

**MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
(P118518 and P127125)**

PROJECT FINANCIAL STATEMENTS

**IDA Credit 5095-MD
GEF TF012145
SIDA TF014946
IDA Credit 5639-MD
IDA Credit 5858-MD**

**FOR THE YEAR ENDED
31 DECEMBER 2018**

CONTENTS:

PAGE:

| | |
|---|--------|
| INDEPENDENT AUDITOR'S REPORT | 1 – 2 |
| STATEMENT OF FINANCIAL POSITION | 3 |
| SUMMARY OF SOURCES AND USES OF FUNDS | 4 - 5 |
| STATEMENT OF DESIGNATED ACCOUNTS | 6 – 8 |
| NOTES TO THE PROJECT FINANCIAL STATEMENTS | 9 – 26 |

INDEPENDENT AUDITORS' REPORT

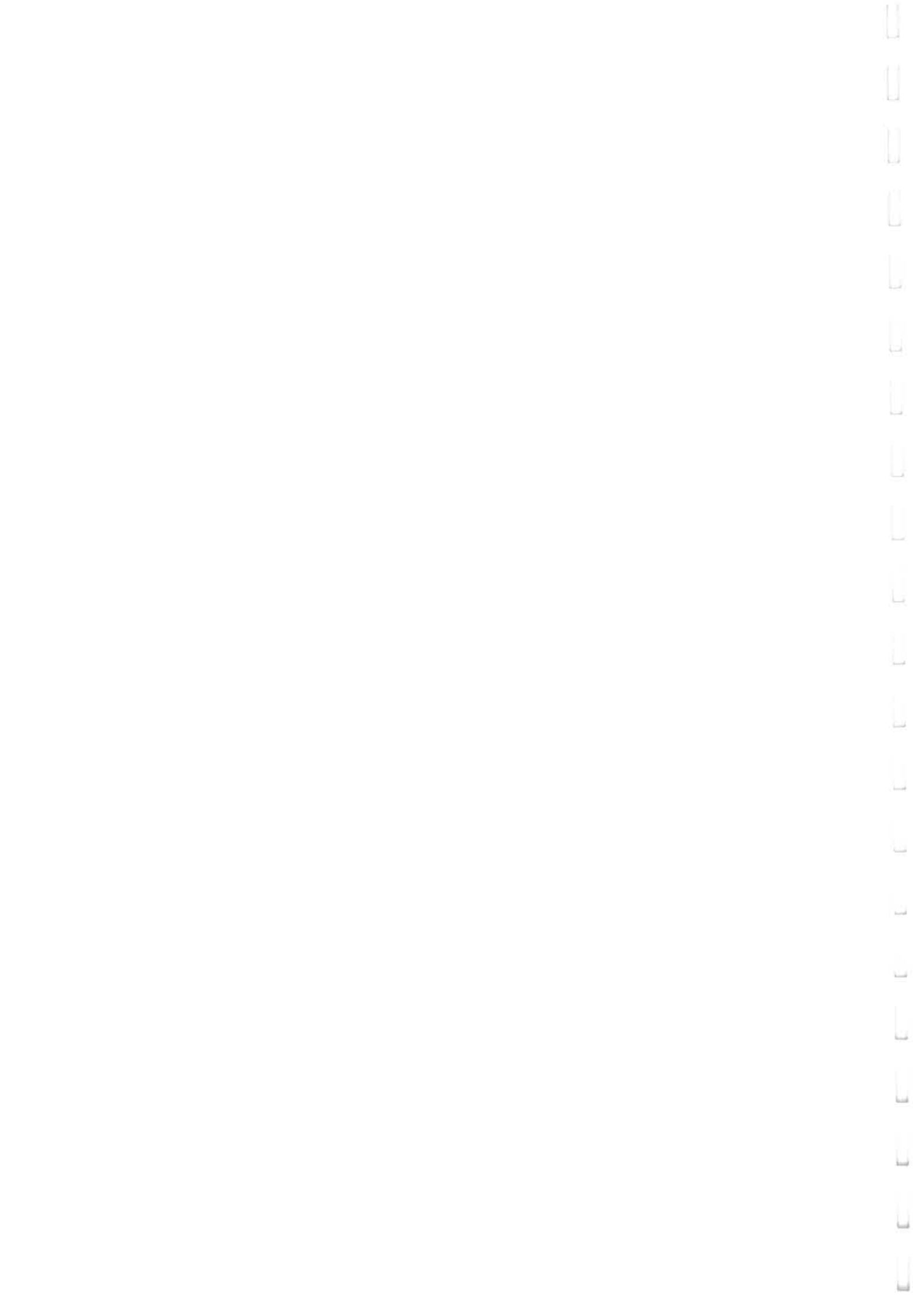
To the Management of Moldova Agricultural Competitiveness Project
Chisinau, Republic of Moldova

Qualified Opinion

1. We have audited the accompanying special purpose financial statements of Moldova Agricultural Competitiveness Project (the "Project"), which comprise the balance sheet as at 31 December 2018, the summary of sources and uses of funds and the statements of designated accounts for the year ended 31 December 2018, and a summary of significant accounting policies and other explanatory notes.
2. In our opinion, except for the possible effects of the matter described in the "Basis for Qualified Opinion" section of our report, the special purpose financial statements of the Project as at 31 December 2018 and for the year then ended are prepared, in all material respects, in accordance with the requirements of cash accounting and the financial reporting provisions of the financing agreements referred to in the paragraph 7.

Basis for Qualified Opinion

3. Based on our audit procedures conducted for the year ended 31 December 2016 we have identified exceptions indicating non eligibility of expenses related to the components E and B of the financing agreement IDA Credit 5639-MD and which are part of the cumulative Project expenses as at 31 December 2018. As a result, expenses in the amount of USD 358,283 financed under the IDA Credit 5639-MD- Component E and the amount of USD 634,363 financed under IDA Credit 5095-MD- Component B, as described in Note 6 "Refund of ineligible funds to the donor to the financial statements", were reported as not eligible for financing in accordance with the provisions of the financing agreements and were returned in amount of USD 992,646 by the Ministry of Finance directly to the donor ("World Bank") in 2018. Since our audit work was carried out on a sample basis and the Project expenses do not represent a homogenous population, we were unable to quantify the total amount included in the cumulative Project expenses, related to Component E, in the amount of USD 4,203,865 as of 31 December 2018 that might not be eligible for financing as a result of our findings above mentioned. Our audit reports for the years ended 31 December 2016 and 31 December 2017 were qualified on the basis of this matter.
4. We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Project in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.



Emphasis of Matter – Basis of accounting, Restriction on Use

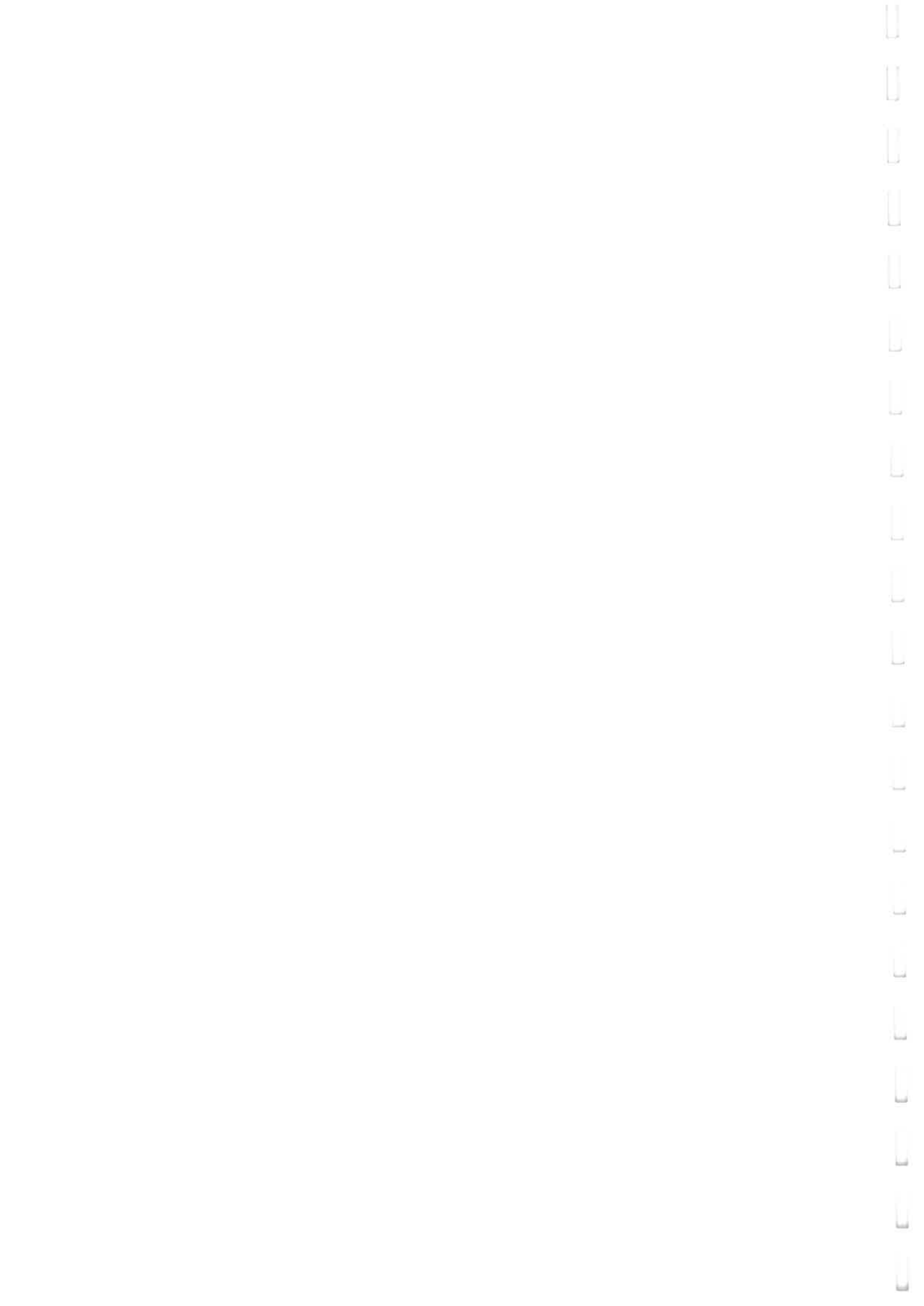
5. We draw attention to Note 2 to the special purpose financial statements, which describes that these financial statements are prepared on a basis of cash accounting according to which income and expenditures are recognized when cash is actually received or paid out rather than incurred. Our opinion is not modified in respect to this matter.
6. These special purpose financial statements are prepared to assist the Moldova Agricultural Competitiveness Project to comply with the financial reporting provisions of the financing agreements referred to in paragraph 7 and may not be suitable for another purpose. Our report is intended solely for the Project and the World Bank, and should not be used by any other party not familiar with the financial reporting provisions of the financing agreements referred to in paragraph 7. Our opinion is not modified in respect to this matter.

Management’s Responsibility for the Financial Statements

7. Management is responsible for the preparation of these special purpose financial statements in accordance with the financial reporting provisions of the financing agreement International Development Association (“IDA”) Credit no. 5095-MD signed between the Republic of Moldova and International Development Association dated 28 May 2012, the grant agreement TF012145 signed between Republic of Moldova and Global Environmental Facility (“GEF”) dated 28 May 2012, the grant agreement TF014946 signed between Republic of Moldova and Swedish International Development Cooperation Agency (“SIDA”) dated 15 November 2013, the financing agreement International Development Association (“IDA”) Credit no. 5639-MD signed between the Republic of Moldova and International Development Association dated 21 May 2015 and the financing agreement International Development Association (“IDA”) Credit no. 5858-MD signed between the Republic of Moldova and International Development Association dated July 8, 2016, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
8. In preparing the special purpose financial statements, management is responsible for assessing the Project’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Project or to cease operations, or has no realistic alternative but to do so.
9. Those charged with governance are responsible for overseeing the Project’s financial reporting process.

Auditor’s Responsibility for the Audit of the Financial Statements

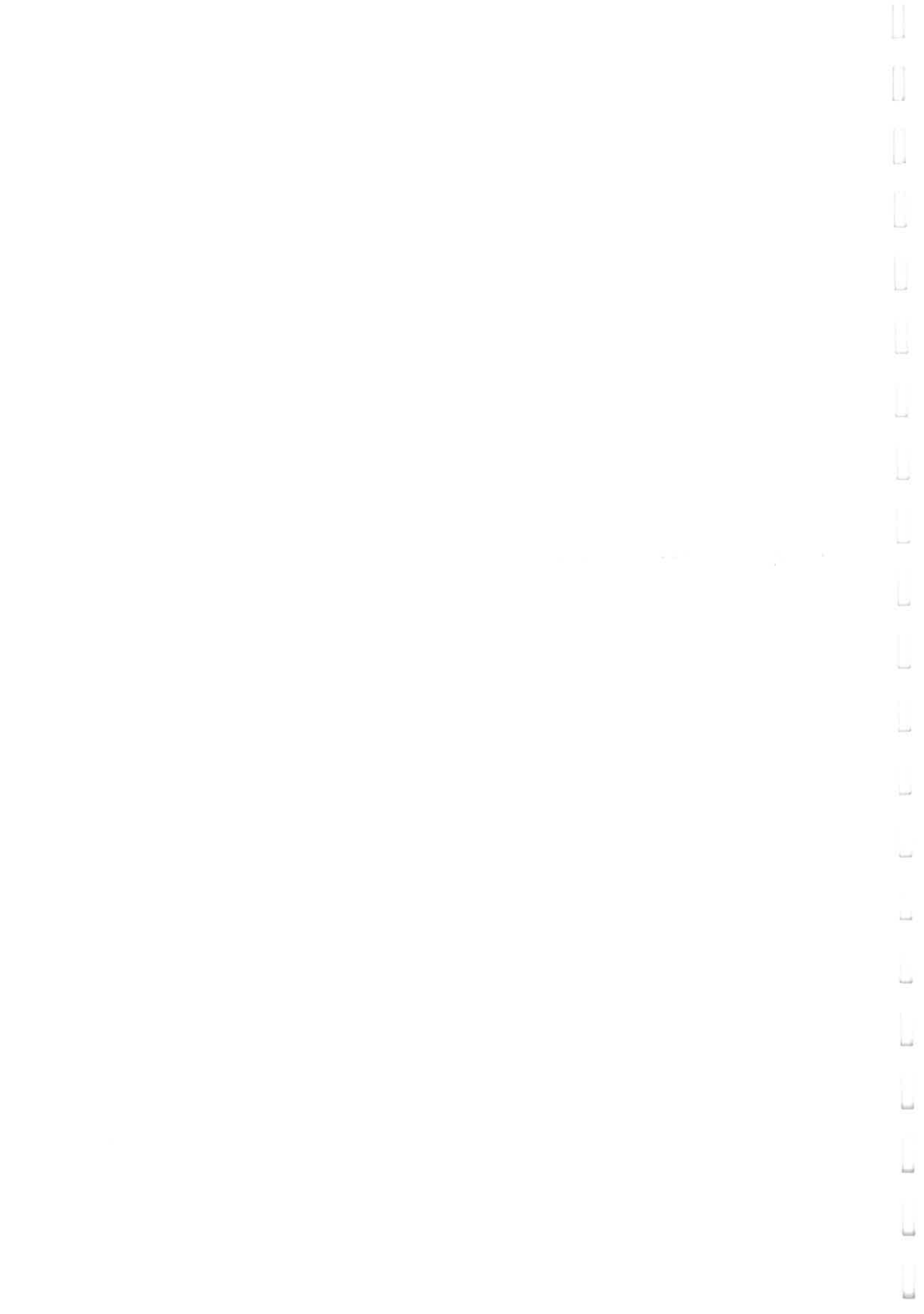
10. Our objectives are to obtain reasonable assurance about whether the special purpose financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements
11. As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:
 - Identify and assess the risks of material misstatement of the special purpose financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
 - Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
 - Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.
12. We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte & Touche SRL

Deloitte & Touche S.R.L.
Chisinau, Moldova
07 June 2019



MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
BALANCE SHEET
AS AT 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

| | <u>Notes</u> | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|--|--------------|------------------------------|------------------------------|
| ASSETS | | | |
| Cash and cash equivalents | | | |
| Designated account IDA 5095-MD | | 70,214 | 138,387 |
| Designated account GEF TF012145 | | - | - |
| Designated account SIDA TF014946 | | - | - |
| Designated account IDA 5639-MD | | 141,154 | 221,374 |
| Designated account IDA 5858-MD | | 140,167 | - |
| Total cash and cash equivalents | | 351,535 | 359,761 |
| Undisbursed balance | | | |
| Undisbursed balance IDA 5095-MD | | 99,149 | - |
| Undisbursed balance GEF TF012145 | | - | - |
| Undisbursed balance SIDA TF014946 | | - | - |
| Undisbursed balance IDA 5639-MD | | 2,557,317 | 2,376,225 |
| Undisbursed balance IDA 5858-MD | | 7,872,770 | 9,081,265 |
| Total undisbursed balance | | 10,529,236 | 11,457,490 |
| Cumulative project expenses | | | |
| Spent IDA 5095-MD | 4, 5, 6 | 16,231,020 | 16,272,114 |
| Spent GEF TF012145 | 4, 5 | 4,435,500 | 4,435,500 |
| Spent SIDA TF014946 | 4, 5 | 2,268,127 | 2,268,127 |
| Spent IDA 5639-MD | 4, 5, 6 | 9,427,914 | 9,592,446 |
| Spent IDA 5858-MD | 4,5 | 1,895,088 | 1,021,482 |
| Total cumulative project expenses | | 34,257,649 | 33,589,669 |
| TOTAL ASSETS | | 45,138,420 | 45,406,920 |
| FUNDS AND LIABILITIES | | | |
| Funding | | | |
| Financing agreement IDA 5095-MD | | 16,400,383 | 16,410,501 |
| Grant agreement GEF TF012145 | | 4,435,500 | 4,435,500 |
| Grant agreement SIDA TF014946 | | 2,268,127 | 2,268,127 |
| Financing agreement IDA 5639-MD | | 12,126,385 | 12,190,045 |
| Financing agreement IDA 5858-MD | | 9,908,025 | 10,102,747 |
| Total funds | | 45,138,420 | 45,406,920 |
| TOTAL FUNDS AND LIABILITIES | | 45,138,420 | 45,406,920 |

The financial statements attached were signed and approved on behalf of the Project's management on 07 June 2019 by:

Liviu Gumovschi,
Executive Director




Igor Belibov,
Chief Accountant



MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
SUMMARY OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

| | <u>Notes</u> | <u>For the year ended 31 December 2018</u> | <u>Cumulative to date</u> |
|---|--------------|--|-------------------------------|
| Opening cash balances | | | |
| <i>CAPMU Designated Accounts</i> | | | |
| Designated account IDA 5095-MD | | 138,343 | - |
| Designated account GEF TF012145 | | - | - |
| Designated account SIDA TF014946 | | - | - |
| Designated account IDA 5639-MD | | 167,377 | - |
| Designated account IDA 5858-MD | | - | - |
| <i>AIPA Designated Accounts</i> | | | |
| Designated account GEF TF012145 | | - | - |
| Designated account IDA 5095-MD | | 44 | - |
| Designated account IDA 5639-MD | | 53,997 | - |
| Total opening cash balances | | 359,761 | - |
| Add: Sources of funds | | | |
| <i>CAPMU</i> | | | |
| IDA Credit 5095-MD | 3 | 93,975 | 9,469,285 |
| GEF Grant TF012145 | 3 | - | 2,576,080 |
| SIDA Grant TF014946 | 3 | - | 2,268,127 |
| IDA Credit 5639-MD | 3 | 167,527 | 2,508,203 |
| IDA Credit 5858-MD | 3 | 591,774 | 606,871 |
| <i>AIPA</i> | | | |
| IDA Credit 5095-MD | 3 | 431,121 | 6,831,949 |
| IDA Credit 5095-MD refund | 3, 6 | (634,363) | |
| GEF Grant TF012145 | 3 | - | 1,859,420 |
| IDA Credit 5639-MD refund | 3, 6 | (358,283) | 4,197,498 |
| IDA Credit 5639-MD refund | 3, 6 | (53,997) | - |
| Retroactive financing IDA Credit 5639-MD | 3 | - | 2,863,366 |
| IDA Credit 5858-MD | 3 | 422,000 | 1,428,385 |
| Total Sources of Funds | | 659,754 | 34,609,184 |
| Less: Uses of Funds | | | |
| IDA Credit 5095-MD | | | |
| (1) Goods, works, non-consulting services, consultants' services, training and operating costs for the project | 4, 5 | 182,103 | 9,419,043 |
| Exchange rate difference CAPMU (related IDA50950MD) | | - | 27 |
| (2) Matching Investments Grants for Sub-Projects under Part B.2 and C.2 | 4, 5 | 411,166 | 6,811,950 |
| Refund of ineligible expenses under Part B | 4, 5, 6 | (634,363) | - |
| Total: | | (41,094) | 16,231,020 |
| GEF Grant TF012145 | | | |
| (1) Goods, non-consulting services, consultants' services, training and operational costs under Parts A.1 (iii), C and D of the Project | 4, 5 | - | 2,576,291 |
| Exchange rate difference CAPMU (related TF12145MD) | | - | (211) |
| (2) Matching Investments Grants for Sub-Projects under Part C.2 | 4, 5 | - | 1,859,270 |
| Exchange rate difference AIPA (related | | - | 150 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
SUMMARY OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

| | | | |
|--|---------|------------------|-------------------|
| TF12145MD) | | | |
| Total: | | <u>-</u> | <u>4,435,500</u> |
| SIDA Grant TF014946 | | | |
| (1) Goods, works, consultants' services, training and operating costs | 4, 5 | - | 2,268,125 |
| Exchange Rate difference CAPMU (related TF14946) | | - | 2 |
| Total: | | <u>-</u> | <u>2,268,127</u> |
| IDA Credit 5639-MD | | | |
| (1) Goods, non-consulting services, consultants' services (including Project audits), Training and Operational Costs under Parts A and D of the Project | 4, 5 | 193,749 | 2,367,071 |
| Exchange rate difference | | - | (23) |
| (2) Compensatory sales support grants under Part E of the Project | 4, 5, 6 | (358,283) | 4,203,865 |
| Exchange rate differences AIPA | | 2 | (6,365) |
| Retroactive financing through Ministry of Finance | | - | 2,863,366 |
| Total | | <u>(164,532)</u> | <u>9,427,914</u> |
| IDA Credit 5858-MD | | | |
| (1) Goods, non-consulting services, consultants' services (including Project audits), Training and Operational Costs under Parts B1 and D of the Project | 4, 5 | 451,609 | 466,706 |
| (2) Matching Investments Grants for Sub-Projects under Part B.2 of the project | 4, 5 | 422,000 | 1,428,385 |
| Exchange rate differences CAPMU | | (3) | (3) |
| Total | | <u>873,606</u> | <u>1,895,088</u> |
| TOTAL USES OF FUNDS | | <u>667,978</u> | <u>34,257,649</u> |
| Closing cash balances | | | |
| <i>CAMPU Designated Accounts</i> | | | |
| Designated account IDA 5095-MD | | 50,215 | 50,215 |
| Designated account GEF TF012145 | | - | - |
| Designated account SIDA TF014946 | | - | - |
| Designated account IDA 5639-MD | | 141,154 | 141,154 |
| Designated account IDA 5858-MD | | 140,167 | 140,167 |
| <i>AIPA Designated Accounts</i> | | | |
| Designated account IDA 5095-MD | | 19,999 | 19,999 |
| Designated account GEF TF012145 | | - | - |
| Designated account IDA 5639-MD | | - | - |
| TOTAL CLOSING CASH BALANCES | | <u>351,535</u> | <u>351,535</u> |

The financial statements attached were signed and approved on behalf of the Project's management on 07 June 2019 by:

Liviu Gumovschi,
Executive Director



Igor Belibov,
Chief Accountant

**MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
DESIGNATED ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**
(all amounts are expressed in USD, unless otherwise mentioned)

For the year ended: 31 December 2018
Account no.: 3261384040
Depository Bank: Ministry of Finance – State Treasury
SWIFT code: TREZMD2X

Source IDA 5095-MD

| | Notes | For the year ended 31 December 2018 |
|--|--------------|--|
| Opening balance - 01 January 2018 | | 138,343 |
| Add: | | |
| Sources of funds (excluding direct payments) | 3 | - |
| Deduct: | | |
| Uses of funds | 4, 5 | 88,128 |
| Exchange rate difference | | - |
| Closing balance - 31 December 2018 | | 50,215 |

For the year ended: 31 December 2018
Account no.: 3261384066
Depository Bank: Ministry of Finance – State Treasury
SWIFT code: TREZMD2X

Source IDA 5095-MD AIPA

| | Notes | For the year ended 31 December 2018 |
|--|--------------|--|
| Opening balance - 01 January 2018 | | 44 |
| Add: | | |
| Sources of funds (excluding direct payments) | 3 | 431,121 |
| Deduct: | | |
| Uses of funds | 4, 5 | 411,166 |
| Exchange rate difference | | - |
| Closing balance - 31 December 2018 | | 19,999 |

The financial statements attached were signed and approved on behalf of the Project's management on 07 June 2019 by:

Liviu Gumovschi,
Executive Director



Igor Belibov,
Chief Accountant

**MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
DESIGNATED ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**
(all amounts are expressed in USD, unless otherwise mentioned)

For the period ended 31 December 2018
Account No. 3261984055
Depository Bank Ministry of Finance – State Treasury
SWIFT code TREZMD2X

Source IDA 5639-MD

| | <u>Notes</u> | <u>For the year ended 31 December 2018</u> |
|--|--------------|--|
| Opening balance - 01 January 2018 | | <u>167,377</u> |
| Add: | | |
| Sources of funds (excluding direct payments) | 3 | - |
| Deduct: | | |
| Uses of funds | 4, 5 | 26,223 |
| Exchange rate differences | | - |
| Closing balance - 31 December 2018 | | <u>141,154</u> |

For the period ended 31 December 2018
Account No. 3261984056
Depository Bank Ministry of Finance – State Treasury
SWIFT code TREZMD2X
Source IDA 5639-MD AIPA

| | <u>Notes</u> | <u>For the year ended 31 December 2018</u> |
|--|----------------|--|
| Opening balance - 01 January 2018 | | <u>53,997</u> |
| Add: | | |
| Sources of funds (excluding direct payments) | 3 | - |
| Deduct: | | |
| Uses of funds | 4, 5, 6 | 53,997 |
| Exchange rate differences | | - |
| Closing balance - 31 December 2018 | | <u>-</u> |

The financial statements attached were signed and approved on behalf of the Project's management on 07 June 2019 by:


Liviu Gumovschi,
Executive Director




Igor Belibov,
Chief Accountant

**MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
DESIGNATED ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2018**
(all amounts are expressed in USD, unless otherwise mentioned)

For the period ended 31 December 2018
Account No. 3261784077
Depository Bank Ministry of Finance – State Treasury
SWIFT code TREZMD2X

Source IDA 5858-MD

| | <u>Notes</u> | <u>For the year ended 31 December 2018</u> |
|--|--------------|--|
| Opening balance - 01 January 2018 | | - |
| Add: | | |
| Sources of funds (excluding direct payments) | 3 | 564,620 |
| Deduct: | | |
| Uses of funds | 4, 5 | 424,456 |
| Exchange rate differences | | (3) |
| Closing balance - 31 December 2018 | | 140,167 |

The financial statements attached were signed and approved on behalf of the Project's management on 07 June 2019 by:

Liviu Gumovschi,
Executive Director



Igor Belibov,
Chief Accountant

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

1. GENERAL INFORMATION

Project description

The Agricultural Competitiveness Project is regulated by the: (i) Financing Agreement 5095-MD between International Development Association and Government of Moldova in amount of SDR 11.6 mln, signed on May 28, 2012, (ii) Grant Agreement TF012145 between Global Environment Facility and Government of Moldova in amount of USD 4.4 mln, signed on May 28, 2012, both declared effective on September 20, 2012, (iii) Grant Agreement TF014946 between Swedish International Development Cooperation Agency and Republic of Moldova in the amount of SEK 18.8 mln., signed on November 15, 2013, declared effective on the same day, (iv) Financing Agreement 5639-MD signed between the Republic of Moldova and International Development Association in amount of SDR 8.7 mln., signed on May 21, 2015 and declared effective on July 07, 2015 and (v) Financing Agreement 5858-MD signed between the Republic of Moldova and International Development Association in amount of SDR 7.1 mln., signed on July 8, 2016 and declared effective on December 20, 2016.

The objective of the Project is to enhance the competitiveness of the country's agro-food sector by supporting the modernization of the food safety management system; facilitating market access for farmers; and mainstreaming agro-environmental and sustainable land management practices.

The Project consists of the following parts:

Part A: Enhancing food safety management

Provision of goods, works and consultants' services, including training for:

- A.1 Providing regulatory and institutional support to the Recipient for enhancing the food safety management system through:
- (i) supporting the process of legislative harmonization of the national legislation with the relevant EU regulations;
 - (ii) strengthening the institutional capacity of MAFI and the Food Safety Agency (FSA) through: (a) staff training; and (b) support for increasing awareness of relevant private entities regarding the application of the new food safety legislation; and
 - (iii) developing methodological and analytical work for soil quality and land degradation risk-assessment, land quality certification and standard setting to ensure that best soil management practices are integrated in the policy and regulatory framework for food safety management.
- A.2 Providing technical enhancement support to the Recipient for the food safety management through:
- (i) Rehabilitation of the designated building facility for the FSA; procurement of office, communication and computing equipment for the building; and design of an integrated system for the interoperability of various FSA divisions; and
 - (ii) Strengthening of animal and plant health and food safety laboratory network and Border Inspection Points (BIPs) through:

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

- (a) Rehabilitation of two central reference laboratories for: (i) animal health and food safety for products of animal origin, and (ii) food safety for products of vegetable origin; and
- (b) Rehabilitation of four BIPs, namely: on the Eastern border (Tudora), on the Southern border (Giurgiulesti); on the Northern border (Criva) and on the Western border (Leuseni).

Part B: Enhancing market access potential

Provision of goods, works, consultants services, including training to MAFI for:

B.1 Providing for a business development support for productive partnerships for primary horticultural producers through: (i) public information and promotion campaign; (ii) development support for identifying , setting up and providing training for new productive partnerships; and (iii) specialized technical assistance support on an ad-hoc basis for the newly created productive partnerships.

B.2 Set-up of an investment support for post-harvest technologies for Sub-projects on emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector, all through competitive scheme and in accordance with the Grant Operational Manual.

Part C: Enhancing land productivity through sustainable land management

Provision of goods, works and consultants' services, including training to MOE for:

C.1 Strengthening the sustainable land management capacity building of MOE through, inter alia: (i) developing a methodological work on general technical and economic options for farm-based interventions; (ii) strengthening the farmers capacity to monitor economic and environment benefits; (iii) organizing awareness raising and training activities to improve farmers' land management skills and public policy response with respect to sustainable land management issues.

C.2 Providing financial support for piloting SLM for Sub-projects for farmers for farm-level investments in soil conservation practices and technologies, all in accordance with the Grant Operational Manual.

C.3 Providing support for rehabilitation of shelterbelts by investments in machinery for the creation of two mobile mechanized squads for the rehabilitation of anti-erosion shelterbelts.

Part D. Project management

Provision of goods, consultants' services training and operational costs for: (a) Project management and implementation, including monitoring and evaluation and Project audits; (b) the establishment and implementation of a grievance redress mechanism; and (c) the design and implementation of a public information campaign to inform the potential Affected Farmers about Compensatory Sales Support Grants, including its eligibility criteria and application procedures.

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

Part E. Compensatory Sales Support Grants

Provision of Compensatory Sales Support Grants to Affected Farmers.

The project has two implementation agencies: The Ministry of Agriculture and Food Industry shall carry out Parts A and B and E of the Project; Ministry of Environment shall carry out Part C of the Project; and (iii) Part D of the Project through jointly MAFI and MOE. The two institutions rely on Component Coordinators as local consultants to manage and implement project activities within their fields.

The project's grant delivery mechanism (across components) relies on MAFI's Agency for Interventions and Payments in Agriculture (AIPA) for disbursements, financial management and partially monitoring of grant implementation. For other activities CAPMU is providing fiduciary backstopping for all components to support enhancements of the financial management disbursement and procurement functions, as well as monitoring and evaluation. The last payments under the Part E were finished in 2016 and the Component Compensatory Sales Support Grants was closed in the same year. During 2018 there were only refund operations under this component.

Project management

World Bank

Task Team Leader – Anatol Gobjila
The World Bank, Moldova Office
E-mail: agobjila@worldbank.org

Project Fiduciary Unit

Consolidated Agricultural Projects Management Unit (CAPMU)
Executive Director – Liviu Gumovschi
Tel/fax + 373 22 221 142/ +373 22 226 994
E-mail: lgumovschi@capmu.md

In accordance with the financing agreements, the Project closing date is 31 May 2020. The Project Steering Committee is responsible for deciding on the policy and programs of CAPMU. The structure of Steering Committee for the decisions made for the year of 2018 was as follows:

1. Nicolae Ciubuc – Minister of Agriculture, Regional Development and Environment, Chairman;
2. Tatiana Ivanicichina – State Secretary in the Minister of Finance;
3. Iulia Costin – Secretary General of State from Minister of Economy and Infrastructure;
4. Sturzu Ion – Deputy Governor of the National Bank of Moldova;
5. Lilia Palii – Secretary General of the Government.

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The Project Financial Statements have been prepared in accordance with generally accepted accounting principle and practices and relevant World Bank guidelines.

The cash basis of accounting was used in the preparation of these Project Financial Statements since the recording of cash receipts and payments is the primary interest. Under the cash basis system income (or expenditure) is recognized when cash is received (or paid) irrespective of when goods or services are received.

The amounts are expressed in USD and financial statements are prepared for the year ended 31 December 2018.

Designated account

The designated account (opened at National Bank of Moldova), is the account through which the replenishments are drawn. All payments for eligible expenses are made from these DAs and if the payment is in local currency it is made through transitory account.

Transitory accounts

The transitory accounts are held at State Treasury for the converted amount in MDL, since the payments within the country can be done only in the local currency (MDL).

Exchange rates

The Exchange rate used to convert the USD amounts in MDL is the official exchange rate of National Bank of Moldova on the date of payment.

Direct payments

The direct payments are disbursements made by the World Bank from the loan account, at the borrower's request, directly to a third party (e.g., supplier, contractor, consultant) for eligible expenditures.

Sources of funds

The sources of funds are the amounts transferred by the World Bank from the loan account, to the Designated Account of the Project.

Uses of funds

The uses of funds are the amounts spent for covering eligible expenditures for the needs of the Project.

Matching Investment Grant

The grant made to a Beneficiary for a Sub-project under Parts B.2 or C.2 of the Project in accordance with the requirements set forth of referres to the Grant Operation Manual.

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

3. WITHDRAWAL SCHEDULE

3.1 IDA CREDIT 5095-MD

| W/D Number | (1) Goods, works, non- consulting services, consultants' services, training and operating costs for the Project | (2) Matching Investment Grants for Sub- projects under Parts B.2 and C.2 of the Project | Advance recovery | Advance to Designated Account | Total |
|---------------|--|--|---------------------|-------------------------------------|------------------|
| 0146 | - | (284 363) | - | - | (284 363) |
| 0147 | - | (350 000) | - | - | (350 000) |
| 0148 | 30 000 | - | 30 000 | - | - |
| 0149 | 146 484 | - | 146 484 | - | - |
| 0150 | - | 104 256 | 10 281 | - | 93 975 |
| 0151 | 30 000 | - | 30 000 | - | - |
| 0152 | 44 768 | - | 44 768 | - | - |
| 0153 | 33 975 | - | 33 975 | - | - |
| 0154 | 7 050 | - | 7 050 | - | - |
| 0155 | 20 510 | - | 20 510 | - | - |
| 0156 | - | 431 121 | - | - | 431 121 |
| Total | 312,787 | (98,986) | 323,068 | - | (109,267) |

Out of which:

Payments in designated account:

431,121

Direct payments:

93,975

Refund of ineligible expenses under Part B

(634 363)

(109,267)

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

3. WITHDRAWAL SCHEDULE (continued)

3.2 IDA Credit 5858

| W/D Number | (1) Goods, works, non-consulting services , consultants' services (including Project audits), Training and Operational costs under Parts B.1 and D of the Project | (2) Matching Investment Grants for Sub- projects under Parts B.2 of the Project | Advance recovery | Advance to Designated Account | Total |
|--------------|---|---|---------------------|-------------------------------------|------------------|
| 0006 | 5 350 | - | - | - | 5 350 |
| 0007 | - | - | - | 200 000 | 200 000 |
| 0008 | 37 415 | - | 37 415 | 87 415 | 87 415 |
| 0009 | - | 72 000 | - | - | 72 000 |
| 0010 | - | 350 000 | - | - | 350 000 |
| 0011 | 9 200 | - | - | - | 9 200 |
| 0012 | 12 604 | - | - | - | 12 604 |
| 0013 | 137 802 | - | 137 802 | 137 802 | 137 802 |
| 0014 | 109 403 | - | 109 403 | 109 403 | 109 403 |
| 0015 | - | - | - | 30 000 | 30 000 |
| Total | 311,774 | 422,000 | 284,620 | 564,620 | 1,013,774 |

Out of which:

Payments in designated account:

564,620

Direct payments:

449,154

1,013,774

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

3.3 IDA Credit 5639-MD

| W/D Number | (1) Goods, non- consulting services, consultants' services, training and operating costs for the Project under Parts A and D | (2) Compensatory Sales Support Grants under Part E of the Project | Advance Recovery | Advance to Designated Account | Total |
|---------------|---|--|---------------------|-------------------------------------|------------------|
| 0033 | - | (358 283) | - | - | (358 283) |
| 0034 | 82 646 | - | 82 646 | - | - |
| 0035 | - | - | - | - | - |
| 0036 | - | - | - | - | - |
| 0037 | - | - | - | - | - |
| 0038 | - | (6 318) | - | - | (6 318) |
| 0039 | - | (47 677) | - | - | (47 677) |
| 0040 | 21 223 | - | 21 223 | - | - |
| 0041 | 97 613 | - | - | - | 97 613 |
| 0042 | 2 500 | - | 2 500 | - | - |
| 0043 | 1 250 | - | 1 250 | - | - |
| 0044 | 69 914 | - | - | - | 69 914 |
| Total | 275,146 | (412,278) | 107,619 | - | (244,751) |

Out of which:

Payments in designated account:

Direct payments:

Refund of ineligible expenses under Part E

-

167,527

(412,278)

(244,751)

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

4. EXPENDITURE BY PROJECT ACTIVITY

| 4.1 IDA CREDIT 5095-MD | For the year ended 31 December 2018 | Cumulative to date |
|--|--|-------------------------------|
| A. Enhancing food safety management | - | 6,991,514 |
| A.1 – Providing regulatory and institutional support to MAFI for enhancing the food safety management system | - | 251,990 |
| A.2 – Providing technical enhancements support to MAFI for the safety management | - | 6,739,524 |
| B. Enhancing market access potential | (632,763) | 6,912,197 |
| B.1 – Providing a business development support for productive partnerships for primary horticultural producers | 1,600 | 615,669 |
| B.2 – Set-up of an investment support for post-harvest technologies through matching investment grants for Sub-projects on emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector | (634,363) | 6,296,528 |
| C. Enhancing land productivity through sustainable land management | 551,701 | 1,695,433 |
| C.1 – Strengthening the sustainable land management capacity building of MOE | 140,535 | 384,968 |
| C.2 – Providing financial support for piloting SLM through matching investment grants for Sub-projects for farmers for farm-level investments in soil conservation practices and technologies | 411,166 | 515,422 |
| C.3 – Providing support for rehabilitation of shelterbelts by investments in machinery for the creation of two mobile mechanized squads | - | 795,043 |
| D. Project Management | 39,968 | 631,849 |
| Exchange rate differences | - | 27 |
| TOTAL | (41,094) | 16,231,020 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

4. EXPENDITURE BY PROJECT ACTIVITY (CONTINUED)

| 4.2 GEF GRANT TF012145 | For the year ended 31 December 2018 | Cumulative to date |
|--|--|-------------------------------|
| A. Enhancing food safety management | - | 38,700 |
| A.1 – Providing regulatory and institutional support to MAFI for enhancing the food safety management system | | 38,700 |
| A.2 – Providing technical enhancements support to MAFI for the safety management | - | - |
| C. Enhancing land productivity through sustainable land management | - | 4,197,228 |
| C.1 – Strengthening the sustainable land management capacity building of MOE | - | 735,283 |
| C.2 – Providing financial support for piloting SLM for Sub-projects for farmers for farm-level investments in soil conservation and technologies | - | 1,859,270 |
| C.3 – Providing support for rehabilitation of shelterbelts by investments in machinery for the creation of two mobile mechanized squads | - | 1,602,675 |
| D. Project Management | - | 199,634 |
| Exchange rate differences | - | (62) |
| TOTAL | - | 4,435,500 |
| 4.3 SIDA GRANT TF014946 | For the year ended 31 December 2018 | Cumulative to date |
| A. Enhancing food safety management | - | 170,812 |
| A.1 – Providing regulatory and institutional support to MAFI for enhancing the food safety management system | - | 96,329 |
| A.2 – Providing technical enhancements support to MAFI for the safety management | - | 74,483 |
| B. Enhancing market access potential | - | 1,964,564 |
| B.1 – Providing a business development support for productive partnerships for primary horticultural producers | - | 520,690 |
| B.2 – Set-up of an investment support for post-harvest technologies through matching investment grants for Sub-projects on emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector | - | 1,443,874 |
| D. Project Management | - | 132,749 |
| Exchange rate differences | - | 2 |
| TOTAL | - | 2,268,127 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

4. EXPENDITURE BY PROJECT ACTIVITY (CONTINUED)

| 4.4 IDA CREDIT 5639-MD | For the year ended 31 December 2018 | Cumulative to date |
|--|--|-------------------------------|
| Enhancing food safety management | 187,220 | 1,768,412 |
| A.1 – Providing regulatory and institutional support to MAFI for enhancing the food safety management system | 5,000 | 44,068 |
| A.2 – Providing technical enhancements support to MAFI for the safety management | 182,220 | 1,724,344 |
| E. COMPENSATORY SALES SUPPORT GRANTS UNDER PART E OF THE PROJECT | (358,283) | 7,067,231 |
| D. Project Management | 6,529 | 598,659 |
| Exchange rate differences | 2 | (6,388) |
| TOTAL | (164,532) | 9,427,914 |
| | | |
| 4.5 IDA CREDIT 5858-MD | For the year ended 31 December 2018 | Cumulative to date |
| B. Enhancing market access potential | 610,665 | 1,632,147 |
| B.2 - Set-up of an investment support for post-harvest technologies through matching investment grants for Sub-projects on emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector | 422,000 | 1,428,385 |
| B.1 – Providing a business development support for productive partnerships for primary horticultural producers | 188,665 | 203,762 |
| D. Project Management | 262,941 | 262,941 |
| TOTAL | 873,606 | 1,895,088 |
| TOTAL PROJECT EXPENDITURES | 667,980 | 34,257,649 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

5. SUMMARY OF SUMMARY REPORTS USED AS THE BASIS FOR THE SUBMISSION OF QUARTERLY WITHDRAWAL APPLICATIONS
5.1. PART I BY SOURCES

| | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | For the year ended 31 December 2018 | Cumulative to date |
|--|----------------|----------------|----------------|----------------|---|-----------------------|
| Opening Cash Balance(s) | | | | | | |
| Designated Accounts (CAPMU) | | | | | | |
| Bank: USD Credit 5095-MD | 138,343 | 93,575 | 86,525 | 66,015 | 138,343 | - |
| Bank: USD Credit 5858 MD | - | 162,585 | 112,198 | 140,597 | - | - |
| Bank: USD Credit 5639-MD | 167,377 | 146,154 | 143,654 | 142,404 | 167,377 | - |
| Designated Accounts (AIPA) | | | | | | |
| Bank: USD Credit 5095-MD | 44 | 44 | 44 | 44 | 44 | - |
| Bank: USD IDA5639 MD | 6,318 | 6,318 | - | - | 6,318 | - |
| Bank MDL account Credit: 5639 | 47,679 | 49,509 | - | - | 47,679 | - |
| Total opening cash balance(s) | 359,761 | 458,185 | 342,421 | 349,060 | 359,761 | - |
| Add: Sources of Funds for CAPMU | | | | | | |
| Funding: IDA Credit 5095-MD | 30,000 | 30,000 | 33,975 | - | 93,975 | 9,469,285 |
| Funding: GEF TF12145MD | 30,000 | 30,000 | 33,975 | - | 93,975 | 2,293,536 |
| Funding: SIDA TF14946 | - | - | - | - | - | 7,175,749 |
| Funding: IDA Credit 5639-MD | - | - | - | - | - | 2,576,080 |
| Funding: IDA Credit 5858-MD | - | - | - | - | - | 565,682 |
| | - | - | - | - | - | 2,010,398 |
| | - | - | - | - | - | 2,268,127 |
| | - | - | - | - | - | 550,878 |
| | - | - | - | - | - | 1,717,249 |
| | - | 97,613 | - | 69,914 | 167,527 | 2,508,203 |
| | - | - | - | - | - | 612,454 |
| | - | 97,613 | - | 69,914 | 167,527 | 1,895,749 |
| | 205,350 | 96,615 | 150,406 | 139,403 | 591,774 | 606,871 |
| | 200,000 | 87,415 | 137,802 | 139,403 | 564,620 | 564,620 |
| | 5,350 | 9,200 | 12,604 | - | 27,154 | 42,251 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(all amounts are expressed in USD, unless otherwise mentioned)

| | | | | | | | | | |
|--|---------------------------|------------------|----------------|----------------|----------------|----------------|-------------------|--|--|
| for AIPA | | | | | | | | | |
| Funding: Credit 50950 MD - Direct payments | | (634,363) | - | - | 431,121 | (203,242) | 6,831,949 | | |
| | <i>Designated Account</i> | - | - | - | 431,121 | 431,121 | 535,421 | | |
| | <i>Direct Payments</i> | (634,363) | - | - | - | (634,363) | 6,296,528 | | |
| Funding: GEF TF12145MD | | - | - | - | - | - | 1,859,420 | | |
| Funding: IDA Credit 5639-MD | | (358,283) | (53,997) | - | - | (412,280) | 4,197,498 | | |
| Retroactive financing IDA 5639-MD | | - | - | - | - | - | 2,863,366 | | |
| Funding: Credit 5858MD - Direct payments | | - | 422,000 | - | - | 422,000 | 1,428,385 | | |
| Total Sources | | (757,296) | 592,231 | 184,381 | 640,438 | 659,754 | 34,609,184 | | |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

5. SUMMARY OF SUMMARY REPORTS USED AS THE BASIS FOR THE SUBMISSION OF QUARTERLY WITHDRAWAL APPLICATIONS (continued)

5.1. PART I BY SOURCES (continued)

Less: Uses of Funds (by expenditure category for each financier in accordance with Financing Agreement and by each implementing agency)

| | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | For the year ended 31 December 2018 | Cumulative to date |
|--|------------|------------|------------|------------|---|-----------------------|
| IDA 5095-MD | (559,595) | 37,050 | 54,485 | 426,966 | (41,094) | 16,231,020 |
| CAPMU | | | | | | |
| (1) Goods, works, non-consulting services, consultants' services, training and operational costs for the Project Exchange Rate difference (for IDA50950MD source) | 74,768 | 37,050 | 54,485 | 15,800 | 182,103 | 9,419,043 |
| AIPA | | | | | | |
| (2) Matching Investment Grants for Sub-projects under Parts B.2 and C.2 of the Project | (634,363) | - | - | 411,166 | (223,197) | 6,811,950 |
| GEF 12145MD | | | | | | |
| CAPMU | | | | | | |
| (1) Goods, non-consulting services, consultants' services, training and operational costs under the Project under Parts A.1 (iii), C and D of the Project Exchange Rate differences (for TF12145MD source) | - | - | - | - | - | 4,435,500 |
| AIPA | | | | | | |
| (2) Matching Investment Grants for Sub-projects under Part C.2 of the Project Exchange Rate differences (for TF12145MD source) | - | - | - | - | - | 2,576,291 |
| SIDA TF014946 | | | | | | |
| CAPMU | | | | | | |
| (1) Goods, works, consultants' services (including audit), Training and Operating costs Exchange Rate Differences (for TF14946MD source) | - | - | - | - | - | 1,859,270 |
| | - | - | - | - | - | 150 |
| | - | - | - | - | - | 2,268,127 |
| | - | - | - | - | - | 2,268,125 |
| | - | - | - | - | - | 2 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

| | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | For the year ended 31 December 2018 | Cumulative to date |
|--|------------------|----------------|----------------|----------------|--|-----------------------|
| 5. SUMMARY OF SUMMARY REPORTS USED AS THE BASIS FOR THE SUBMISSION OF QUARTERLY WITHDRAWAL APPLICATIONS | | | | | | |
| 5.1. PART I BY SOURCES (continued) | | | | | | |
| IDA 5639-MD | (338,890) | 101,945 | 1,250 | 71,164 | (164,532) | 9,427,914 |
| CAPMU | | | | | | |
| (1) Goods, non-consulting services, consultants' services (including Project audits), Training and Operational Costs under Parts A and D of the Project | 21,223 | 100,113 | 1,250 | 71,164 | 193,749 | 2,367,071 |
| Exchange rate differences(for IDA5636 MD source) | - | - | - | - | - | (23) |
| AIPA | | | | | | |
| (2) Compensatory sales support grants under Part E of the Project | (358,283) | - | - | - | (358,283) | 4,203,865 |
| Exchange rate differences(for IDA5636 MD source) | (1,830) | 1,832 | - | - | 2 | (6,365) |
| Retroactive financing through Ministry of Finances | - | - | - | - | - | 2,863,366 |
| IDA 5858 MD | 42,764 | 569,003 | 122,007 | 139,832 | 873,606 | 1,895,088 |
| CAPMU | | | | | | |
| (1) Goods, works, non-consulting services, consultants' services (including Project audits), Training and Operational costs under Parts B.1 and D of the Project | 42,764 | 147,003 | 122,007 | 139,835 | 451,609 | 466,706 |
| AIPA | | | | | | |
| (2) Matching Investment Grants for Sub-projects under Parts B.2 of the Project | - | 422,000 | - | (3) | 422,000 | 1,428,385 |
| Total uses | (855,721) | 707,998 | 177,742 | 637,962 | 667,981 | 34,257,649 |
| Closing Cash Balance(s) | | | | | | |
| Designated Accounts (CAPMU) | | | | | | |
| Bank: USD Account Credit 5095-MD | 93 575 | 86 525 | 66 015 | 50 215 | 50 215 | 50 215 |
| Bank: USD Account GEF TF12145MD | 35,949 | - | - | - | - | - |
| Bank: USD SIDA TF14946MD | - | - | - | - | - | - |
| Bank: USD Account Credit 5639-MD | 146,154 | 143,654 | 142,404 | 141,154 | 141,154 | 141,154 |
| Bank: USD Account Credit 5858 MD | 162,585 | 112,198 | 140,597 | 140,167 | 140,167 | 140,167 |
| Designated Accounts (AIPA) | | | | | | |
| Bank: USD IDA50950MD | 44 | 44 | 44 | 19,999 | 19,999 | 19,999 |
| Bank: USD GEF TF12145MD | - | - | - | - | - | - |
| Bank: MDL GEF TF12145MD | - | - | - | - | - | - |
| Bank: USD Account Credit 5639 MD | 6,318 | - | - | - | - | - |
| Bank MDL account Credit 5639 | 49,509 | - | - | - | - | - |
| Total closing cash balance(s) | 458,185 | 342,421 | 349,060 | 351,535 | 351,535 | 351,535 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(all amounts are expressed in USD, unless otherwise mentioned)

5. SUMMARY OF SUMMARY REPORTS USED AS THE BASIS FOR THE SUBMISSION OF QUARTERLY WITHDRAWAL APPLICATIONS
(continued)

5.2. PART II BY PROJECT'S ACTIVITIES

| Project Components/Activities | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | For the year ended 31 December 2018 | Cumulative to date |
|--|---------------|---------------|---------------|---------------|---|-----------------------|
| Consolidated Agricultural Project Management Unit | | | | | | |
| A. Enhancing food safety management | 14,694 | 100,113 | 1,250 | 71,164 | 187,221 | 8,969,439 |
| A.1 - Providing regulatory and institutional support to MAFI for enhancing the food safety management system | - | 2,500 | 1,250 | 1,250 | 5,000 | 431,088 |
| IDA 5095-MD | - | - | - | - | - | 251,990 |
| GEF 12145 MD | - | - | - | - | - | 38,700 |
| SIDA TF 14946 | - | - | - | - | - | 96,330 |
| IDA 5639 MD | - | 2,500 | 1,250 | 1,250 | 5,000 | 44,068 |
| A.2 - Providing technical enhancements support to MAFI for the food safety management | 14,694 | 97,613 | - | 69,914 | 182,221 | 8,538,351 |
| IDA 5095-MD | - | - | - | - | - | 6,739,524 |
| SIDA TF 14946 | - | - | - | - | - | 74,483 |
| IDA 5639 MD | 14,694 | 97,613 | - | 69,914 | 182,221 | 1,724,344 |
| | 14,870 | 50,037 | 57,456 | 67,903 | 190,266 | 2,783,994 |
| B. Enhancing market access potential | | | | | | |
| B.1 - Providing for a business development support for productive partnerships for primary horticultural producers | 14,870 | 50,037 | 57,456 | 67,903 | 190,266 | 1,340,120 |
| IDA 5095-MD | 1,600 | - | - | - | 1,600 | 615,669 |
| SIDA TF 14946 | 13,270 | 50,037 | 57,456 | 67,903 | 188,666 | 203,762 |
| IDA 5858 MD | - | - | - | - | - | 520,689 |
| B.2 - Set-up of an investment support for post-harvest technologies through matching investment grants for Sub-projects on emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector | - | - | - | - | - | 1,443,874 |
| SIDA TF 14946 | - | - | - | - | - | 1,443,874 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(all amounts are expressed in USD, unless otherwise mentioned)

5. SUMMARY OF SUMMARY REPORTS USED AS THE BASIS FOR THE SUBMISSION OF QUARTERLY WITHDRAWAL APPLICATIONS (continued)

5.2. PART II BY PROJECT'S ACTIVITIES (continued)
Project Components/Activities

| | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | For the year ended 31 December 2018 | Cumulative to date |
|--|----------------|----------------|----------------|----------------|---|-------------------------------|
| C. Enhancing land productivity through sustainable land management | 33,200 | 37,050 | 54,485 | 15,800 | 140,535 | 3,517,968 |
| C.1 - Strengthening the sustainable land management (SLM) capacity building of MOE IDA 5095-MD GEF 12145 MD | 33,200 | 37,050 | 54,485 | 15,800 | 140,535 | 1,120,250 |
| C.3 - Providing support for rehabilitation of shelterbelts by investments in machinery for the creation of two mobile mechanized squads for the rehabilitation of anti-erosion shelterbelts IDA 5095-MD GEF 12145 MD | - | - | - | - | - | 384,968 735,282 |
| D. Project Management | 75,992 | 96,966 | 64,551 | 71,932 | 309,441 | 1,825,835 |
| IDA 5095-MD GEF 12145 MD SIDA TF 14946 IDA 5639-MD IDA 5858 MD | 39,968 | - | - | - | 39,968 | 631,849 199,634 132,749 |
| Exchange Rate differences | 29,495 | 96,966 | 64,551 | 71,932 | 262,944 | 598,659 262,944 |
| | - | - | - | (3) | (3) | (208) |
| Total CAPMU | 138,756 | 284,166 | 177,742 | 226,796 | 827,460 | 17,097,028 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018

(all amounts are expressed in USD, unless otherwise mentioned)

5. SUMMARY OF SUMMARY REPORTS USED AS THE BASIS FOR THE SUBMISSION OF QUARTERLY WITHDRAWAL APPLICATIONS (continued)

5.2. PART II BY PROJECT'S ACTIVITIES (continued)
Project Components/Activities

| | Q1 2018 | Q2 2018 | Q3 2018 | Q4 2018 | For the year ended 31 December 2018 | Cumulative to date |
|--|------------------|----------------|----------------|----------------|---|-----------------------|
| Agency for Interventions and Payment in Agriculture | | | | | | |
| B.2 - Set-up of an investment support for post-harvest technologies through matching investment grants for Sub-projects on emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector | (634,363) | 422,000 | - | - | (212,363) | 7,724,913 |
| IDA 5095-MD | (634,363) | - | - | - | (634,363) | 6,296,528 |
| IDA 5858 MD | - | 422,000 | - | - | 422,000 | 1,428,385 |
| C.2 – Providing financial support for piloting SLM through matching investment grants for Sub-projects for farmers for farm-level investments in soil conservation practices and technologies | - | - | - | 411,166 | 411,166 | 2,374,842 |
| IDA 5095-MD | - | - | - | 411,166 | 411,166 | 515,422 |
| GEF 12145 MD | - | - | - | - | - | 1,859,270 |
| Exchange Rate differences (related GEF 12145 MD) | - | - | - | - | - | 150 |
| E – Compensatory sales support grants under Part E of the Project | (360,113) | 1,832 | - | - | (358,281) | 7,060,864 |
| IDA 5639-MD | (358,283) | - | - | - | (358,283) | 7,067,231 |
| Exchange rate differences IDA 5639-MD | (1,830) | 1,832 | - | - | 2 | (6,367) |
| Total AIPA | (994,476) | 423,832 | - | 411,166 | (159,478) | 17,160,619 |
| GRAND TOTAL | (855,720) | 707,998 | 177,742 | 637,962 | 667,980 | 34,257,649 |

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2018
(all amounts are expressed in USD, unless otherwise mentioned)

6. Refund of ineligible expenses to the donor

In December 2017, the State Budget made the following refunds in respect of expenses deemed as ineligible after the financial audit and additional reviews performed, according to the Invoices issued by the World Bank:

1. On 22th of December in the amount of 4,865,000 MDL (equivalent of 284,363 USD) for IDA50950 (ref.: Letter of WB from 27th of October 2016 with invoice attached) for ineligible expenses on Part B Enhancing market access potential

2. On 22th of December in the amount of 350,000 USD for IDA50950 (ref.: Letter of WB from 27th of October 2016 with invoice attached) for ineligible expenses on Part B Enhancing market access potential

3. On 28th of December in the amount of 358,283 USD for IDA5639 (ref.: email from World Bank dated 22th of December with invoice attached) for ineligible expenses on Part E Compensatory Sales Support Grants. It has to be mentioned that Part E was closed in 2016 and the last payments were made also in 2016.

Since the funds reached the World Bank accounts in Q1 2018, these transactions have been reflected in the financial reports in the Q1 2018.

Also, on 5th of April 2018, AIPA made 2 refunds from 2 accounts relating to Part E in amount of 6,318 USD and 47,677 USD in respect of ineligible expenses identified after the financial audit and additional reviews performed.

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