



PROGRESS REPORT

August, 2021

**MOLDOVA AGRICULTURE
COMPETITIVENESS PROJECT
(MACP)**

Results achieved in Semester I/2021

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Objectives, Components, Indicators

Moldova Agriculture Competitiveness Project contributes to achieving the economic growth model, which is based on investment, innovation and competitiveness. The project supports the program's wide ranging set of reform actions aimed at enhancing export competitiveness, attracting investments and achieving closer trade integration with the EU. In particular, the project supports the Government's ambitious efforts in reforming the food safety management system, efforts to improve farmers market opportunities through investment support (to up-grade the post-harvest infrastructure) and institutional development support (creation and strengthening of productive partnerships), as well as efforts to mainstream the use of good agricultural practices and sustainable land management.

The Project Development Objective 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 PDO will be achieved through activities aimed at: (i) strengthening country capacity to manage the increasingly complex food safety agenda; (ii) increasing levels of farmer organization and improving post-harvest infrastructure; and (iii) promoting adoption of sustainable land management practices by farmers and ensuring a strengthened response by the authorities to soil degradation challenges.

PROJECT COMPONENTS:

COMPONENT 1: ENHANCING FOOD SAFETY MANAGEMENT

Sub-component 1.1.: Regulatory and institutional support

Sub-component 1.2.: Technical enhancements for the NFSA¹

COMPONENT 2: ENHANCING MARKET ACCESS POTENTIAL

Sub-component 2.1.: Business development support for productive partnerships

Sub-component 2.2.: Investment support for post-harvest technologies

COMPONENT 3: ENHANCING LAND PRODUCTIVITY THROUGH SUSTAINABLE LAND MANAGEMENT

Sub-component 3.1.: Capacity building for SLM²

Sub-component 3.2.: Financial and investment support for SLM.

Sub-component 3.3.: Support for the rehabilitation of shelterbelts

COMPONENT 4: PROJECT MANAGEMENT SUPPORT, MONITORING AND EVALUATION

The Project is implemented through the Ministry of Agriculture, Regional Development and Environment. CAPMU provides fiduciary support for MARDE and facilitates project implementation and monitoring of results. AIPA is the fiduciary agency responsible for disbursements, financial management and monitoring of the implementation of MACP's grant programs.

COMPONENT 5: COMPENSATORY SALES SUPPORT GRANTS.

The Closing Date for project implementation is December 31, 2024.

¹National Food Safety Management

²Sustainable Land Management

Component A: ENHANCING FOOD SAFETY MANAGEMENT

| | |
|--|----------------|
| Estimated budget planned until June 30, 2022 | 11 796 000 USD |
| Absorbed as of June 30, 2021 | 12 483 086 USD |

Intermediate outcome indicators

| | Baseline | As of June 30, 2021 | Target June 30, 2022 | Comments |
|--|---|---|--|---|
| The National Food Safety Agency is functional | The National Food Safety Agency is not functional | - | The National Food Safety Agency is functional | Indicator achieved |
| Building rehabilitation works completed | The building where the Agency's headquarters are to be located needs rehabilitation | - | Physically solid structure, able to host 400 employees | The design and reconstruction works have been completed. Indicator achieved |
| Office equipment, communications and IT equipment supplied and operational | The office, communications and IT equipment is missing or outdated | - | Modern technical means available to the employees of the Agency for fulfilling their functional duties | Technical specifications for furniture developed. The bidding was held. The furniture delivered. |
| Integrated software package developed and installed | There are no modern IT systems | - | Software to allow vertical and horizontal integration of agency's management processes | IT systems developed and delivered to the beneficiary. |
| Rehabilitation of targeted laboratories completed | The current state of the targeted laboratories requires extension and/or moderate rehabilitation | - | Rehabilitation of targeted laboratories completed | The construction works have been completed. The equipment and the furniture for Balti and Cahul laboratories have been supplied |
| The laboratories are equipped, the employees trained | The laboratories require additional equipment and training of the employees in order to become centers of excellence aspiring for international accreditation | - | The laboratories are equipped, the employees trained | The Food Safety and Animal Safety laboratories of the RVDC received accreditation. |
| Border inspection points functional | There are currently no border inspection points | Decision was made to have 1 additional BIP built at Sculeni. The construction works were completed in Q II, 2021. | 4 functional Border inspection points functional | Four border inspection points are functional |

Outcome indicators, description of outcomes, awareness, business creation, financing, M & E, post - creation support, lessons learned, conclusions, recommendations

Sub-component 1.1: Institutional and regulatory support

MONITORING OF CONSTRUCTION WORKS

During the reporting period, the Consultant monitored the company contracted for the execution of construction works at BIP Sculeni and Balti laboratory. The Consultant also prepared the documents for the final acceptance of works at BIP Sculeni.

Sub-component 1.2: Technical improvements for food safety management

TECHNOLOGICAL MODIFICATIONS AT THE LABORATORY FOR THE TERSTING OF THE QUALITY AND HEALTH OF PLANTS, FEED AND FOOD PRODUCTS

In September 2020, a joint working meeting with the representatives of ANSA and CRDV took place at the laboratory in Bălți, during which it was decided to partially change the destination of the laboratory for its more efficient use. Thus, in order to place the equipment according to the newly established flow, constructive changes had to be made at the laboratory. In October 2020, the lists of works to be completed were prepared in order to be able to install the equipment and use the laboratory according to the new destination. Thus, in November 2020, a bidding was announced for the selection of the construction company that will carry out the construction works necessary to complete the installation of the equipment and the modification to the construction of the laboratory, in order to meet the requirements:

- The ISO 17025 standard “General requirements for the competence of testing and calibration laboratories”, according to which the laboratory is to be accredited;
- the standard SM SR EN ISO 7218 “General rules for microbiological examinations”;
- EURACHEM -2013 “Accreditation of Microbiological Laboratories”;
- National Biosafety Guide for Laboratories, 2011.

Following the evaluation, it was decided to award the contract to Acar - Construct SRL. The contract was signed in January 2021. In February 2021, the works started. In June all the works were completed (except for some roof works, which could not be completed because of the weather conditions (rains)).



PROCUREMENT OF EQUIPMENT FOR THE QUALITY AND HEALTH OF PLANTS, FEED AND FOODS TESTING LABORATORY IN BALTI

The international bidding took place in 2019. During 2020 the equipment was delivered. Because of lack of staff for which training had to be provided according to the contract provisions, an amendment with the relevant companies was signed to extend the training period for the time when it will be possible to hire and train staff.

In December 2020, the ANSA management requested the transfer of part of the equipment from Balti to the Central Phytosanitary Laboratory in Chisinau. This request was sent to the 2 companies that delivered the equipment. In the first quarter of 2021, the transfer according to ANSA's request was made. At the end of the second quarter of 2021, the transmission of the equipment to ANSA was completed.

CONSTRUCTION OF BIP SCULENI

Construction works started in November 2020. During December 2020, earthworks and foundations were carried out, and in January 2021 these works were practically completed. At the end of January 2021, the project manager approved the new works execution schedule. The completion period according to the approved schedule is June 30, 2021. The amendment with the contractor has been signed.

In February, concrete installation works were carried out on the foundations. The metal was also prepared and processed with fireproof paint. In March, the embankment works were completed and the metal structure was installed. Also in March, the updated schedule and a report on the execution of works was approved.

In April-May, sandwich panels on the roof and exterior walls were installed. Work continued on the interior partitions (made of brick) and the concreting of the floors was carried out. At the same time, the installation of external networks (water, sewerage and electricity) continued. All works were completed in June and the final acceptance of works is planned for July 2021. As not all documents to be received by ANSA were completed (report confirming the right to use the land, registered with the Cadastre authorities, Certificate confirming the results of the real estate inspection from the Cadastre Office, certificate from the State Energy Inspectorate and RED NORD for electricity supply), Amendment 3 was signed extending the deadline until 31 July 2021.





PROCUREMENT OF ADDITIONAL EQUIPMENT FOR CRDV (ANIMAL HEALTH AND FOOD SAFETY).

After ANSA failed to identify the land for the construction of BIP Otaci, it was decided to reallocate the funds for the procurement of the necessary laboratory equipment for the CRDV (Animal Health and Food Safety) laboratory. In December 2020, the lists of equipment and partly the technical specifications were received from CRDV specialists. The consultant then adjusted the specifications, translated them into English and inserted these specifications in the tables to make it possible to include them in the specifications for the international bidding.

In December, it was decided that the specifications would be checked by an independent consultant, after which the bidding would be launched. It was decided to repeatedly contract the international consultant Vadims Bartkevics. The consultant checked the specifications in January 2021, following which the corrected version was submitted to the ANSA management for final approval. The international bidding was launched at the end of January.

A total of 15 companies expressed interest in participating in the bidding and requested the necessary set of documents. Also during the same period, a number of questions arose regarding the technical specifications and the procurement procedure from these companies. The answers to some questions were provided by CAPMU specialists, while the issues regarding the technical specifications were addressed to the international consultant.

It should be noted in this context that the financial resources that were allocated for the construction of 2 BIPs (Sculeni and Otaci) were initially intended to provide grants to producer groups, which are part of the funding provided for in component B of the Agriculture Competitiveness Project. This was possible due to the fact that by the beginning of 2020, only 5 applications had been received from the producer groups, out of the 8 initially

planned. Thus, considering the risk of not fully using the resources of the project, the decision was made to reallocate the money to component A, namely in order to purchase laboratory equipment.

However, in February 2021, 3 additional files were submitted for financing by producer groups. In March 2021, the problem of insufficient resources for the procurement of laboratory equipment arose. Thus, out of the initially estimated amount of about \$ 1.5 million for the purchase of equipment, about \$ 700 thousand remained available. As a result, a request was submitted to ANSA to select the priority equipment to be purchased out of the available amount. Following the response received from ANSA, an amendment was drafted to the tender documents for the requested equipment.

In April 2021, the opening of tenders for proposals for laboratory equipment took place. Thus, 6 companies from Romania, Italy, Turkey and the Republic of Moldova participated. Offers were received for all 7 lots. The technical offers were submitted for examination to the experts from CRDV and the international expert. Following the technical evaluation, the experts concluded that all 7 offers with the lowest price comply with the technical specifications. The minutes regarding the evaluation of the offers were signed. The contracts will be signed in July 2021.

PROCUREMENT OF EQUIPMENT AND FURNITURE FOR BIP SCULENI.

During the reporting period, based on the technological estimate, the list of equipment and furniture necessary for BIP Sculeni was developed. The list was divided into 3 lots:

- Furniture;
- Equipment;
- Pallet truck.

These lists were sent to ANSA specialists for coordination and approval. Based on the received approvals, the bidding was launched. In July 2021, the contract will be awarded and signed.

ENVIRONMENTAL MONITORING

The following activities were carried out within the Investment Support for the physical rehabilitation of installations and equipment:

- Monitoring the compliance of environmental requirements by the parties participating in the design and construction of *Sculeni Border Inspection Point* (beneficiary - *National Food Safety Agency*), planned to be built on the territory of the existing road border customs post.

Note: During the reporting period, the construction of BIP Sculeni continued in accordance with the approved execution project (contractor Acar-Construct SRL).

- Assessing the environmental conditions of the land selected in Maximovca commune for the location of ABP processing Unit.

Note: After verifying the cadastral data (National Geospatial Data Fund), it was found that the territory around the selected land is already allocated for the construction of individual houses right up to the border of the land. In this context, consultation with Maximovca Local Council at the land selection stage is mandatory according to the safeguard requirements.

THIRD ADDITIONAL FINANCING - ANIMAL BY-PRODUCT MANAGEMENT

| | |
|--|-----------------------|
| Estimated budget planned until 2024 | 15 000 000 USD |
| Absorbed as of June 30, 2021 | 0 USD |

Intermediate outcome indicators

| | Baseline | As of----- | Target December 31, 2024 | Comments |
|---|-----------------------------------|------------|--------------------------|----------|
| A functional ABP management system is in place (ad-minimum Category 1) (Text) | No ABP management system in place | | The system is functional | |
| Beneficiaries reporting positively on the project's ABP-related citizens engagement actions (Percentage) | 0% | | 70% | |
| Number of women reached with targeted ABP-related information and gender-based activities (Number) | 0 | | 300 | |

The additional financing would be used for scaling up project activities under Component 1: Enhancing Food Safety Management aimed at strengthening human, institutional, and technical capacities of the country's food safety and quality management systems and ensuring regulatory and system compliance with sanitary and phytosanitary (SPS) standards on premium food export markets (primarily European Union [EU] and EU-aligned markets).

To this end, the proposed AF would finance a series of activities and investments aiming to establish a comprehensive, EU-compliant system for the management of animal by-products (ABPs) unintended for human consumption. The AF would also finance the costs of component 4: Project Management.

In addition, the proposed AF would provide the necessary space for a series of activities related to the evolving COVID-19 situation and its potential impacts on the country's agriculture sector and food supply under Component 5: Compensatory Sales Support Grants.

Enhancement of the animal by-product (ABP) management system through:

- Phase I: completing selection of the best technical solution and operational scenario for ABP management system by (i) conducting a feasibility study for enhancing ABP management system covering various categories of ABPs (as defined in this POM); including auxiliary systems, e.g. national animal registry and agriculture support fund; (ii) carrying out a flow and traffic study to determine and optimize, inter alia, potential collection rounds, needs for collection sites, vehicle dispatching.
- Phase II: provision of support for implementing ABP management enabling system and critical infrastructure through: (i) development of regulatory and operating framework required under the Law

On Animal-By-Products; (ii) development and implementation of an outreach and awareness campaign for the generators of the ABPs; (iii) upgrades to the country's animal registration system and establishment of a call center intended for placing pick-up orders from ABP originators and facilitating a timely coordination of pick-ups and dispatching of the ABP collection fleet; (iv) the design, construction and equipment for the establishment of the ABP management infrastructure, including incineration and/or rendering facilities (with separate work flows for each ABP category), and collection and storage points (including specialized collection vehicles).

The proposed AF is well-positioned to address the COVID-19 pandemic impact in the medium- and long-term response phases. Firstly, the focus on the ABP management agenda is firmly aligned with the strategic elements of the recently approved World Bank COVID-19 Strategic Preparedness and Response Program.³ The latter emphasizes the “one-health” approach to securing public health by focusing inter alia on the implementation of zoonotic disease control strategies and programs. The program argues for the need of eradication of zoonoses at the source of potential infection, but acknowledges the costliness and complexity of the task, which entails reforms of animal husbandry production systems, particularly smallholder ones. It also postulates that improving biosecurity in animal production and trade is an important strategy to guard against the damaging effects of animal diseases.

Secondly, the proposed AF will create the space for the potential reactivation of Component 5 in order to address emerging disruptions in the country's food supply chains, by supporting, in a first phase, a COVID-19 agriculture sector impact assessment. Should the impact assessment reveal specific needs that can be feasibly addressed under the proposed AF, the World Bank and GoM can discuss options for restructuring and reallocation of resources to Component 5.

On June 23, 2020, the round of negotiations took place in Chisinau, during which the draft Financing Agreement was reviewed and issues related to the Project Operations Manual and other relevant documents were further agreed; also, agreement was reached on some amendments to the Project, but they will be made after a subsequent request. The Parties agreed on the Project cost, which is EUR 13.5 million, the equivalent of 15 million USD.

The Financing Agreement of 13.5 million EURO was signed with the International Development Association on 1 October 2020. Subsequently, during the plenary session of November 20, the Parliament ratified in both readings the Financing Agreement between the Republic of Moldova and the International Development Association (Law 199 of 20.11.2020, President's Decree no. 1849 of 30.11.2020).

On January 25, 2021, the World Bank declared the entry into force of the Agreement on the 3rd Additional Financing for the MAC-P Project, thus confirming the fulfillment by the Republic of Moldova of all necessary procedures in this regard.

The first phase of the Project started in February 2021. Thus, in February, the international company "OPERA" was selected and contracted to conduct the feasibility study aimed at strengthening the ABP management system. A number of online meetings took place, following which the Company initiated the process of collecting data required for the development of the study. In addition, taking into account the national importance of this project as well as the decisions that need to be taken (e.g. location, management and ownership, etc.), MARDE prepared a request on the formation of an Interministerial Technical Committee to supervise the implementation of this Additional Financing, which will include representatives of the State Chancellery, the Ministry of

³Approved by the Board of Executive Directors of the World Bank on April 2, 2020.

Agriculture, Regional Development and Environment, the Ministry of Economy and Infrastructure, the Public Property Agency, the Ministry of Finance and the National Food Safety Agency.

During the first semester, the team of consultants submitted the Report on Task 1: Collection and critical appraisal of the data reflected in the Pre-Feasibility Report. As a result, an Action Plan was drafted on the implementation of additional financing. For the second semester II/2021 the following activities are planned: organizing and conducting a study visit for stakeholders, hiring experts to audit national legislation relevant to the subject and formulating proposals to adjust it, as well as developing an information and awareness campaign.

Component B: ENHANCING MARKET ACCESS POTENTIAL

Estimated budget planned by June 30, 2022 – 19 649 000 USD
 Absorbed as of June 30, 2021 – 14 985 366 USD

Disbursed grants, by sources: - 12 992 406 USD
IDA Sources - 11 548 532 USD
SIDA sources - 1 443 874 USD

Technical assistance provided - 1 992 960 USD

Intermediate outcome indicators

| | Baseline | As of June 30, 2021 | Target June 30, 2022 | Comments |
|--|--|---------------------|----------------------|--|
| National awareness and outreach campaign for producer groups' creation | The development of producer groups for agricultural business is ongoing. | 0 | 90 | Cumulative result (2013-2020) – 212 outreach activities. 2543 participants. 90 - new target according to the contract MACP/AF/CS/CQ-2.4. As at the report date, 53 outreach activities have been conducted under this contract (761 attendees) |
| Women's participation in outreach activities | 0 | 0 | 40% | Cumulative result (2013-2020) – 488 informed women (19%). Under the new contract - 144 women informed (19%) |
| Producer groups registered with project support | 0 | 0 | 45 | Indicator achieved A total of 64 PGs registered. |
| Applications submitted during the calls | 0 | 0 | - | Cumulatively – 59** The applications were submitted during the calls **Two PG repeatedly submitted applications to the grant program, according to the provisions of AF2 |
| Applications approved for the grant portion | 0 | 0 | - | Cumulatively – 56 files have been approved. **Two PG repeatedly submitted applications to the grant program, according to the provisions of AF2 |
| Producer groups that received funding (own contribution and matching grant) | 0 | 2 | 43 | 43 beneficiaries received grants, out of which two PGs repeatedly applied to the grant program, according to the provisions of AF2 |
| Post-harvest infrastructure operation capacity of the financed producer groups | 0 | 0 | 30 000t | 35 792 tons of completed cold storage capacity. |

| | | | | |
|---|---|------|-----|---|
| Increased sales volume of producer group members | 0 | 44.8 | 50% | The indicator is calculated annually based on the reports on the implementation of the recognition plans. Under the Law no. 312, the reports were submitted at the end of March 2021 for the year 2020. |
|---|---|------|-----|---|

Sub-component 2.1.: Business Development Support

SUPPORT FOR PRODUCER GROUPS' CREATION

According to the Action Plan updated for the reporting period, the following activities were carried out:

SUPPORT FOR THE CO-FINANCING OF THE APPROVED GRANT AND SIGNING OF THE GRANT CONTRACT

During the reporting period, the Consultant provided finance access support. The support was provided to the following PGs: "SANDIC HONEY GRUP"; "GHIDAPISGRUP"; "VERIFRUCT" and "DARURILE DACIEI", with a total of 16 man-days. Cumulatively since the start of the contract, 139 man-days of support have been provided to 14 PGs.

SUPPORT IN SUB-PROJECT IMPLEMENTATION

During the reporting period, the Consultant provided assistance under this deliverable to 8 PGs (CASADAGROFRUCT, SANDIC HONEY GRUP, GHIDAPIS GRUP, ALMONDS COMPANY, LUXFRUCT, VERIFRUCT, DARURILE DACIEI and WALNUT LINE).

There are 6 producer groups at the stage of project implementation: Sandic Honey Group, Ghidapis-grup, Almonds Company, Walnut Line, VERIFRUCT and Darurile Daciei.

In Semester I, 2021 - C.Î. "Casad-Agrofruct" and LUXFRUCT completed the investment. For CI Casad-Agrofruct this is confirmed by the minutes of final acceptance no. 01 of 25.03.2021 (the works have been fully completed). Thus, the final acceptance committee accepted the asset: Cold storage facility for fruits, cadastre number 6214201.224.02. Construction area - 1139 sq.m. C.Î. "Casad-Agrofruct" received the recognition certificate no. 42 of 23 October 2020. In addition, CI LUXFRUCT is planning to file a request for registration of the minutes of final acceptance of the cold storage facility with the cadastre authority.

Cumulatively since the beginning of contract implementation 134 man-days of support have been provided to 12 PGs and during the reporting period - 51 man/days.

SPECIALIZED POST-CREATION TECHNICAL ASSISTANCE FOR EACH FINANCED PG

According to the terms of reference, each producer group receives specialized technical assistance at the post-financing stage. This support begins after the signing of grant contracts with AIPA and is available for producer groups by the end of Consultant contract implementation. Therefore, the newly created groups and the members thereof receive specialized technical assistance in the following areas:

- Cooperative management (Operational management, Financial management*, Executive Department)
- Supervision and control of producer group operations
- Law governing the activity of cooperatives
- Economic relations with the members

- Members' flow
- Production facility operations
- Issues related to members' production process
- The law on producer groups
- Supporting PGs in the recognition process under the Law no. 312
- Etc.

An estimated number of 20 man-days of advisory services will be provided to each producer group newly created by MAC-P.

During the reporting period, the Consultant has provided assistance under this deliverable to 11 PGs, with a total of 119 man/days. Cumulatively since the beginning of contract implementation 313 man-days of support have been provided to 17 PGs.

PRODUCER GROUPS CAPACITY BUILDING

OPERATIONS AND MANAGEMENT SUPPORT

According to the contract and Terms of Reference, the ProEntrance team provides consulting services aiming at strengthening the capacity of productive partnerships and producer groups, including practical and demonstration training, exchange of international expertise and best practices and participation in fair transactions, etc. to interested producer groups.

Drafting and signing individual technical assistance plans for PGs, which will include advisory support in the following areas: Management financial, legal etc. for both managers and PG members.

During the reporting period, individual technical assistance plans were signed with 39 PGs (out of the total of 47 included in the list of interventions).

Technical assistance to PGs according to collaboration agreements and individual technical assistance plans

During the reference period, various technical assistance methods were used to perform the task: (i) field visits and discussions with PG managers and representatives, (ii) individual telephone assistance, (iii) On-Line Meetings (Zoom -Meeting), as well as the sending of written information upon request, in particular this method was used for developing or analyzing the operational contracts of PGs.

Field trips: During the reference period 29 out of 47 PGs were visited. Despite the pandemic, the field trips proved to be the most productive.

Individual telephone assistance - the method used by ProEntrance after the information visits. This instrument has proven to be quite efficient and fast, especially in clarifying the topics related to taxation and finance, legal issues, but also the verification of input suppliers or buyers.

During the reference period, 696 hours of technical assistance were provided. Management and marketing topics held the largest share in this activity.

Informing PG managers and members about the currently available development and funding opportunities

During the reference period, the GdP were informed about the development opportunities offered by the institutions of the Republic of Moldova and the development partners. Thus, through E-mail, viber, messages, including telephone connections, managers were informed about the possibilities offered by (i) Investment Agency - Launch of Export Missions, (ii) APM (USAID) Call for applications for funding for the implementation of the Global GAP quality management system, (iii) UCIP-IFAD - Competition for the selection of beneficiaries of investment financing grants for the creation of agricultural processing centers within producer groups, (iv)

Competition for the receipt of applications for financing of infrastructure projects for the year 2022 under the Rural Resilience Project (IFAD VII), (v) PricePricewaterhouseCoopers - Closing of the financial year 2020, (vi) Cromwell Evan Global - Legislative changes for 2021, (vii) PricewaterhouseCoopers - Closing of the financial year with national accounting standards (viii) Investment Agency - Moldova Trade Forum 2021, (ix) EBRD - regional launch of the EU4Business global EBRD credit line).

Organizing events/individual workshops for producer groups and processors (upon request) to strengthen the producer groups and the relations between the members thereof on different topics and by applying various instruments

Several events were organized during the reporting period:

- 1) Training and information session for the Managers and members of supported groups continued the series of training and experience-sharing activities. The addressed topics included: Funding opportunities for alternative electricity systems, EU export opportunities, funding opportunities provided by UNDP and the Government of Sweden (AdTrade).
- 2) Organizing participation in the webinar dedicated to managers and accountants on the topic: Closing the financial year and the webinar on the legal changes following the approval of the Budget Law 2021-2020.
- 3) Organizing the joint meeting of managers and members of PG Grape Line on specific aspects in the activity of Entrepreneur Cooperatives. It should be noted that small farmers, producers of vegetables in the village, also participated in the meeting, showing interest in joint work.

PG CAPACITY BUILDING AND SPECIALIZED TRAININGS

In 2020, CAPMU contracted consultancy services aimed at: (1) improving the production and post-harvest practices and technologies of producer group members specializing in fresh and processed horticultural products and (2) increasing the competitiveness of horticultural products produced by members of producer groups in the local and export markets.

During the reporting period, 12 day/experts (including visits) were allocated out of the total of 35 day/experts provided for in the assistance plans for 7 PG (CAIPS Basan Agro, CÎ Grape-Line, CÎ Sipecofruct, CÎ Fruitmol Group, CÎ Bonaro Agro Grup, CÎ Fruva Natural, CÎ Verifruct).

In addition, in Semester I/2021, 4 regional trainings (webinars) were organized as described in the table below:

| No. | Subject | Date | Platform | Participants |
|-----|--|---------------|----------|--------------|
| 1 | Establishing modern orchards of apple and stone fruits. Modern varieties and parent stocks | 9 April 2021 | ZOOM | 27 |
| 2 | The future of table grapes is intensive production on Pergola and Gable type systems | 16 April 2021 | ZOOM | 30 |
| 3 | Agrotechnical methods used in modern fruit production and measures to support productivity and fruit competitiveness | 29 April 2021 | ZOOM | 31 |
| 4 | Particularities of fruit load regulation in fruit plantations | 13 May 2021 | ZOOM | 28 |

EXPORT SERVICES AND ECONOMIC MISSIONS

In accordance with the contract provisions, Moldova Fruct provides the following consultancy services for interested Producer Groups: access to markets and support in organizing export operations; market research on several target markets selected by beneficiaries; developing the visual identity for PGs and trade missions to EU and non-EU countries as well as hosting economic missions from EU and Non-EU countries.

During the reporting period, Moldova Fruct carried out the following advisory activities:

Commercial profiles were developed and submitted for 9 PG (CAÎPS BASAN AGRO, CÎ SANT&K, CÎ FRUVA NATURAL, CÎ MAGIC FRUCT, CÎ VERIFRUCT, CÎ BURLACU FRUCT, CÎ MOLDAGROVITIS, CÎ FRUCTBIOIMPEX and CÎ NORD-GRIMFRUCT), and are already used in the correspondence with potential customers.

A number of recommendations on package solutions requested by retailers and distributors for the sale of plums and table grapes were prepared and provided to 2 PG (CÎ SADOECOSTRUG, SRL HOLDTAR GRUP).

The provided consultancy services and time were monitored and included in the Table of Consultancy Services provided to PG. During the reporting period, Consultancy services were provided to 8 PG (CÎ ASPECT FRUCT, CÎ BONARO AGRO GRUP, CÎ FRUITMOL GRUP, CÎ SADOECOSTRUG, CÎ SIPECOFRUCT, CÎ NORD-GRIMFRUCT, CÎ SANT&K and SRL HOLDTAR GRUP).

Corporate branding materials were developed and provided to 5 PG – CAÎPS BASAN AGRO, CÎ BONARO AGRO GRUP, CÎ NORD-GRIMFRUCT, CÎ SADOECOSTRUG and CÎ SANT&K (logo and business cards).

Marketing studies were developed and provided to 13 PG - CÎ BONARO AGRO GRUP, CAÎPS BASAN AGRO, CÎ NORD-GRIMFRUCT, CÎ SANT&K, CÎ SIPECOFRUCT, CÎ FRUITMOL GROUP, CÎ ASPECT FRUCT, CÎ BURLACU FRUCT, CÎ MAGIC FRUCT, CÎ FRUVA NATURAL, CÎ VERIFRUCT, CÎ FRUCTBIOIMPEX and CÎ MOLDAGROVITIS.

During the reporting period, Moldova Fruct organized a trade mission from the Polish company CLAUBA FRUITS from Wrocław represented by its owner Jakimowicz Bartłomiej and the procurement manager Jaśkiewicz Bartosz.

The profiles of Producer Groups participating in the mission were provided to the Polish company CLAUBA FRUITS in Wrocław.

On 11-12 May 2021, 6 Producer Groups were visited:

CÎ FRUCTBIOIMPEX, SRL HOLDTAR GRUP, CÎ BURLACU FRUCT – 11.05.2021, CÎ VERIFRUCT – 12.05.2021, CÎ MOLDAGROVITIS – 11.05.2021 and CÎ BONARO AGRO GRUP – 12.05.2021.

These groups were selected based on a public call in line with the interest areas of the Polish company CLAUBA FRUITS in Wrocław.

During the reporting period, Moldova Fruct organized 3 virtual trade missions in collaboration with the Embassy of the Republic of Moldova to the Russian Federation, with participation of the region's line ministries. The regional chamber of commerce and industry was also involved, by preparing and distributing invitations to potential fruit importers.

Online trade mission with potential buyers from Reazani region, Russian Federation

9 producer groups participated in the virtual mission: CI SADOECOSTRUG, SRL HOLDTAR GRUP, CI BURLACU FRUCT, CI SANT&K, CI FRUCTBIOIMPEX, CI FRUITMOL GROUP, CI MOLDAGROVITIS, CI NORD GRIM FRUCT, CI ASPECT FRUCT.

Online trade mission with potential buyers from Nijnii Novgorod region, Russian Federation

5 producer groups participated in the virtual mission: CI BURLACU FRUCT, CI ASPECT FRUCT, CI BONARO AGRO GRUP, CI SADOECOSTRUG and CI SANT&K.

Online trade mission with potential buyers from Krasnoyarsk region, Russian Federation

4 producer groups participated in the virtual mission: CI BURLACU FRUCT, CI ASPECT FRUCT, CI BONARO AGRO GRUP and CI SADOECOSTRUG.

IMPACT ASSESSMENT

In January 2021 the contract with the Company *Economisti Associati* in association with ACSA - National Agency for Rural Development was signed. The contract aims at developing the Impact Assessment Study for the component "Enhancing market access potential" within "Moldova Agriculture Competitiveness Project" (MAC-P) ("Assignment").

The purpose of the Assignment is to assess the impact of overall intervention under component B, including support for producer group establishment, technical assistance, grants and post-investment support, highlighting the impact of grant funding for post-harvest infrastructure. The field of activity includes three key steps, namely (i) *the pilot survey research phase*, which includes the final identification of groups subject to research and the testing of data collection tools; (ii) *data collection and preliminary assessment*, which will include most fact-finding activities; and (iii) *the analysis and reporting phase*, which will be dedicated to consolidating the findings and drafting the final results. A dedicated deliverable will be developed and submitted for each phase.

The pilot research was conducted on 12-18 March 2021 and covered a total of six producer groups, including (i) two groups that received an investment grant under Component B of MAC-P (PG-A); (ii) two groups that have received Technical Assistance (TA), but not (or not yet) received an investment grant (PG-B); (iii) two groups that did not receive any support from MAC-P (PG-C).

The contacted producer groups *expressed their willingness* to participate in the research and even share sensitive information. However, in at least some cases, *producer groups covered only part of the activities of their members*, which were limited, in particular, to operations related to the product (s) administered by the group. Thus, the Questionnaires had to be revised in order to address this issue. Moreover, especially for PG-B and PG-C, respondents encountered *difficulties in reporting data for the years prior to registration* as a legal entity. Or, apparently, having only a marginal reference to the PG-A group, this situation does not seem to challenge the proposed methodological approach for assessing the counterfactual impact, which focuses mainly on PG-A.

In total, 85 producer groups were contacted for participation in the research and a total of 72 interviews were completed, for a response rate of over 85%. Specifically, all 43 PG-A were interviewed, while coverage was comparatively lower for PG-B (with 17 out of 29 groups interviewed) and PG-C (12 out of 13 groups interviewed).

During the reporting period, the team of consultants presented the draft Final Report on the Impact Assessment Study for the Component "Enhancing market access potential". The report contains 6 detailed chapters: Introduction, General information, MAC-P beneficiary characteristics, Component B results, Impact of PG performances and Conclusions.

FINANCIAL ANALYSIS OF INVESTMENT UNDER THE POST-HARVEST INVESTMENT GRANTS MECHANISM

According to the Terms of Reference for this assignment, the Consultant will develop an ex-post financial analysis of the technical assistance and the financial support provided under component B of MAC-P.

During the reporting period, the methodology for evaluating the efficiency of agricultural producers who received technical and financial support under component B of the MAC-P Project was developed. The proposed

methodology aims to form a multidimensional vision on the level of efficiency both for each project and for all agricultural producers, beneficiaries of Component B as a whole.

MONITORING AND EVALUATION OF PRODUCER GROUPS

During the reporting period, the Monitoring and Evaluation Consultant performed the following activities defined in the terms of reference:

The Consultant updated the monitoring and evaluation methodology for Component B for the year 2021, taking into account the program implementation period and the activities carried out in parallel (impact assessment and IRR).

To ensure implementation of the methodology, the Consultant also developed the schedule/calendar for the field trips, prioritizing the following 3 categories of producer groups: 1) groups in the 3-4 year of activity; 2) groups that have recorded a poor progress in the previous years and 3) groups that implement investment processes.

The schedule covers the May - July 2021 period and includes 9 producer groups to be visited in the following period. The completed forms and the findings will be integrated in the next monitoring report

In addition, during the reference period the Report on the activity of producer groups in 2020 was developed. The analysis is based on the information compiled in the Reports on the execution of recognition plans for 2020 submitted repeatedly by 37 producer groups until 15 May 2021. The analysis shows the dynamics of groups and includes data collected during the previous reporting sessions to allow a comparative analysis.

MONITORING OF INVESTMENT SUB-PROJECTS CONSTRUCTION WORKS

In Semester I/2021 the Consultant carried out 17 monitoring visits to 3 PGs (CÎ "Walnut Line", CÎ "Ghidapisgrup" and CÎ "Sandic Honey Group", aiming at monitoring the progress of construction works executed by Contractors who signed Construction Works Contracts and Grant Agreements with AIPA.

Also during the reporting period, the Consultant analyzed 4 files submitted by MAC-P Beneficiaries to AIPA in order to sign the Grant Agreements, namely: CI GHIDAPISGRUP, CI SANDIC HONEY GROUP, CI DARURILE DACIEI and CI VERIFRUCT. All documents are compliant, including the Execution Projects have been developed according to the norms in force and duly verified and approved. The building permits are valid and allow the commencement of works. At the same time, the Environmental Agency has issued the Ecological Expertise Approvals, allowing construction works to start, provided that the Beneficiaries ensure the implementation of all the conditions described in the Execution Projects. The Consultant issued Conclusions for each file (4 units), which were submitted to AIPA:

ACCOUNTING AND FINANCIAL MANAGEMENT SERVICES

The services are designed to strengthen the capacity of accountants, managers and members of productive partnerships and producer groups to understand the importance of sound financial management and proper accounting in these associations, as well as the practical application of knowledge (theoretical, practical, coaching and training) in their daily activities.

Thus, during the first semester, 2 (two) training sessions were organized for PG and the members thereof:

- 1) On 19 February the webinar "Accounting and tax news 2021. Drafting of financial statements and fiscal reports for 2020". 25 people participated in the webinar.
- 2) The second webinar, "Clarification related to the preparation of the Financial Statements for 2020 (continuation of the seminar from 19.02.2021). Submitting the Income Statement based on the income tax from the entrepreneurial activity by the Producer Groups and their members" took place on February 26, 2021, with participation of 22 persons.

SUPPORT FOR MARDE

Development of the Guide on perishability rules for products of plant and animal origin

At MARDE request, Terms of Reference were developed for the revision of the legislation in force on perishability rules, development of a list of perishable agri-food products of plant and animal origin, including definition of applicable norms, as well as development of instructions on the application of these norms in production facilities, storage facilities and transport units. The World Bank approved the selection of two consultants to implement these tasks.

During the reporting period, the Consultant submitted the Guide (draft) for the groups of agricultural producers, defining the perishability limits, the specific conditions for enforcement and accounting. The guide includes 5 chapters: - Description of the problem; - What are perishables; - Outline of perishability accounting; - Changes in the legislation on natural perishables; - Technical instructions on the application of perishability rules and a series of useful tables (Groups of agricultural products, Perishability for handling, storage and transport (vegetables and fruits), Perishability for handling, storage and transport (Seeds), Perishability for handling, storage and transport (Meat).

Developing the National Meat Sector Development Program (2021-2026) to support the modernization of meat production and processing and to increase exports

Between 2020 and 2021, MAC-P provided support to MARDE for the development of the National Meat Sector Development Program (2021-2026) in order to support the modernization of meat production and processing and to increase exports. The goal of the Program is to revitalize the sector and increase its competitiveness. The specific objectives of the National Meat Sector Development Program will be achieved according to the Action Plan for 2021-2026 regarding the implementation of the Program, the achievement of which is one of the key priorities for the development of the sector.

To develop the document, the existing documents and sectoral programs were studied, including: National program for the development of the sheep and goat sector, Agriculture Development Strategy (2014-2020), Draft program for the development of the dairy sector, Analysis of statistical data according to the Department of Statistics and UN COMTRADE etc. As a result of the analysis of the documentation and the meetings organized, a SWOT analysis for the meat sector was developed. The objectives and the implementation potential were defined based on the identified data. The developed document is compliant with the regulations in force and includes an action plan, budgets and the stakeholders responsible for implementation.

SUPPORT FOR AIPA IN DEVELOPING THE COMPONENT "DIRECT PAYMENTS PER CAPITA" IN ESBS INFORMATION SYSTEM

On June 30, the team of consultants submitted the final report on the development, integration and testing of the new module "direct payments per capita". The need for it emerges after the approval of the Government Decision no. 836/2020 "for the approval of the Regulation on the granting of direct payments per capita", through which 9 new subsidy sub-measures were approved. Thus, the destination of the new module includes: registration of subsidy files for the new measures, regarding the granting of direct payments per animal; data processing and storage including file tabs; reduction of errors caused by the human factor; traceability of the flow and stage of file processing; raising the level of transparency related to the decisions taken in the case; auditing file accesses and automatic extraction of reports and statistical data.

Two User Handbook have also been submitted: 1) for AIPA employees in the use of the "direct payments per capita" module and 2) for the module on the online submission of subsidy applications by agricultural producers, for the form of support "Direct payments per capita".

AWARENESS AND COMMUNICATION ACTIVITIES

During the reporting period, the Communication Strategy of the MAC-P Project for the years 2021-2024 was drafted. The communication strategy establishes a set of actions aimed at identifying priorities and tools in communicating information in the Project's information area in order to contribute to the achievement of the MAC-P objectives.

The Strategy is mainly focused on communication and awareness-raising activities within the 3rd Additional Financing, aimed at establishing a comprehensive system for handling animal by-products, not intended for human consumption (ABP) and the successful implementation of which depends largely on the behavioral habits, the level of knowledge and responsibility of ABP generators, given the major impact of ABP on the environment and public health.

In addition, Terms of Reference were developed to contract a specialized company to conduct awareness activities under the Third Additional Financing.

Sub-component 2.2: Investment support for post-harvest technology development

PRODUCER GROUPS

Since the beginning of contract implementation, 64 producer groups have been registered. Also, following the eight calls announced in 2014-2020 under the investment grants program for producer groups, the Evaluation and Selection Committee approved 56 out of the 59 application files submitted by producer groups.

Between September 2014 and June 2021, grant contracts for investment projects in post-harvest technologies were signed with 47 producer groups. Two producer groups have accessed funding repeatedly, reaching the ceiling of 350 000 USD provided for by the Second Additional Financing Agreement. Other two groups were declared ineligible.

Cumulatively since the start of the project, grant resources amounting to 12 992 408,16 USD have been disbursed to 45 producer groups. The disbursed grants are from two sources: IDA – 11 548 534,04 USD and the Government of Sweden 1 443 874,12 USD. The average amount of a disbursed grant is USD 288 720.18, which is 82.5% of the maximum eligible amount. This amount ranges between 46.000 USD and 350000 USD. 24 PGs received grants in the maximum amount of USD 350 000.

The 45 producer groups, beneficiaries of MAC-P, comprise 245 economic agents. The share of women members of PG is about - 25%. 8 PGs are administered by women. The average number of members per PG is 5.5 people.

Of the 45 active PGs, 2 PGs are registered as LLCs, the other (43) have the status of Entrepreneurial Cooperatives.

In terms of geographical distribution, the 45 groups represent 20 rayons of the Republic of Moldova. In the northern area there are 18 PGs, in the central area - 13 PGs and in the southern area - 14 PGs.

The breakdown of the 45 groups by product is as follows: 38 PGs are specialized in fruit production, 2 PGs - vegetable production and three (3) PG are producing hazelnuts and almonds.

The main object of the investment made by the groups is the development of cold storage infrastructure. In addition, investments were made in dryers with plum processing lines, sorting lines, refrigerator trucks, hazelnut and almond processing equipment, cardboard box manufacturing line and honey collection, processing and storage complexes.

The post-harvest infrastructure management capacity following the investment made by the grant beneficiaries is - 36,792 tons; the groups purchased 16 sorting lines, 5 dryers, 1 cardboard box manufacturing line and 26 forklifts.

ENVIRONMENTAL ASSESSMENT OF INVESTMENT SUB-PROJECTS

Under Sub-component 2.2: *Investment support for post-harvest technologies*, during the quarter I/2021, the environmental consultant reported the activities as follows:

- Monitoring compliance with the environmental procedures for carrying out the activities of design and construction of the agro-industrial objectives, approved for financing within the *Investment Grants Program*.

Note: During the reporting period:

- Walnut Line Cooperative, Inesti/Telenesti continued the foundation works in accordance with the provisions of the approved execution project.
- GdP Almonds Company, Comrat continued the installation and adjustment of technological equipment in the almond processing unit according to the provisions of technical design project
- At the Casad-Agrofruct cold storage facility in Calarașovca/Ocnița, the main construction works were completed; Minor finishing and landscaping work continued; The objective has been registered at OTC and corresponds to the technical operating conditions; The official registration of the facility for food safety and the authorization on the emission of pollutants into the air will follow in the near future.
- GdP Ghidapisgrup, Cojusna/Straseni continued the construction works according to the execution project
- GdP Sandic Honey Group, Peresecina/Orhei continued the construction works according to the execution project
- GdP Verifrukt, Hincesti, continued the formal procedures for the authorized start of construction works; the planned works include organization of the site and the start of earthworks according to the approved execution project
- PG Darurile Daciei, Zagarancea/Ungheni, continued the formal procedures for the authorized start of construction works; In the near future, the site will be organized and the embankment works will start according to the approved execution project.

National Strategy for Irrigation Sector Development 2030 (NSISD):

- Participation in the activities of the group of experts for Strategy development (communication, meetings, public consultations, etc.; analysis and systematization of information; elaboration and revision of initial documents, etc.)
- Selection and analysis of supporting information materials (studies, reports, publications, programs, opinions, proposals, etc.) in order to develop the section on water resources available for irrigation; Development of the water resources section
- Preparing presentations and participating in the meetings of the special parliamentary commission for the development of NSDIS-2030
- Completing, editing and adjusting the content of NSDIS-2030
- Preparing the final version of NSDIS-2030 and launching stakeholder consultations
- Developing the Information on preliminary assessment of NSDIS-2030 and submitting the proposal to MARDE according to the established procedures
- Analyzing the opinions on NSDIS-2030 and preparing responses and argumentations for the received comments and objections
- Completing, adjusting and defining the content of the National Strategy for Irrigation Sector Development 2030 according to stakeholder opinions.

Note: The draft National Strategy for the Development of the Irrigation Sector 2030 was registered by the Legislative Secretariat (confirmation is attached) and is to be examined and approved by the MPs – <http://parlament.md/ProcesulLegislativ/Proiectedeactelegislative/tabid/61/LegislativId/5541/language/ro-RO/Default.aspx>.

FOURTH ADDITIONAL FINANCING OF USD 3.105 MILLION FROM GEF SOURCES FOR MOLDOVA AGRICULTURE COMPETITIVENESS PROJECT

The proposed additional financing will continue the original MAC-P theme to mitigate land degradation and increase agricultural productivity by implementing SLM activities. It will also stimulate private sector integration and maximize finance for development, building heavily on the participation of private sector actors in the transition to SLM practices and technologies, providing co-financing for investment and actively participating in knowledge exchange and information programs.

The proposed AF responds to an endorsement letter from the GoM, dated September 09, 2018, for a GEF 7 grant under the Land Degradation Focal Area to support scaling up of activities aimed at strengthening the enabling environment, generating and sharing knowledge, and mainstreaming SLM practices, and the broader soil protection, conservation and ultimately Land Degradation Neutrality (LDN) agenda. The WB task team has discussed implementation alternatives to the proposed AF with the GoM, and an agreement was reached that the scaling up of SLM activities, in line with the national LDN strategic and programmatic targets, is justifiable through an AF for the MACP. The GoM highly appreciates MACP's earlier achievements on SLM and would like to benefit further from the World Bank's agency and support in absorbing GEF resources for this purpose. The estimated budget is USD 3.105 million.

Following the completion of the project appraisal mission, compliance with all GEF requirements, the package of documents on AF 4 was approved by the Board of Directors of the Global Environment Facility.

Following the approval of AF4, the necessary package of documents was developed to initiate the procedures for approving the Grant Agreement between the Republic of Moldova and the International Bank for Reconstruction and Development (IBRD) as the Implementing Agency for the Global Environmental Facility (GEF) - (fourth additional funding) under Moldova Agriculture Competitiveness Project (MAC-P)". The package of documents includes the decree of the President of the Republic of Moldova (in Romanian and Russian), the rationale and the letter to the Central Public Authorities requesting its examination. The documents were submitted to MARDE, while the negotiations are expected to take place in Semester II/2021.

Detailed information on activities conducted under MAC-P is available at CAPMU office.