of the scheduled activities. The local supervisor will report to the CBO, NGO, LPA about the progress of project implementation and the problems that appear on the building site, and will propose solutions necessary to put things right.

3.6.2.5. Monitoring of Sub-grant implementation by MSIF

Each approved Sub-grant application is supervised during execution by two community development consultants (technical and social issues) and a financial auditor, assigned by MSIF. The supervision trips of those three consultants will take place on a monthly basis and mandatory before every new installment disbursed from MSIF, based on a request from the CBO, NGO, LPA .

The mentioned consultants verify to what extent, how and when the sub-grant objectives have been achieved and, at the same time, provide technical assistance to the community or the CBO, NGO, LPA to improve the quality of activities and build local capacities.

The mentioned consultants supervise, verify, provide technical assistance and establish remedy measures in matters concerning the following:

- Involvement of community in the Sub-grant implementation.
- The stage of implementation of the subprojects included in the Sub-grant application from the physical point of view and regarding its objectives, in relation to the work schedule.
- Quality of the executed works.
- Execution of contracts signed by the CBO, NGO, LPA with different suppliers.
Management and observance of the procurement procedures for goods, services and works.
- Meeting the requirements of environmental protection
- Financial management and Sub-grant's accounting
- Collection of the necessary funds for further maintenance of the renovated objects
- Local supervisors' training.
- Facilitation of community in all issues pertaining to the Sub-grant implementation.

3.6.3. Procedure of Change Order

Due to the rehabilitation nature of civil works under the MSIF subprojects frequent change orders are expected.

Most of the change orders are expected to concern duration and cost of the Contract.

If the work is not completed within the time period specified in the Contract and if the reasons are due to: (i) additional works agreed by two parties and approved by the MSIF; (ii) conditions

beyond the control of the parties and acceptable to the MSIF, the completion time specified in Contract can be extended on mutual consent in writing by two parties.

The following thresholds for change order procedures are established by the MSIF concerning the increase of cost of the Contract:

- up to 15 % of contract cost -- must be approved by the MSIF EC;
- above 15 % of contract cost -- must be approved by the MSIF EC and NB and are subject of no-objection from the World Bank.

The cost of additional works, accepted by the two parties and approved by MSIF, will be calculated on the basis of MIS prices that are decreased (increased) by the percentage of the decrement (increment) of the contract cost proposed by contractor in bidding documents. Calculated amount will be added to the contract cost with the exchange rate lei/USD, established by National Bank of Moldova for the day of calculation of the Change Order by the MSIF. Additional works will be given in a separate chapter of the Bill of Quantity.

3.6.4. Subproject Hand Over and Certification

A Hand over Committee will be formed for each subproject, consisting of:

- representative of the local government (chairman)
- the community development consultant in technical issues responsible for the subproject;
- Implementing Agency representative;
- Beneficiary Association representative,
- local supervisor;
- contractor's authorized representative;
- members of the community (2-3 beneficiaries);
- representatives of the organizations or government bodies responsible for the future maintenance and operation of the infrastructure.

The Hand Over Agreement should include the Conclusion of the Construction State Inspection.

Upon completion of the civil works, a completion and hand over meeting will be held for each subproject and the members of the Hand Over Committee will gather at the subproject site and verify the satisfactory completion of all works.

The Hand Over Committee will examine the quantity and quality of works completed and render a decision regarding the completion.

There are two options available during the Provisional Hand Over:

1. If the Hand Over Committee determines that the works are fully completed and the quality is satisfactory to all concerned parties and corresponds to the terms of the original contract,

then the Provisional Hand Over Agreement without comments will be signed (see Follow Up Handbook for the model Provisional Hand Over Agreement).

2. If the Hand Over Committee determines that some details need to be completed, a Provisional Hand Over will be signed with written recommendations, and the date of the Hand Over will be designated. On this day, the Hand Over Committee will gather once again and verify that all concerns were met, and assure that the requirements are fulfilled. If the subproject is acceptable, then the Provisional Hand Over Agreement will be signed.

After the signing of the Provisional Hand Over Agreement, the IA will submit the final Request for Payment to the Community development consultant (technical issues) who will process it according to the subproject payment procedures.

Defect Liability Period

The Defect Liability period is the time between the signing of the Provisional Hand over Agreement and signing of the Final Hand over Agreement and the issuing of the Certification Statement. In order to secure quality of works, ten percent are retained from each SAW payment. Five percent are retained as a guarantee for completion of works. Another five per cent of funds retained from each SAW payment would serve as a Contractors quality guarantee during defect liability period. This period will depend on the cost, typology and duration of the subproject, as outlined in each contract but will not exceed one year. If during this period the works are found satisfactory, then the retained funds are paid to the Contractor upon signing of the Final Hand over Agreement. (Refer to Paragraph 7.1.3 of this Manual)..

At this moment, the subproject execution process is considered ended. After that the local government, community and the local organizations will be responsible for operational and maintenance expenses, and assume control of the infrastructure facility as stated in the Grant Agreement.

3.7. Post-implementation supervision

According to the MSIF development objectives, the Moldova Social Investment Fund will pay special attention to community supervision at the post-implementation stage.

The main goals of this supervision are as follows:

- Verify that the community maintains the implemented sub-project operational and sustainable;
- Community awareness regarding the necessity in a sustainable local development;
- Community partnership development;
- Active involvement of community groups in the process of local development and in the realization of the EGPRS objectives.
- Involvement of the community groups in the process of monitoring and evaluation of the performances achieved in local development and in EGPRS.

The listed objectives will be realized by the MSIF through **following activities:**

- Monitoring and facilitation of the realized /subprojects sustainability plan implementation,
- Monitoring and facilitation of the strategic plan implementation for the development of community, small town, district (in integrated social services),
- Monitoring of the implemented subprojects impact on local development,
- Training and assistance for community groups regarding the methods of local development,
- Insurance of a permanent exchange of experience between the communities that have already implemented MSIF subprojects regarding the dissemination and replication of positive practices in local development and creation of social care services for vulnerable groups,
- Development of collaboration between the communities that have already implemented MSIF subprojects and other organizations activating in the area of local development and social care services development,
- Support and stimulation of activism and initiative of the communities that have obtained success in community development through organization in common with the resort Ministries of various competitions as form example: for the school the best prepared for the cold season or for the community the most successful in environment protection, etc.

The supervision at the post-implementation stage will be performed **using the following methods:**

- Visits in field at least once in half a year, performed by the MSIF consultants in community development (social problems)
- Discussions by telephone with the representatives of the communities having implemented the subproject,
- Participatory monitoring and evaluation visits performed once a year with a support from the Community Information Centers,
- Trainings study tours realized through Community Networks creates with the MSIF support and through community Information Centers,
- Memorandum of Understanding signed with other institutions and organizations from the country and from abroad, activating in the area of local development

3.8. Subprojects sustainability insurance

The sustainability concept, from the MSIF's point of view means the creation of a range of conditions at the community level for the maintenance and development of the renovated facilities in order to insure providing of high quality social services and the community development on its own resources.

The results expected by MSIF after the implementation of the concept of sustainability insurance are as follows:

- Renovated facilities in operation and properly maintained,
- New educational programs implemented in the renovated social institutions
- A high degree of community involvement in renovated facilities maintenance
- Development of a social partnership between various community actors
- Local development based on own resources
- Renovated facilities in operation do not negatively impact the environment

In order to achieve the expected objectives and outcomes, the MSIF promotes:

- 1. the insurance of the technical quality of the object at the stage of subproject preparation and implementation through:**
 - promotion of performance building technologies implementation, as for example efficient heating systems, utilization of ecologically safe construction materials, etc.,
 - promotion of new norms and standards in construction (measures for energy conservation and efficient utilization of space),
 - adaptation of standard technical drawings to the necessities and capacities of local maintenance,
 - provide the technical assistance to communities in the supervision of executed works quality.
- 2. Implementation of new educational programs in the renovated facilities, personnel retraining;**
- 3. providing of new responsibilities to community actors** through their involvement in the decision making process, in subprojects implementation, in the insurance of renovated objects' sustainability
- 4. a clear mechanism of sustainability insurance for the renovated objects, integrated in the cycle of subprojects** with a concrete delegation of responsibilities

The mechanism of sustainability insurance assumes a range of measures at each stage of the subproject, cycle oriented towards an integral insurance of the renovated objects sustainability.

Thus, **at the stage of identification**, the subproject proposals will be eligible if the following sustainability criteria will be respected:

- the objects proposed for renovation are at mayor's office balance,
- the facilities proposed for renovation have a necessary institutional support (budget, staff, equipment etc). In the case of newly created social care services, there should exist the decision of the Local Council regarding the creation of the service, the approval of the number of staff and the terms of references for the staff, a total cover of operations costs for at least 5 years from the date of service providing beginning. At the same time, the IA will present a list of potential beneficiaries, relatives' agreement (where possible) for the beneficiaries placement in the center.
- The subproject proposal/grant application will include a thoroughly elaborated concept regarding the renovated objects' sustainability insurance after their handover process and will indicate the financial sources for facility operation and maintenance and an estimative budget for minimum one year after handover.

At the appraisal stage of the subprojects, the Implementing Agency will organize a representatives meeting of the beneficiaries with the participation of minimum 50 beneficiaries, representatives of various social layers of the community. The participation of the MSIF consultants in community development at this Meeting is compulsory.

The following problems will be discussed at the General Meeting of beneficiaries:

- The concept of sustainability
- Creation of Beneficiary Association
- Discussion and approval of the Beneficiary Association's Statute
- Selection of the Beneficiary Association's Executive Committee
- Decision regarding the creation of a sustainability fund
- Establishment of Beneficiary Association's members' fee (a voluntary action).

The General Meeting of beneficiaries can make the decision to enable the Implementing Agency to serve further as a Beneficiary Association or can create a new community-based organization.

After the General Meeting of the Beneficiaries, at the decision of the beneficiaries, the new created Beneficiary Association can be registered as a local nongovernmental organization. In this case the Beneficiary Association will be encouraged by the MSIF consultants to enlarge its objectives, orienting them towards sustainability insurance of the renovated objects and towards the community development in general.

The Gas and Water Beneficiary Associations will be obligatorily registered as nongovernmental organizations and will open bank accounts to deposit necessary sums of money for the procurement of counters, individual designing, individual connection to gas or water supply systems, the payment for three months in advance after the household connection to gas or water.

At the same time, the Beneficiary Associations together with the Implementing Agencies will begin the collection of community contribution and of the sustainability fund and will deposit the sums collected on the Association's account.

The Beneficiary Associations, with the technical assistance of the MSIF consultants in community development, will develop preliminary sustainability concepts for the renovated objects and will revise the sources and the estimative budget planned for the objects operation and maintenance.

The Beneficiary Association will actively be involved in the process of subprojects preparation for the approval stage and will actively participate in the participatory appraisal of the technical drawings' compliance with the amounts of works included in the subproject proposal or in the Sub-grant Application submitted by the community.

The Beneficiary Association together with the Implementing Agency will participate at the MSIF Executive Committee Meeting for the approval of the subproject proposal and will actively involve in the process of construction firm and technical supervisor procurement.

The implementation stage. The Beneficiary Association with the representatives of the local public administration will supervise the quality and the amount of works executed by the construction firm, will ensure the transparency of the subproject implementation process by organizing the General Meeting of beneficiaries, where the implementation process will be thoroughly discussed.

Before the stage of subproject handover, the Beneficiary Association with the LPA representatives will elaborate a concrete sustainability plan for the renovated object for a period of three years,

including a detailed plan for the first year, the estimative budget and the indication of responsibilities for the plan fulfillment.

The Beneficiary Associations will sign an Agreement with the community's mayor's office regarding the operation and maintenance of the rehabilitated object's sustainability for a period of 3 years. The sustainability plan will be an integral part of the signed Agreement and will be monitored by the MSIF for two years after the subproject implementation in the frameworks of the participatory monitoring and evaluation process (see the MSIF Participatory Monitoring and Evaluation Manual)

The Beneficiary Association and the LPA representatives will benefit from a technical assistance and training during the whole process of appraisal and implementation of the subproject regarding the problems of renovated objects' sustainability insurance. Thus, they will obtain training in the following directions:

- The concept of project's sustainability insurance
- How to organize a Meeting of Beneficiaries
- The elaboration of the Beneficiary Association's statute
- The procedures of Beneficiary Association registration
- How to obtain the statute of a public utility
- NGO financial management
- Development of a sustainability plan
- Fund raising
- Project proposal drawing
- Other training oriented towards the renovated objects sustainability insurance, including technical and environmental aspects,
- Procurement of goods, works and consulting services.

Chapter IV. MSIF's mechanisms of capacity building

4.1. MSIF strategy of capacity building

Capacity development represents, in MSIF's opinion, a process through which individuals, organizations and institutions develop individually or in a collective manner their abilities to analyze the necessities and identify the problems of objectives determination, improving its functions and actions through an ongoing education and changes oriented towards an efficient utilization of human, institutional and financial resources.

Based on its development objectives, the MSIF Project is oriented towards capacity development of all the participants in the Project implementation process.

The target groups that will benefit from MSIF training are as follows:

- Implementing Agencies
- Beneficiary Associations
- Local Public Administration
- Protection staff (social assistance services)
- Private contractors and technical supervisors
- Municipal and district public administration
- Local and national NGOs involved in the fulfillment of Project activities
- The resort Ministries' representatives, whose activity is tangent with the project

Capacity development for participants in the MSIF Project implementation will depend on the objects followed by the MSIF and on the role of each target group in the realization of the Project.

Thereafter, **in case of Implementing Agencies, Beneficiary Associations**, the goals of the capacity development program will be as follows:

- Active involvement of the communities in sustainability implementation and maintenance of the renovated object,
- Awareness increase in the community on its role and responsibilities,
- Development of target group's abilities to organize the community,
- Facilitation of the community in solving local problems,
- Dissemination of community experience,
- Initiation and realization of new community projects.

In order to achieve the training objectives at this level, the MSIF will practice the following activities:

- Facilitation and mentoring at each stage of the subproject cycle, targeted towards a defined community,
- Joined training for various groups of leaders: LPAs, CBOs, economic agents, non-formal leaders,
- Utilization of participatory training methods,

- Monitoring of community performances at each stage with an emphasis on the learnt lessons,
- Experience exchange with other performance communities

Regarding the staff of social assistance centers the training will be oriented towards:

- Organizational and financial management capacity development,
- Professional retraining,
- Study of methods of work with the partners from the local network (community, school, local public administration, medical psycho-pedagogical commissions, direction of education, direction of health, parents, etc.),
- Project writing and funds raising capacity development,
- Development of strategic communication and information dissemination abilities.

The above listed goals will be reached through the following methods:

- Organization of specialized trainings by foreign consultants expert in this domain,
- Maintenance of an exchange of experience between the centers by means of Social Care Services Network ,
- Involvement/employment of national NGOs in the training process for the centers' staff regarding project management and fundraising,
- Organization of study trips to similar centers abroad,
- Combination of theoretical and practical training methods, case studies and positive practices,

Regarding the representatives of the local, municipal and district public administration, the goals of the capacity development program will be the following:

- Awareness of the necessity of a holistic approach to local development,
- Organizational and financial management capacity development,
- Social partnership development at the community level,
- Development of a mechanism of population involvement by the LPA in the process of needs identification and problems solving regarding the participatory strategic planning and participatory elaboration of the local budget,
- Development of a mechanism to ensure transparency of the LPA and local council's activities,
- Increase of accountability of the local public administration and the local council,
- Involvement of the local public administration in the process of sustainability insurance of renovated objects.

In order to achieve these objectives the MSIF will practice:

- Direct involvement of the LPA representatives in the process of identification, implementation and sustainability of the subproject
- Facilitation of the participatory strategic planning process at community level and participatory elaboration of the budget,
- Promotion of citizens record cards implementation,
- Involvement of the LPA representatives in the process of organization and appraisal of competitions between performance communities,

- Involvement of the district public administration representatives in the process of subproject proposal/sub-grants approval by organizing MSIF Executive Committee meetings in territory,
- Organization of conferences, study tours regarding the dissemination of advanced experiences and replication of positive practices,

In the case of national NGOs involved in the MSIF Project realization, the capacity development program will be oriented towards following activities:

- Study of the MSIF procedures and mechanisms,
- Awareness of the MSIF experience and lessons learnt as a result of MSIF 1 Project implementation,
- Improvement of the quality of provided services,
- Development of the provided services assortment,
- Organizational and financial management capacity improvement,
- Development of a partnership between NGO and local and central public administrations,

These objectives will be achieved by MSIF through the following actions:

- Organization of special training for NGOs,
- Formation of instructors,
- Involvement of NGOs representatives in study tours organized by the MSIF for an accumulation of positive experiences,
- Permanent monitoring of the NGOs' activities and organization of discussions regarding the learnt lessons

In the case of the Central Government, resort ministries representatives, the capacity development program will be oriented towards:

- Increase the level of the central government's representatives awareness about the MSIF project, its objectives and procedures,
- Integration of the MSIF project in the National Development Strategies' plans of actions,
- Promotion of changes in social policies based on positive practices and lessons learnt during the MSIF Project implementation

These objectives will be achieved by MSIF through the following actions:

- Involvement of resort ministries representatives in the MSIF Advisory Board in Social Care Services,
- Involvement of resort ministries representatives in the MSIF Advisory Board in local development,
- Involvement of resort ministries representatives in the organization and appraisal of various competitions organized by the MSIF for performance villages,
- Involvement of resort ministries representatives in the process of pilot-districts selection for the implementation of the component "Social Care Services Development", and in the process of subproject proposals evaluation,
- Organization of joined conferences in common with the resort ministries, regarding the dissemination of positive experience gained during project implementation,

- Invitation of resort ministries representatives to the opening ceremonies, organized by the communities,
- Organization of study tours for the ministries representatives to countries with a more advanced level of social policy development to study the mechanisms of change.

In the case of private contractors and local supervisors, the capacity development program will be oriented towards:

- The study of the MSIF procedures and objectives,
- The study of procurement methods used by the MSIF,
- Organizational management capacity development,
- Their accountability in front of the beneficiary community.

In order to achieve these objectives, the MSIF will make the following actions:

- Training ,
- Pre tender conferences,
- Seminars organized together with the beneficiaries,
- Facilitation of the community during the subproject implementation regarding the responsibilities of the contractor, community and technical supervisor,
- Community involvement in the process of permanent monitoring of their activities
- Joined discussions (contractors, beneficiaries, supervisors) about the subproject implementation process.

The MSIF training activity will be carried on according to a training plan elaborated basing on training necessities in all participants at Project realization. When elaborating the training plan MSIF will take into account its objectives and the experience gained in this domain during the implementation of the MSIF 1 Project. The training plan will be coordinated with other institutions and development projects from Moldova in order to avoid overlaps of trainings and to efficiently cumulate and complement when possible.

The training plan will include: target group, objectives to be achieved after training, training subjects, training methods, the duration of training process, training cost, training providing organization.

The Social Investment Fund will involve NGOs and national consulting companies in the process of capacity development in target groups, depending on their training necessities. When there won't exist necessary capacities for training, the MSIF will employ an international consulting company on an international competitive basis. At the same time, in order to develop local capacity, the MSIF will promote the idea of instructors' formation, including in the terms of references of the international company the objective: transfer of methodological knowledge to national organizations or companies.

4.2. Training delivery methods

- **Training.** Training is one of the most efficient methods of knowledge transfer within a relatively short period of time. The trainings will be performed by MSIF following the

elaboration of some short training modules, including case studies, practical exercises to achieve training objectives.

- **Coaching.** This method offers to the beneficiaries the opportunity to study through discussions and interaction with the Project's staff or with the instructors. The method will be used by MSIF consultants in development especially at project appraisal and implementation stages, during the visits of participatory monitoring, during the facilitation of Beneficiary Association creation, etc.
- **On-the-job learning.** The method will be used by NGOs and MSIF consultants to transfer the information by a direct involvement of beneficiaries in the changing process (e.g. in case of sustainability plan elaboration. The beneficiaries will study the planning method and will simultaneously elaborate a concrete sustainability plan)
- **Technical support.** The technical support component of the community capacity development program is oriented towards the development of knowledge in participants at the project regarding MSIF operational and implementing procedures and processes. This support will be offered through elaboration and distribution of special manuals for different participants at the Project implementation. Thus, the MSIF will offer to the communities the following manuals, elaborated for community actors: Community Procurement Handbook, CDD Operational Manual; Community Participation Handbook, Financial Management of NGOs, etc.
- **Study visits.** Study visits represent an efficient method of capacity development especially for decision-making factors oriented towards changes (representatives of ministries, local and district public administrations, etc.). An important lesson learnt during study visits is that the success of such training mainly depends on the training preparation stage, adequate selection of localities and organization of constructive discussions after visits with the elaboration of concrete steps oriented towards changes.

Chapter Y. Mechanisms of MSIF experience promotion at the national level

The Moldova Social Investment Fund Project will periodically analyze according to its objective the impact of the Projects on beneficiaries, the experience and lessons learnt during its activities.

The MSIF consultants will perform the analysis of the impact, experience and learnt lessons with technical assistance for international consultants.

The experience and lessons learnt by the MSIF will be disseminated at national level aiming to maintain a bi-directional informational flow between communities and the Central Government and their taking into account when elaborating new social policies.

The MSIF will use the following mechanism:

- The Community networks,
- The Social Care Services Network,
- Development of partnerships with other international and local institutions and organizations activating in local development and social care services

5.1. The Community networks

The Moldova Social Investment Fund will continue the support and development of the three Community networks.

In order to ensure the sustainability of the Community networks, the Moldova Social Investment Fund will elaborate in common with a national NGO a Network Sustainability Strategy and the networks' plan of actions for the following 5 years. The Network Sustainability Strategy and the plan of actions will be elaborated in a participatory way with an active involvement of the networks' members.

Within the networks' plan of actions the MSIF will support the network activities oriented towards:

- Capacity development in member communities,
- Exchange of information,
- Dissemination of experiences,
- Development of intercommunity partnerships.

The MSIF will encourage the active involvement of the network's members in the following activities:

- Discussion and development of country development strategies, including the EGPRS,
- Elaboration of local development strategies based on national development strategies,
- Participatory monitoring and evaluation of the process of local and national strategy implementation, including the EGPRS,
- Analysis of experience gained by communities in the process of implementation of the MSIF subprojects for local development and elaboration of practical recommendations for the Government, local administrations, and local public administrations.

The MSIF will promote and support the following methods of participation and dissemination of experience, used within the networks:

- Seminars at network level,
- Discussions at network level,
- The journal “Alternative Rurale”,
- Other national and local journals,
- TV and radio programs,
- Participation of the network members in various work-groups created at national level for national strategy development,
- Study tours,
- National conferences,
- Booklets for dissemination of recommendations at the level of the Government and the district public administration,
- Community centers for development and information,
- Adhering to other networks created by other organizations and institutions.

5.2. Social Care Services Network

The MSIF will support the intention of community service centers to create a Social Care Services Network at the national level designated for experience exchange and promotion of social care for vulnerable groups policy changes.

The Social Care Services Network will elaborate the Statute and a plan of actions for two years. The Network Statute will include network’s development objectives and goals, mechanisms of objectives achievement, the direction of the network. The plan of action will depend on network’s objectives and the needs of community service centers members of the Network.

The MSIF will support the network’s activities from the plan of actions oriented towards:
community service centers capacity development for the improvement of provided services,
exchange of information, work methods and experience,
dissemination of experience gained at local, district and national level,
development of partnerships between centers.

The MSIF will encourage the active involvement of network members in the following activities:

- development and discussions of country development strategies, regarding particularly the components for social care development (EGPRS, Education for all, Child and Family Protection Strategy, etc.)
- elaboration of local strategies for social service development basing on national and local strategies,
- participatory monitoring and evaluation of the local and national strategies implementing process,
- analysis of gained experience and lessons learnt by the communities during the implementation of community service centers and elaboration of practical recommendations for the Ministry of Labor and Social Protection, Ministry of Education, Ministry of Finance, district administration, local public administration,

- active involvement in the discussion of projects and laws in social assistance and protection and elaboration of recommendations for their improvement.
- Organization of campaigns for alternative social care services promotion for disadvantaged people.

The MSIF will promote and support the following methods of participation and dissemination of experience used within the network:

- Seminars at network level,
- Discussions at network level,
- Electronic bulletin,
- Other national and local journals,
- Specialized magazines,
- TV and radio programs,
- Participation of the network members in various work-groups created at national level for national strategy development,
- Study tours,
- National conferences,
- Booklets for dissemination of recommendations at the level of the Government and the district public administration,
- Adhering to other networks created by other organizations and institutions.

5.3. Development of partnerships with other institutions and organizations

The Moldova Social Investment Fund promotes the principle of collaboration and partnership between various institutions at all levels.

The Moldova Social Investment Fund is oriented towards the participation at the dialog between institutions interested in local and social care development, resort ministries, development agencies, local, district councils and beneficiaries, having the following aims:

- Transparency of Fund's activities,
- Coordination of activities,
- Permanent exchange of information,
- Dissemination of positive experience and lessons learnt during project implementation,
- Insurance of a synergy and attraction of other financial sources to the MSIF beneficiary communities in order to increase the Project impact and ensure sustainable local development,
- Promotion of changes in social policy based on the lessons learnt during the Project implementation.

For the development of partnerships with various agents and institutions interested in local development and alternative social services development, the MSIF will use the following mechanisms:

- Signing of Memorandum of Understanding with the respective institutions and agencies,

- Creation of MSIF Advisory Boards in local development and social services development, and involvement of representatives from agencies and institutions in the activity of these Boards,
- Participation of the MSIF representatives in other advisory boards and work-groups organized by partner institutions,
- Organization of joined work meetings,
- Invitation of partner organizations to seminars, conferences, study tours.

Chapter YI. MSIF procurement procedures

6.1. Procurement Management

The Credit/Grant Agreement outlines the agreed procurement procedures and specifies the terms and conditions under which the Credit/Grant funds may be used.

All procurement practices for works, goods and services to be used by MSIF, IAs for sub-projects in the first time participating communities, or any of Grant Beneficiaries (CBOs for CDD Projects in communities with previous SIF experience, NGOs for SCS sub-projects and LPAs for CDD sub-projects in small towns) hereinafter called “IA” shall comply with the guidelines provided in this Operational Manual and be aimed at achieving economy and efficiency.

The MSIF Executive Director will oversee all procurement to be carried out during MSIF2 Project implementation.

All procurement related to sub-project activities shall be decentralized. The Procurement Handbook annexed to this Manual outlines the responsibilities of MSIF and Grant Beneficiaries.

The procurement procedures may be amended only after prior clearance of and in accordance with the Credit/Grant Agreement.

The procurement shall be in accordance with the Annual Procurement Plan and Sub-project Budget, approved by the community General Meeting.

6.2. Procurement Training

MSIF will organize training on procurement for the representatives of the IAs.

The training will be focused on:

- (i) procurement planning;
- (ii) MSIF procurement procedures of civil works, consultant services and goods;
- (iii) role and responsibilities of the IA in community-based procurement.
- (iv) procurement of services of design companies and local supervisors;
- (v) role and responsibilities of the local supervisor in the process of sub-project implementation;
- (vi) partnership relations between the local supervisor and the community;
- (vii) participatory technical appraisal;
- (viii) MSIF/WB role in community-based procurement – MSIF consultants in community development (for technical and social issues), prior and post review;
- (ix) procurement reporting.

6.3. Procurement Planning

MSIF/IA will prepare Annual Procurement Plan for each year of operation.

The following steps for the preparation of MSIF/Community Procurement Plan shall be taken:

- (i) Prepare the list of goods, works and consulting services needed for the project.
- (ii) Group the items in the list in logical contract groups.
- (iii) Prepare the cost estimates based on the MSIF Unit Price Data Base.
- (iv) Determine the applicable procurement method.
- (v) Estimate the duration of each procurement process, its starting date and completion date.

The format for a MSIF/Community Procurement Plan is given in Annex 1 to MSIF Procurement Handbook.

MSIF/Community Procurement Plan will be revised on a yearly basis to reflect the scheduling of procurement process, which could significantly affect the timing and successful implementation of MSIF Project/Community sub-project.

6.4. Procurement Methods

The Procurement Handbook describes in details all procurement methods and their procedures. For a specific project within the framework of MSIF2 Project only those methods and procedures shall apply, which are considered appropriate and specified in the Procurement Plan.

Procurement of Works

(i) National/Local Competitive Bidding (NCB/LCB)

NCB/LCB method shall be used in case of contracting works for new constructions or their rehabilitation estimated to cost below US\$ 150,000 equivalent.

NCB/LCB is based upon basic principles of adequate competition, openness of procedures, transparent and fair and equal treatment of all bidders according to pre-disclosed criteria.

The contractor having the lowest total evaluated bid price for the whole bill of quantities of works and complying substantially with the technical specifications shall be selected.

(ii) Shopping (Sh)

Sh procedures will be used for contracting small works such as small repairs/accessories for construction or installation, estimated to cost below US\$ 30,000 equivalent.

It is mandatory to invite at least 3 quotations, received from 3 local qualified contractors. The contractor having the lowest total bid evaluated price shall be selected.

(iii) Direct Contracting (DC)

DC as procurement method for works will be used for contracts estimated to cost below US\$ 10,000 equivalent and by justification to MSIF.

DC method may be applied also in the following cases: (i) extension of existing contract for works, the extension shall be for additional works of similar nature and the value of the additional works does not exceed 15% of the initial contract value; (ii) the works to be executed are simple and standard by nature and are not likely to attract public interest among the business community, the prices are reasonable and comply with the local market rates; (iii) when the cost to the community of another procedure would be disproportionately high relative to the value of the procurement itself, and where only one contractor is available locally. The contractor would thus be chosen without going through any bidding procedure.

Procurement of Goods

(i) National/Local Competitive Bidding (NCB/LCB)

NCB/LCB method shall be used procuring goods available from several sources or suppliers within the country, or imported by local suppliers, estimated to cost below US\$ 100,000 equivalent.

NCB/LCB is based upon basic principles of adequate competition, openness of procedures, transparent and fair and equal treatment of all bidders according to pre-disclosed criteria.

The supplier having the lowest total evaluated bid price and complying substantially with the technical requirements and terms of delivery shall be selected.

(ii) Shopping (Sh)

Sh procedures will be used for procuring off-the-shelf items of goods or standard specification commodities available from several sources or suppliers within the country, or imported by local suppliers, estimated to cost less than US\$ 50,000 equivalent.

It is mandatory to invite at least 3 quotations from local suppliers, for the same items or for the same list of goods.

The supplier having the lowest total bid evaluated price and complying substantially with the technical requirements shall be selected.

(iii) Direct Purchasing (DP)

DC as procurement method for goods will be used for extension of existing contract for goods. The extension shall be for additional goods of similar nature and the value of the additional goods does not exceed 15% of the initial contract value.

It can also be used for procurement of proprietary goods, that can be found only from one source, who's cost do not justify a tendering process, provided that the costs are in line with local market rates. A no-objection from MSIF and the WB shall be required in this case.

Procurement of Services

(i) Quality- and Cost-Based Selection (QCBS)

QCBS method shall apply for hiring consulting firms by MSIF for assignments, estimated to cost over US\$ 100,000 equivalent (such as project monitoring and evaluation).

QCBS is a method based on the quality of the proposals and the cost of the services to be provided. Short listed firms have to submit their technical and financial proposals in two separate envelopes. The technical proposals are opened first and evaluated.

Each responsive technical proposal is given a technical score. Proposals are ranked according to their combined technical and financial scores using the weights indicated in the Request for Proposal. The firm achieving the highest combined technical and financial score is invited for negotiations.

(ii) Least Cost Selection (LCS)

LCS method for hiring consulting firms shall apply for assignments of a standard routine nature (audit, engineering design) where well-established practices and standards exist, and in which the contract amount is relatively small (less than US\$ 60,000 equivalent).

Short listed firms have to submit their technical and financial proposals in two separate envelopes. The technical proposals are opened first and evaluated.

The qualifying minimum technical score is established, keeping in view that all proposals above the minimum compete only on "cost". The firm obtaining the minimum technical score and having the lowest evaluated price is selected.

(iii) Fixed Budget Selection (FBS)

FBS method for hiring consulting firms shall apply when the TOR are precisely defined, and the time and staff-month effort required from the consultants could be assessed with precision.

Short listed firms have to submit their technical and financial proposals in two separate envelopes. The technical proposals are opened first and evaluated.

FBS is based on disclosing the available budget to invited consulting firms and selecting the firm with the highest-ranking technical proposal within the budget.

(iv) Selection based on Consultant's Qualification (CQ)

CQ method shall apply for small assignments (less than US\$ 100,000 equivalent) aiming at reducing the cost and time needed to hire a consulting firm with the best possible qualifications.

The selected most qualified consultant is requested to submit a combined technical and financial proposal and is then invited to negotiate the contract if the technical proposal proves to be acceptable.

(v) Selection of Individual Consultants (IC)

ICs may be selected on the basis of references or through comparison of qualifications among those expressing interest in the assignment or approached directly by MSIF/IA.

The best qualified consultant for the assignment is invited for negotiations and contracted.

(vi) Sole Source Selection (SoleSS)

Individual consultants may be selected on a SoleSS basis with due justification to MSIF and the WB in exceptional cases, such as: (a) tasks that represent a continuation of previous work that the consultant has carried out and for which the consultant was selected competitively; (b) assignments with a total expected duration of less than 6 months; (c) emergency situations resulting from natural disasters; and (d) when consultant's experience is of paramount importance for the assignment.

(vii) Single Source Selection (SingleSS)

SingleSS may be appropriate for hiring consulting firms only if it presents a clear advantage over competition: (i) tasks that represent a natural continuation of previous work carried out by the consultant; (ii) when only one firm is qualified for the assignment; (iii) rapid selection is essential (in an emergency operation).

MSIF Procurement Handbook (including Community Handbooks) describes in details all procurement methods and their step-by-step procedures.

6.5. Procurement Arrangements

Applicable Procurement Method

MSIF and IAs shall apply for each procurement only one method, depending on the type of procurement (goods, works, services) and estimated value of the contract, which is considered appropriate and specified in the Procurement Plan. The applicable procurement methods are listed above.

Evaluation Committee

An Evaluation Committee to review the procurements carried out by MSIF Executive Office (PMU) and IAs shall be established in the MSIF Executive Office. The IA will act as a Procurement and Evaluation Committee.

The Evaluation Committee will be in charge of:

- (i) Procurement of goods, works and consulting services included in the Grant application in conformity with MSIF procedures.
- (ii) Permanent management and monitoring of unfolding implementation of sub-projects included in the Grant Application.
- (iii) Organization of preliminary and final handover of the renovated facilities

Advertisement

MSIF/IA shall publish an announcement in the National Gazette - “Monitorul Oficial al Republicii Moldova” on the procurement to be made. Advertisement in local newspapers, radio commercials, promotional meetings, and discussion at Community meetings, sending of target invitations is also recommended. Thus, in addition to the advertisement published in the newspaper, MSIF/IA shall directly inform up to 15 contractors from the MSIF database, by wide geographic coverage, about the forthcoming tender.

In this case, MSIF/IA may, at the time of publishing procurement notices, send the Invitation for Bids (IFB), included in the Standard Bidding Documents, directly to bidders, who have participated in the tendering with MSIF before and may be interested in the tender (e.g. located close to the communities which initiated the tender).

The bid submission period shall depend on the cost of the contract. Thus, if the cost of the civil works contract is below US\$ 50,000 the bid submission time shall be 21 days from the date of the advertisement publication. If the cost of the civil works contract exceeds US\$ 50,000 the bid submission period shall be 30 days.

Bidding Documents/Invitation to Quote/Request for Proposals

The second part of MSIF Procurement Handbook provides sample forms of Bidding Documents / Invitation to Quote /Request for Proposals that must be followed by MSIF/IA when preparing the tender.

Invitation

MSIF/IA must make all efforts to invite reputable firms, known as suppliers of goods, works and services being purchased as part of their normal business. MSIF/IA shall

ensure inviting at least 3 bids/quotations/ proposals as a good and corresponding competition.

Securities

Given the community development nature and following approved procedures under SIF I project, MSIF/IA may have an option not to ask for a bid security and a performance security from bidders. In place of a bid security, the MSIF/AI may require bidders to sign a declaration accepting that if they withdraw or modify their bids during the period of validity or they are awarded the contract and they fail to sign the contract or to submit a performance security before the deadline defined in the bidding documents, the bidder will be suspended for a period of time from being eligible for bidding in any contract with MSIF/IA.

No advance payments, however, shall be made to contractors/suppliers/consultants without a suitable advance payment security, issued by a reputable bank in the country or abroad. The advance payment shall be equal to 20% from the total contract cost. The wording of all such securities shall be included into the bidding documents and be acceptable to the Association.

Receiving Bids/Quotations/Proposals

If 3 bids cannot be obtained under NCB/LCB procedures, IA may continue with evaluation provided that MSIF gives no objection to proceeding with the evaluation of less than 3 bids.

For Sh procedures there will be no requirement that late quotations will be rejected. Unless there are already 3 or more quotations available, MSIF/IA may give a reasonable amount of additional time, say 3 more days, to get additional quotations.

The extension of the bid submission deadline and bid opening date shall be notified to potential bidders 7 days prior to the expiring of the bid submission deadline.

In case of civil works procured by NCB/LCB, MSIF/IA may at its discretion, extend the deadline for submission of bids by amending the Bidding Documents (BD), without re-advertising the tender and such amendments to the BD will be subject to Bank's post review, if the contract is indicated so in the Procurement Plan.

MSIF/IA may, at its discretion, re-advertise the tender if no potential bidders bought the bidding documents by the deadline for submission of bids, which will not be subject to Bank's no-objection, if the contract is indicated subject to Bank's post review in the Procurement Plan.

Bids/Proposals Public Opening

MSIF/IA shall invite the bidders/consultants, who wish to attend, to the public opening under open competitive procedures and will make a record of the Minutes of Opening.

Evaluation of Bids/Quotations/Proposals

Considering the small scale and simplicity of the civil works to be carried out and the orientation of the project towards community-based projects and community development, no pre-qualification requirements shall be used under the project.

The Evaluation Committee members shall bear the responsibility for correctly carrying out the evaluation and selection process.

All bids may be rejected, if found out that corrupt, collusive or coercive practices in competing for the contract in question were used or if the lowest evaluated bid price is 20% higher than the estimated cost of the contract.

If all bids are rejected as non-responsive, MSIF should send re-bidding request to the Bank for no-objection regardless of the value of such contracts.

In this case, MSIF/IA shall propose solutions for improvement under rebidding such as the revision of the BD including the Bill of Quantities.

If the community fails to organize valid tenders after three attempts, bearing in mind the efforts made to improve the process from a procurement point of view, MSIF will be entitled to find alternative solutions from a project management point of view, including canceling the financing for the given sub-project.

The Evaluation Committee shall prepare Evaluation Reports using the forms for each procurement method, given in the second part of the Procurement Handbook.

Award and Notifications

To ensure the capacity of the contractors, a bidder shall not be awarded a contract, if, at the time of contract award, it is executing its first contract awarded within the MSIF 2 Project or it is simultaneously executing 3 or more contracts, awarded within the MSIF 2 Project, even if the contracts are executed by its branches or one of its founders (associates) holding equity in such enterprises.

MSIF/IA shall not award contracts to a contractor if there is a consistent history of litigation, arbitration awards against it or any partner of a Joint Venture or contract termination due to the Contractor's fault, nor if the Contractor, in the judgment of the MSIF/IA, has engaged in corrupt or fraudulent practices in competing for or in executing the Contract.

For the purpose of this Clause:

"corrupt practice" means the offering, giving, receiving, or soliciting of anything of value to influence the action of a public official in the selection process or in contract execution;

"fraudulent practice" means a misrepresentation of facts in order to influence a selection process or the execution of a contract to the detriment of the Borrower, and includes collusive practice among Contractors/Consultants (prior to or after submission of proposals) designated to establish prices at artificial noncompetitive levels and to deprive the Borrower of the benefits of free and open competition;.

MSIF/IA shall send a Letter of Acceptance to the winner in the format for each procurement method, given in the second part of the Procurement Handbook. The letter will specify the deadline and place for signing the contract.

Contract Signing

The contract shall be signed by the MSIF/IA representatives only after being approved by WB/MSIF (in case of prior approval) and being signed by the contractor/supplier/consultant.

Contract Implementation

MSIF/IA shall assign a contract coordinator for each and every contract being signed.

All the payments shall be made observing the procedures described in the Financial Handbook annexed to this Manual.

Resolution of Disputes

The arbitration proceedings, if any, shall be conducted in accordance with the rules of procedure of the Economic Court of Moldova and with the prior consent of MSIF.

6.6. Procurement Monitoring and Evaluation

Review of Procurement Activities

- ***Prior Review***

MSIF shall prior review all contracts (goods, works, and consultants) in each category of sub-projects under Rural Community Development sub-component for the first time participating communities (infrastructure and non-infrastructure).

Under Rural CDD, Small Town Community Development and Social Care Services Sub-projects sub-components, the IA, shall submit to MSIF the results of the tenders for the first contract for goods, works, and consulting services. The said contracts shall be awarded only after MSIF issues its no-objection to the above mentioned tenders' results.

The WB shall prior review selected contracts as foreseen by the Procurement Plan.

- *Post Review*

Post review shall apply to every contract not governed by the paragraphs above.

During the field visits, MSIF shall post review procurements carried out by communities to assess, give advice and correct mistakes and ensure that all procurement activities are carried out in conformity with the MSIF Operational Manual and the Grant Agreement.

The WB shall also post review selected contracts during the regular project supervision missions.

- *Sub-projects Follow-up Engineer*

MSIF Follow-up Engineer in charge of the sub-project under Rural Community Development Component for first time participating communities will visit the sub-project site at least once a month to (i) verify the progress and quality of construction works, (ii) Sign any Statement of Accomplished Works, together with the Local Supervisor and IA, (iii) Identify technical, managerial or other constraints faced by IA and the contractors.

- *Community Development Technical Consultant*

The Community Development Technical Consultant, assigned by MSIF will supervise each sub-project under Rural Community Development (for the communities with previous SIF experience), Small Towns Community Development, Social Care Services Development sub-components, visiting the sub-project site before every new tranche to be disbursed to supervise, verify, provide technical assistance and establish remedy measures concerning Grant management and observance of the procurement procedures for goods, services and works.

Procurement Progress Report

The IA under Rural Community Development (for the communities with previous SIF experience), Small Towns Community Development, Social Care Services Development sub-components, has to report about the procurement progress before submitting a Request for Tranche (RFT) to MSIF. The report shall be certified by the Local Supervisor and the MC/MB/Primaria Council.

Final Procurement Report

After the Project is completed the IA has to report about final disbursements. The report shall be certified by the Local Supervisor and approved by the General Meeting or Representative Meeting of the village/small town.

6.7. MSIF Database

Unit Price Data Base

MSIF will collect and maintain a Unit Price Database for all items (construction materials, labor, equipment and tools, goods) commonly required for a sub-project implementation.

The Unit Price Database is used in appraisal and monitoring, as a tool to review the sub-project's budget in the Grant Agreement and serves as a guide when the procurement is done through direct contracting.

IA will be allowed to award the contract to the lowest evaluated bidder if the bid price is over the estimate. If the winning bidder offers a higher price the Community has to find way of increasing its contribution to more than 15% including the amounts of cash and in kind inputs.

Chapter VII. MSIF's financial and management procedures

7.1. MSIF financial management

Financial management is a process which brings together planning, budgeting, accounting, financial reporting, internal control, auditing, and disbursement of the project with the aim of managing MSIF Project resources properly and achieving the MSIF Project's development objectives. The aim of the financial management is to provide timely, reliable, and useful information for accountability and decision-making.

All financial procedures to be followed by MSIF and the Credit and Grants beneficiaries during MSIF implementation shall comply with the guidelines provided in the MSIF Operational Manual and be aimed at achieving economy and efficiency.

The overall responsibility for the financial management of MSIF Project is with the Finance and Administration Department (FAD) within MSIF. The accountabilities of FAD are the following:

- Implement and maintain an accounting system that will comply with GOM National Accounting Standards (NAS) and acceptable to WB and other donors.
- Design and implement internal controls to ensure safekeeping of assets.
- Elaboration of annual consolidation budget for presentation and approval of Executive Committee and subsequent approval of National Board, Ministry of Finance, WB and other donors.
- Monitor disbursements to ensure compliance of Credit and Sub-Grant Agreements.
- Review and evaluate variances between budget and actual disbursements.
- Liaison with external auditors, employees, suppliers, contractors, banks, Ministry of Finance, the Social Fund, the Fiscal Authority , WB and other donors in financial related matters.

- Preparation of quarterly and annual financial and statistical reports required by GOM, WB and other donors.

All financial responsibilities related to SP/CDD/SCS/ST Project activities shall be decentralized.

For every SP (traditional project used in MSIF 1 Project), MSIF will enter into a Grant Agreement with the IA and local public administration (LPA). The Grant Agreement will outline the agreed financial procedures and will specify the terms and conditions under which the funds may be used. All financial activities shall be executed in conformity with the Grant Agreement. Financial management of a SP implementation is primary responsibility of the IA, and includes:

- Preparation of SP plan and SP budget.
- Preparation of a detailed calculation of the total amount of the SP costs, according to the contract concluded with the Contractor.
- Secure the community contributions, as it is mentioned in the guarantees documents, presented to MSIF, bearing the whole responsibility for the consequences, if these obligations are not fulfilled.
- Not using of the allocated means for the SP for other activities, not specified in the Grant Agreement, without MSIF authorization.
- Not allowing any changes or amendments to the SP implementation and its cost structure, technical and material specifications, without MSIF authorization.
- Keeping the copies of all documents presented to MSIF, which shall be available for each Community member wishing to get acquainted with the financial reports.

For every CDD/SCS/ST Project, MSIF will enter into a Sub-Grant Agreement with the CBO/NGO/LPA.

The Sub-Grant Agreement will outline the agreed financial procedures and will specify the terms and conditions under which the funds may be used. All financial activities shall be executed in conformity with the Sub-Grant Agreement.

Financial management of a CDD/SCS/ST Project is primary responsibility of the CBO/NGO/LPA, representing the Community, and includes:

- Preparation of Strategic Plan and Annual Work Plan as part of the Sub-Grant Application.
- Development, with MSIF technical assistance, of estimates for the Sub-Projects included in the Sub-Grant Application.
- Collection of the Community contribution.
- Not allowing any changes or amendments to the CDD Project implementation and its cost structure, technical and material specifications, without MSIF authorization.

- Not using of the allocated means for the CDD Project for other activities, not specified in the Sub-Grant Agreement, without MSIF authorization.
- Operating and maintenance of bank accounts.
- Effecting the payments under contracts for goods, works and consulting services.
- Keeping the accounting records in conformity with the Republic of Moldova legislation, donor countries' and World Bank requirements.
- Accounting of all expenditures under the Sub-Projects and maintenance of documentary evidence to these expenditures.
- Preparation of progress and completion financial reports.
- Ensuring transparency of Sub-Grant implementation.
- Reporting to Community about the implementation results of the grant obtained from MSIF.

MSIF will train CBO, NGO and LPA representatives in issues related to financial management, ensuring project implementation accountability and transparency.

7.2. MSIF Accounting and Disbursement

7.2.1. MSIF Accounting System

The EO accounting procedure is described in details in the Financial Handbook.

The FAD will be responsible for maintaining adequate control of the accounting information and ensure its registration in the accounting system. The FAD will be responsible of keeping all supporting documentation required by normal accounting practices for payments made to finance subprojects/grants or administrative expenses. The above documentation will be kept in an accessible but secure place.

The MSIF accounting system is a computerized system of financial data processing. The information to be inputted includes financial documentation (checks, receipts, invoices, confirmations, reports, etc.) received from Banks, Contractors, Local Supervisors, LPA and Implementing Agencies.

The outcome information of the Accounting System will be reports to be submitted to Donors, NB, Auditors, etc.

The Accounting System will ensure the following:

- reliability in information storage and fast processing of information;
- simple and clear methods of information input and output;
- the necessary level of protection from unauthorized access;
- certain level of protection against the input of false data;
- generation of reports meeting national accounting standards, World Bank and other donor requirements;

- sufficient flexibility in processing complex queries.

There will be an active data exchange, as regards funds disbursements, between the Accounting System and the MIS. Specifically, the Accounting System will receive information from the Budgeting and Follow-up Subsystem of the MIS, and the MIS, in its turn should get actual subproject/grant payment amounts and their confirmations from the Accounting System.

7.2.2. MSIF Bank Accounts

The EO will open a separate special account for every source of funding in commercial bank acceptable to the World Bank. All the MSIF operations will be carried out through bank transfers.

Special Accounts will be opened as follows:

- Special account in USD or other foreign currencies will be opened by MSIF in the Moldovan Commercial Bank.
- Special account in MDL will be opened by MSIF in the Moldovan Commercial Bank (in the same commercial bank as in case of foreign currency accounts).
- Treasury account in MDL opened by MSIF in Chisinau Territory Treasury as separate Treasury project account for the Moldovan Government Contribution to the Project Implementation.
- Other MDL accounts (for community contribution, Government contribution, interests received on special accounts).

The signatories to EO accounts will be the Executive Director, the Director of Finance and Administrative Department, Director of MIS and M&E Department, the Director of Assistance in Technical Issues Department, Chief Accountant. The list of MSIF accounts, commercial bank information and persons authorized to sign payments find in the Annex to the Financial Handbook.

7.2.3. Sub-project Payments

Contract currency

All contracts will be signed in local currency (lei) with indication of the exchange rate lei/USD. At the moment of payment, the amount of executed works will be recalculated taking into account the fluctuation of exchange rate lei/USD.

The Grant Agreement and the consequent contracts will specify the terms, conditions and methods for transfer of subproject related funds. EO will transfer funds directly to the accounts of contractors, suppliers and consultants, upon authorization (Request for Payment) from the Implementing Agency and LPA.

To Contractors

Advance Payments

Any advance payment to implementing agencies/contractors will be described in the terms and conditions of the respective Grant Agreement/Contract. The amount of cash advance will be not more than 20% of the contract cost and will not exceed the amount secured by a Bank Guarantee.

In order to encourage new grassroots contractors, this provision will not apply to contractors or implementing agencies executing contracts below \$10,000. In such cases, however, an advance may be made up to 10% of the total contract amount or the amount required for initiation of activities, whichever is smaller.

Payment to contractors will be made in accordance with terms and conditions stated in the contract. The contracts will specify that the payments will be made proportionate to the accomplished works and will be made based on the Statements of Accomplished Works (SAW) provided by the contractor and verified by the IA and MSIF Follow Up engineer.

The contract amount, serving as a basis for the estimation of the advance payment, shall not include the cost of materials, works and equipment contributed by the community to subproject implementation. The Advances are retained from the subsequent payments to the contractor in the proportion to the volume of works done. At advance retainment, the retained amount is converted in currency at the same exchange rate at which the advance has been made.

The term for which a Bank guarantee will be issued for the advance payment, has to exceed the date planned for works finalization with at least 15 days.

The last 5% of quality guarantee may be paid, if requested by the contractor, at the time of preliminary handover only if the contractor presents a bank guarantee. The Bank guarantee shall be issued on a period exceeding the quality guarantee period by 15 days. The bank guarantee will be checked by the chief accountant and then introduced in the informational system by the community development consultant in technical issues.

The MSIF community development consultant in technical issues is responsible for monitoring the terms of reimbursement of any amounts of any bank guarantee issued under the subproject.

SP's payment is made by a bank transfer within 5 working days from the moment of Request for Payment (RFP) approval in MIS by FAD.

MSIF retains from the amount for payment:

- percentage of the received advance;
- amount of community's contribution in kind;
- percentage of work quality guarantee – 10%, 1/2 of which to be paid immediately upon completion of works, and other 1/2 - after the defect liability period, specified in each contract.

The payments are made in MDL.

Request for Payment

Before disbursements are released the following should be scrutinized:

Request for Advance (RFA) fully completed, sealed, and signed by Contractor, IA and LPA in compliance with the Grant Agreement, which contains the MIS generated project number assigned at proposal stage, date of the subproject implementation contract, name of the contractor, contractor's bank information, the amount requested for payment, date of completing the request form.

The Request for Payment must be accompanied by the following documents:

- Statement of Accomplished Works (SAW).

SAW and must be checked and signed in the following order:

- (i) Contractor
- (ii) The Local Supervisor
- (iii) The Head of IA
- (iv) The Accountant of IA
- (v) The Mayor
- (vi) Chief Accountant of LPA
- (vii) MSIF Consultant on technical issues

- Contract record showing the outstanding balances and amount to be deducted for advances and quality guarantee.
- Certificates of preliminary and final acceptance (for final payments only). The certificates of preliminary and final acceptance must be checked and signed by the Reception Committee, created and proved accordingly to MSIF procedures and the legislation in force.

To Local Supervisors

The local supervisors will be paid upon submission of duly completed Request of Payment from IA. The RFP should include the following information:

- (i) contract number and date
- (ii) contract cost
- (iii) schedule of payments
- (iv) requested amount

The RFP will be checked for completeness and signed by the head and accountant of IA, Chief accountant of LPA, Mayor and Local Supervisor.

Based on the MSIF 1 Project experience, namely the fact that the subprojects cost is different, and local supervisor workload is different for different types of subprojects, the following way of calculation is established for SIF2:

- A) The Total amount of payment for local inspectors' services shall be calculated in relation to the subproject type, according to the table below, specifying the percentage of the total amount of the contract for construction works execution:

Type of subproject	Percentage
CDD subprojects (comp. 1.2; 1.3; 2.1)	2,5%
Social subprojects (comp. 1.1)	2,2%
Economic subprojects (comp. 1.1)	1,8%

- B) For the CDD type subprojects (comp. 1.2; 1.3; 2.1) local supervisor's remuneration shall be calculated based on the following additional criteria:
- For the subprojects with the value of the contract of construction works execution under Lei 700 000,00 the total amount of remuneration shall be **2.5%** of the named contract value;
 - For the subprojects with the value of the contract of construction works execution over Lei 700 000,00 but not exceeding Lei 1 ml, the total amount of remuneration shall be **2.0%** of the named contract value;
 - For the subprojects with the value of the contract of construction works execution over Lei 1 ml, the total amount of remuneration shall be **1.8 %** of the named contract value;
- C) It is not acceptable that local supervisor executes at the same time more than three contracts under the MSIF financed subprojects, either economic, social or CDD, or in any combination.
- D) In case of simultaneous execution of three contracts, according to the table from p. A, the local supervisor shall be allowed to participate in a new tender and sign a new contract only upon finalization satisfactory to the Beneficiary of at least one of the three contracts (after handover at the end of works).
- E) Due to the fact that the quality of services provided by the local inspectors determines the quality and terms of civil works execution by Contractors, it is established that their payment shall be done according to the scheme below:
- a) 15% of the amount – after execution by the Contractor of 15% of the planned works;
 - b) 35% of the amount – after execution by the Contractor of 50% of the planned works;
 - c) 40% of the amount – after signing the paper of preliminary handover at works end;
 - d) 10% of the amount – after signing the paper of final handover of facility.

7.2.4. Grants payment

Grant funds are transferred to the IA/LPA in tranches. The MSIF will pay the first tranche up to 15% of the Grant to initiate activities according to the approved budget given in Supplement 1 to the Grant Agreement, upon signing of this Agreement.

For each tranche the IA must submit a duly completed "Request for Tranche" form to the MSIF. The Request for Tranche must:

- have clear instructions on methods of payment, name, bank address and account number of payee;
- signed by authorized signatories and must be accompanied by:

- (i) original Statements of Accomplished Works; or
 - 1. in case of delivery of goods or materials, original receipts or invoices; or
 - 2. in case of consultancy, a short description of the work completed.
 - 3. primary documents for payments
 - 4. Statement of Expenditures
- (ii) Summary report for the period

The IA's request for payment of each tranche can be made only after 75% of the previous payments have been spent, as evidenced by bank statements.

MSIF will make the transfer of tranches within 10 working days after the verification and approval by the MISF's Community Development Consultants and Financial Auditor of completed activities and payments done.

Before making the last tranche payment, the Financial Auditor will conduct a revision of the financial resources allotted for the community grant to see if there are any unused financial resources and in order to do the transfer in strict conformity with the de facto expenses. Taking into consideration that the defect liability period is 3 to 6 months, the 5% work quality guarantee for contractor and 10% work quality guarantee for local supervisor will be deducted from the last payment. These amounts will be transferred after final handover of the facility. If during the implementation of the last tranche some financial means are saved they will be at the disposal of the IA for further implementation of the community sustainability plan.

The methods of grant funds transfer, the terms and conditions of funds disbursements are stipulated in the Grant Agreement.

7.2.5. Other Payments

All other payments, such as payments to individual consultants, consulting firms and other institutions will be made in accordance with the particular contract signed by the MSIF ED and based on the clearance for payment made by the ED. Each contract will stipulate terms and conditions of contact as well as the currency and method of payment.

7.3. MSIF Administrative Procedures

7.3.1 Staff recruitment procedures

It is the policy of MSIF to provide equal employment opportunity to all qualified employees and applicants for employment regardless of race, creed, color, age, sex, religion, sexual orientation, marital status, political affiliation, disability, or national origin.

MSIF staff recruitment procedures include the following stages:

- Development of Terms of References describing MSIF basic objectives, the basic requirements, obligations and responsibilities of the specialist. The Director of relevant Department develops the TORs. The Executive Director approves all TORs.
- Announcement in mass media, which includes the information about TOR, the list of documents that must be submitted, the deadline, and the address where the documents can be submitted.
- Creation of the Recruitment Committee, which is responsible for screening and interviewing of the candidates. The RC develops a plan for the interviewing process, which contains the questionnaires and the methods of decision-making.
- Advising of the top candidate and making the proposal to sign the contract.

In case that as the result of the interview no candidate was selected, the procedure is repeated.

A person will be considered employed by MSIF only after he/she signs and returns an Employment Contract.

7.3.2. Staff employment terms and procedures

Based on the fact that implementation of the MSIF project is limited to five years, and that human resources are considered as key element for ensuring the successful implementation of the project; and taking into account the principle of seeking maximum cost-effectiveness for the MSIF activities; in order to having more possibilities to benefit from qualified personnel and timely adjustment of the MSIF positions according to the actual needs of the project implementation, the MSIF employment rules are guided by the legislation of the Republic of Moldova, with relevant exemptions as stipulated below:

1. All the contracts of employment in MSIF are signed for periods not exceeding 12 months and not exceeding the respective year. Signing by MSIF of a future contract with a former employee, based on the actual needs of the MSIF project implementation can take place after the evaluation of employee performance during the period of the last contract, done by the MSIF Evaluation Committee, including Executive Director, the Directors of Departments and, if necessary, experts in the domain.
2. A three months probation period is established for core staff personnel (and for long term consultants) (hereinafter referred to as “employees”) during which the contract may be terminated by either party upon two weeks advance notice.
3. The probation period is intended to give each new employee the opportunity to demonstrate his/her ability to achieve a satisfactory level of performance and to determine whether the new position meets his/her expectations. MSIF uses this

period to evaluate a new employee's capabilities, work habits, and overall performance or the meeting by the employee of the new position's expectations. At the end of the probation period the Evaluation Committee will evaluate his/her performance. The successful completion of the probation period will typically lead to a continuation of employment, but will not be necessarily accompanied by an increase in salary.

4. The contract can be terminated during the period of contract by either party in cases of the employee performs unsatisfactory, based on a decision of the EC, or the employee does not carry out the terms of the contract or those of the Labor Code of the Republic of Moldova, or at the employee's own request.
5. In case of decision to terminate the contract, MSIF provides final payment, which includes two weeks of severance pay, to full time employees and full time local consultants. MSIF provides severance pay in all cases of termination of the contract with exemption of termination of contract in the probation period and in case the employee does not carry out the terms of the contract or those of the Labor Code of the Republic of Moldova.
6. The contract determines the employee compensations. MSIF salary levels are intended to attract qualified personnel and provide them with sufficient incentives to ensure quality performance and continuing job satisfaction. Compensation is directly related to the responsibility that an employee is willing and able to accept.
7. The standardized or non-standardized duration of working day is established in the contract. In case that the duration of the working day is not standardized, the employee is entitled to 28 calendar days compensatory leave per year, that can be obtained in coordination with Executive Director.
8. MSIF decisions about hiring or re-hiring can be contested in conformity with the current legislation..

All MSIF employees' regulations are described in the MSIF Administrative guidelines.

7.3.3. Office Management Policies

Office Management and administrative procedures are described in the MSIF Administrative guidelines (see Annex).

7.3.4. Contracts Management

1. For the purpose of efficient management of contracts, MSIF will develop and approve at EC all templates of contracts and other legal documents used in the program. In addition, EC will approve

the contract management procedures (stocking, development, signing, endorsement, approval, monitoring, etc) and the responsibilities of each MSIF employee (responsibilities matrix).

2. MSIF is entitled to change the basic source of the Contract, unilaterally, provided that such change does not affect the total amount to be paid to the Supplier according to the Contract. The change of the source of financing shall be documented through the procedure „Request to change the source of financing”.

3. The terms of reference „TORs”, not needing preliminary approval by the World Bank, shall be approved with the budget at MSIF EC. The department responsible for this activity will prepare the TORs and budget.

Chapter VIII. MSIF monitoring and evaluation

8.1. MSIF key performance indicators

The Key performance indicators which will be monitored systematically by MSIF are as following:

Impact/ Outcome indicators

Improved quality of education, health and other outcomes due to improved quality of the basic social and economic services in the community measured through the impact evaluation studies.

The Logical Framework methodology was used to determine project objectives, conduct project planning and develop the project monitoring system. The specific indicators are included in Monitoring and Evaluation Handbook (see Annex 1)

Output Indicators:

1. Increase in number of community services (community services and community based social care services) operational in targeted areas with improved quality, better maintenance, and financially sustainable (two years after MSIF II investment);
2. Improvement in the capacity of the participating NGOs, community based organizations (CBOs), and local governments in decision making and management of the community services as measured by the increase in the number of community institutions initiating new projects after graduating from MSIF;
3. The capacity of the Central and the Regional Governments to formulate, implement, monitor and evaluate policies for social care services strengthened through: (i) development of five regional plans for development of the community based social care services and deinstitutionalization; and (ii) dissemination of lessons learned and mainstreaming the policies in the system;
4. Improved efficiency of heating systems through energy conservation methods in the rehabilitated schools and public buildings;
5. Strengthened capacity of the local contractors in MSIF procurement procedures, construction know-how, energy efficient techniques, and space utilization innovations;

6. Temporary jobs created in the targeted communities (measured as number of man-days generated per subproject).

8.2. MSIF Internal Monitoring System

The internal monitoring system is carried out by the computerized Management Information System (MIS) using indicators developed in the Logframe and described the MSIF Monitoring and Evaluation Handbook. The MIS supports the management and monitoring of the technical and financial execution of subprojects/subgrants and the information requirements for the MSIF Management, NB, the World Bank or other donors.

Computerized Management Information System (MIS)

The Monitoring and Evaluation and Management Information System Department (MEMISD) is in charge of development and maintaining the computerized Management Information System (MIS). MIS is bilingual, to provide all information in Romanian language and summary information in English.

The MIS is linked to the 1-S local accounting system and to the Project Management Accounting System (PMAS).

MIS consist of the following main subsystems:

- Resources Targeting
- Promotion Module
- Subproject Portfolio
- Subproject Appraisal
- Unit Prices' Database
- Compound Prices' Database
- Subproject Budgeting
- Subproject Approval
- Subproject Follow-up
- Monitoring Module

Unit Prices Database

The EO will collect and maintain a unit costs database for all items (construction materials, labor, equipment and tools) commonly required for subproject/subproject implementation. The unit costs or rates will be recorded on a regional basis. The MOs will collect, on a monthly basis, costs and rates of the most commonly required items from a random sample of suppliers and employers. The price unit database will also be update based on the actual bids submitted by potential contractors.

For this purpose, the EO maintains a database of employers and suppliers from whom such unit prices are collected. The MIS uses the unit prices to calculate compound prices for commonly

required items of work, based on recipes of work items. Recipe Table stores the composition of the compound materials and works. The database is used in appraisal and monitoring, as a tool to review the subproject budget in the Agreement and as a guide when procurement is through direct contracting.

MSIF will regularly update these databases as part of the cost control system, to safeguard that selection of subprojects is undertaken according to transparent criteria.

Compound Prices Database is also a tool for price evaluation and preparation of estimated budget. MSIF EO maintains a database, which store all bids, submitted to MSIF. Based on these bids, estimator can compute, by means of MIS tools, the average price for each work item. It must be done monthly. Estimator has a possibility to use prices computed either by means of Unit Price Database or Compound Prices Database.

Subproject/subgrant Budgeting Subsystem calculates the estimated subproject/subproject budget at appraisal based on data from Unit Prices Database and/or Compound Prices Database and estimated Bill of Quantities. Although prices are updated monthly, in conditions of exchange rate fluctuation of the lei, it is necessary to update prices of main materials before the Bill of Quantities is prepared.

Subproject/subgrant Follow-up Subsystem provides the Management of the MSIF with all necessary information for the physical and financial monitoring and control of subproject execution. It traces all stages of subproject cycle and signals the **Accounting unit** when payments for the contractors are requested. It is also a tool for Community development consultants (technical issues) that permits to make Change Orders and to submit and supervise Statements of Accomplished Works.

Monitoring Module is a management tool, which permits to: supervise civil works for each subproject, rayon or in the whole country; prepare all necessary Project Progress Reports, status of all subprojects; fund utilization; statistical information; other reports and diagrams. All this information is used by PMU for taking decisions and reporting.

Participatory M&E Module. The module is a tool for entry, validation and aggregation of data gathered from communities in Participatory M&E exercises. Data from communities are collected in different ways: by e-mail, working remotely with MSIF server, sending hard copies to MSIF office. After verification and correction, all the data are aggregated and processed in order to: generate statistical data about communities' activity, capture the MSIF impact on beneficiaries, and identify problems and best practices.

The Auxiliary databases on Supervisors, Contractors, Implementing Agencies, NGO's and Personnel of the MSIF are also established and maintained by MIS.

8.3. MSIF external monitoring

MSIF external monitoring will be performed by international consultants specialized in the field of different types of monitoring.

As part of the external monitoring MSIF will perform the following activities:

- procurement audit,
- financial audit,
- technical audit,
- beneficiary impact assessment

8.4. Participatory monitoring and evaluation (PME)

Participatory monitoring and evaluation are included into the MSIF logframe as a mechanism for generating learning at community level.

Participatory Monitoring and Evaluation (PME) is a collaborative process that involves stakeholders at different levels working together to assess a project or policy, and take any corrective action required.

The key principles of PME are as follows:

- ◆ Local people are active participants—not just sources of information.
- ◆ Stakeholders evaluate and outsiders facilitate.
- ◆ Focus on building stakeholder capacity for analysis and problem-solving.
- ◆ Process builds commitment to implementing any recommended corrective actions.

The stakeholder groups involved in a participatory M&E activity will include:

- the end users of project goods and services, including both men and women at the community level,
- intermediary organizations, including NGOs, private sector businesses involved in the project,
- Government staff at all levels.

The PME activities will be organized at community level based on the sub-project) cycles. The PME will be facilitated by the local facilitators hired through Community development and Information Centers developed with MSIF support.

At the beginning the local facilitators will be trained in PME procedures by MSIF community development consultants. The module of training is included as part of MSIF Community capacity building Handbook (see Annex).

After the training local facilitators will be involved in PME activities at community level, which will include:

- initial training for stakeholder groups at community level in objectives, procedures, community benefits as a result of exercising PME
- developing of PME activities according to the project cycle and elaborated indicators.
Note: Detailed indicators for each typology of MPs, i.e., roads, water supply, gas supply, school, social care services (disabled and 'at risk' children, women, youth and old people),

sewerage, soil and water conservation, and small-scale irrigation have been elaborated by MSIF with the technical assistance of international consultant (see PME Operational Manual). The indicators for each typology of MPs are classified into input, socio-economic, procurement, implementation, project specific (performance/output indicators), community participation, training, environment (standard World Bank classification), capacity building, sustainability, lessons learned module (no indicators specified at this stage), and impact (outcome) indicators.

- Introducing of collected data into the MSIF MIS, module elaborated for PME

The integrated data will be elaborated on the basis of PME and will be used for MSIF reports and studies.

8.5. MSIF Reporting obligations.

Reports

MSIF will prepare and distribute progress status reports twice per year: on semi-annual and annual reports. The MSIF will submit to the World Bank and other Donors Progress Status Reports, Financial Monitoring Report (FMR) not later than 45 days after the end of the concerned period. These reports will contain Key performance Indicators and analysis of performances, highlighting problems and best practices found during the reporting period.

The FMR:

- Sets forth sources and uses of funds for the Project, both cumulatively and for the period covered by said report;
- Describes physical progress in Project implementation, both cumulatively and for the period covered by said report, and explains variances between the actual and planned Project implementation;
- Sets forth the status of procurement under the Project, as at the end of the period covered by said report.

The MSIF will submit quarterly Reports for GOM, consisting of:

- Balance sheet
- Cash flow
- Profit and Loss
- Report on expenditures
- Fiscal reports

Special Activity Report

Events may occur that has a significant impact upon the project. In such instances, the IA shall inform the EO and the ED informs the donors as soon as the following types of conditions become known:

1. problems, delays or adverse conditions that will materially affect the project objectives and timelines to be met
2. favorable developments that enable time schedules to be met sooner than anticipated
3. fluctuation of market prices that result in the need to amend budgets

Sub-project/grant Completion Report

On completion of the sub-project/grant, the community development consultants (technical and social issues) will prepare the sub-project/Grant Completion Report. This Report should be produced only after discussion with the beneficiaries and other agencies or individuals who have been involved during any of the various stages of a sub-project cycle. Comparison should be made between the objectives in the sub-project proposal/Grant application form and the final results, and lessons drawn for future sub-projects.

IX. List of Annexes

- Annex 1. MSIF 2 project Logical Framework
- Annex 2. Sub-project and CDD Grant Appraisal Handbook
- Annex 3. Follow-up Handbook
- Annex 4. Environmental Guidelines
- Annex 5. Promotion Handbook
- Annex 6. Community capacity building handbook
- Annex 7. Community Participation handbook
- Annex 8. Community driven development handbook
- Annex 9. Social care services handbook
- Annex 10. MSIF Communication strategy handbook
- Annex 11. Community Handbook
- Annex 12. MSIF2 Administrative guidelines
- Annex 13. MSIF2 Financial Handbook
- Annex 14. Procurement Handbook
- Annex 15. MSIF 2 MIS User Manual
- Annex 16. MSIF Monitoring and Evaluation Manual
- Annex 17. MSIF Participatory Monitoring and Evaluation Handbook