

**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 2019**

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Independent Auditor's Report

To: Management of Moldova Agricultural Competitiveness Project

Qualified Opinion

We have audited the accompanying Special purpose Project financial statements of the Moldova Agricultural Competitiveness Project ("Project"), for the year ended as at 31 December 2019 prepared in accordance with the cash receipts and disbursements basis of accounting, comprising the balance sheet as at 31 December, the Summary of Sources and Uses of Funds, Statements of Designated Accounts for the year ended as at 31 December 2019 and notes to the Special purpose Project financial statements, including a summary of significant accounting policies.

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

In our opinion, except for the possible effects of the matters described in the "Basis for Qualified Opinion" section of our report, the accompanying Special purpose Project financial statements for the year ended as at 31 December 2019 have been prepared, in all material respects, in accordance with the cash receipts and disbursements basis of accounting described in the Note 2 of these Special purpose Project financial statements and in accordance with the financial reporting provisions of the financing agreements referred above.

Basis for Qualified Opinion

Prior year audit report included a qualification stating that based on the audit procedures conducted for the year ended 31 December 2016 were 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 2019. 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 "Prior years refund of ineligible funds to the donor", 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 the 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 2019 that might not be eligible for financing as a result of the findings above mentioned. The audit reports for the years ended 31 December 2016, 31 December 2017 and 31 December 2018 were qualified based on this matter.

Based on the audit procedures conducted for the year ended 31 December 2019, we have identified one supplier, with which was concluded the contract nr. MACP/AF/CW/NCB-1.1 on 27 November 2017, in amount of MDL 25,176 thousand, against which the Project Management addressed in the Court a criminal lawsuit, following the suspicion of falsification of bank guarantees. Also, the contract with this supplier was terminated earlier on 18 November 2019 and a civil lawsuit was intended for delays incurred in the performed reconstruction workings, as agreed contractually. Thus, considering the uncertainties regarding the decisions that might be taken by the Court regarding the current active criminal and civil lawsuits and considering that the World Bank can qualify the falsification of bank guarantees as fraudulent practice, in accordance with its "Fraud and Corruption" Guidelines, we cannot estimate the impact of the above-mentioned lawsuits on the Project special purpose financial statements or any other financial commitments that might result from the contract.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibility for the audit of Special purpose Project 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) together with the ethical requirements that are relevant to our audit of the financial statements in the Republic of Moldova, including the law and we have fulfilled our other ethical responsibilities in accordance with these requirements and 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 and restriction on use and distribution

We draw attention to the Note 2 to the Special purpose Project financial statements, which describe the basis of accounting. These Special purpose Project financial statements have been prepared solely for the purpose of complying with the terms of the Financing Agreements listed in the paragraph 2 above. As a result, the Special purpose Project financial statements may not be suitable for any other purpose. Our report is intended solely for the information and use of Project Management and should not be distributed to or used by any other parties. Our opinion is not modified in respect of this matter.

We draw attention to the fact that in the first quarter of 2020, a major outbreak of Coronavirus broke out, adversely affecting the routine of the public, and, consequently, the future implementation of the Project's activities. Our opinion is not modified in respect of this matter.

Responsibilities of management for the Special purpose Project financial statements

Management is responsible for the preparation and fair presentation of these Special purpose Project financial statements in accordance with the cash receipts and disbursements basis of accounting described in Note 2; this includes determining that the cash receipts and disbursements basis of accounting is an acceptable basis for the preparation of the Special purpose Project financial statements in the circumstances, and for such internal control as management determines is necessary to enable the preparation of the Special purpose Project financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the Special purpose Project 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 the operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Project's financial reporting process.

Auditor's responsibility for the audit of Special purpose Project financial statements

The objectives of our audit are to obtain reasonable assurance about whether the Special purpose Project 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 Special purpose Project financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the planning and performance of the audit. We also:

- Identify and assess the risks of material misstatement of the Special purpose Project 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 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.
- Evaluate the overall presentation, structure and content of the Special purpose Project financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- 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 statement or, if such disclosure 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.

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.

Grant Thornton Audit S.R.L.
Chisinau, Republic of Moldova
31 July 2020



MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
BALANCE SHEET
AS AT 31 DECEMBER 2019
(all amounts are expressed in USD, unless otherwise mentioned)

	<u>Notes</u>	<u>December 31, 2019</u>	<u>December 31, 2018</u>
ASSETS			
Cash and cash equivalents			
Designated account IDA 5095-MD		-	70,214
Designated account GEF TF012145		-	-
Designated account SIDA TF014946		-	-
Designated account IDA 5639-MD		62,771	141,154
Designated account IDA 5858-MD		92,500	140,167
Designated accounts in MDL - IDA 5858/5639/50950 MD		23	-
Money obtained from the sale of tender documents		164	-
Total cash and cash equivalents		155,458	351,535
Undisbursed balance			
Undisbursed balance IDA 5095-MD		14,728	99,149
Undisbursed balance GEF TF012145		-	-
Undisbursed balance SIDA TF014946		-	-
Undisbursed balance IDA 5639-MD		1,530,068	2,557,317
Undisbursed balance IDA 5858-MD		5,551,997	7,872,770
Total undisbursed balance		7,096,793	10,529,236
Cumulative project expenses			
Spent IDA 5095-MD	4,5,6	16,385,655	16,231,020
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	10,533,545	9,427,914
Spent IDA 5858-MD	4,5	4,263,506	1,895,088
Total cumulative project expenses		37,886,333	34,257,649
TOTAL ASSETS		45,138,584	45,138,420
FUNDS AND LIABILITIES			
Funding			
Financing agreement IDA 5095-MD		16,400,383	16,400,383
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	12,126,385
Financing agreement IDA 5858-MD		9,908,002	9,908,025
Designated accounts in MDL - IDA 5858/5639/50950 MD		23	-
Money obtained from the sale of tender documents		164	-
Total funds		45,138,584	45,138,420
TOTAL FUNDS AND LIABILITIES		45,138,584	45,138,420

The accompanying special purpose Project financial statements and related notes were signed and approved on behalf of the Project's Management on 31 July 2020, by:


Liviu Gumovschi,
Executive Director


Igor Belibov,
Chief Accountant

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
STATEMENT OF SOURCES AND USES OF FUNDS
FORTHE YEAR ENDED 31 DECEMBER 2019
(all amounts are expressed in USD, unless otherwise mentioned)

	<u>Notes</u>	<u>For the year ended 31 December 2019</u>	<u>Cumulative to date</u>
Opening cash balances			
<i>CAPMU Designated Accounts</i>			
Designated account IDA 5095-MD		50,215	-
Designated account GEF TF012145		-	-
Designated account SIDA TF014946		-	-
Designated account IDA 5639-MD		141,154	-
Designated account IDA 5858-MD		140,167	-
<i>AIPA Designated Accounts</i>			
Designated account GEF TF012145		-	-
Designated account IDA 50950-MD		19,999	-
Designated account IDA 5639-MD		-	-
Total opening cash balances		351,535	-
Add: Sources of funds			
<i>CAPMU</i>			
IDA Credit 5095-MD	3	84,421	9,553,706
GEF Grant TF012145	3	-	2,576,080
SIDA Grant TF014946	3	-	2,268,126
IDA Credit 5639-MD	3	1,027,249	3,535,451
IDA Credit 5858-MD	3	597,152	1,204,023
<i>Other sources</i>			
Financing from the sale of tender documents		164	164
<i>AIPA</i>			
IDA Credit 5095-MD	3	-	6,831,949
GEF Grant TF012145	3	-	1,859,420
IDA Credit 5639-MD	3, 6	-	4,197,500
Retroactive financing IDA 5639-MD	3	-	2,863,366
IDA Credit 5858-MD	3	1,723,621	3,152,006
Total Sources of Funds		3,432,607	38,041,791
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	134,635	9,553,679
Exchange rate difference CAPMU		-	27
(2) Matching Investments Grants for Sub-Projects under Part B.2 and C.2	4, 5	19,999	6,831,950
Total:		154,634	16,385,655
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		-	(211)
(2) Matching Investments Grants for Sub-Projects under Part C.2	4, 5	-	1,859,270
Exchange rate difference AIPA		-	150
Total:		-	4,435,500

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
STATEMENT OF SOURCES AND USES OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER 2019
(all amounts are expressed in USD, unless otherwise mentioned)

	Note	For the year ended 31 December 2019	Cumulative to date
SIDA Grant TF014946			
(1) Goods, works, consultants' services, training and operating costs	4, 5	-	2,268,125
Exchange Rate difference CAPMU		-	2
Total:		-	2,268,127
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	1,105,631	3,472,702
Exchange rate difference CAPMU		-	(23)
(2) Compensatory sales support grants under Part E of the Project	4, 5, 6	-	4,203,865
Exchange rate differences AIPA		-	(6,365)
Retroactive financing through Ministry of Finance under Part E of the Project		-	2,863,366
Total		1,105,631	10,533,545
IDA Credit 5858-MD			
(1) Goods, non-consultant services, consultancy services (including project auditing), training and operational costs for part B1 and D of the project	4, 5	644,789	1,111,495
(2) Investment grants for sub-projects for B.2	4, 5	1,723,621	3,152,006
Exchange rate differences		8	5
Total		2,368,418	4,263,506
TOTAL USES OF FUNDS		3,628,684	37,886,333
Closing cash balances			
<i>CAMPU Designated Accounts</i>			
Designated account IDA 5095-MD		-	-
Designated account GEF TF012145		-	-
Designated account SIDA TF014946		-	-
Designated account IDA 5639-MD		62,771	62,771
Designated account IDA 5858-MD		92,500	92,500
Designated accounts in MDL - for IDA Credit 5858/5639/50950 MD		23	23
Money obtained from the sale of tender documents		164	164
<i>AIPA designated accounts</i>			
Designated account GEF TF012145		-	-
Designated account IDA 50950-MD		-	-
Designated account IDA 5639-MD		-	-
TOTAL CLOSING CASH BALANCES		155,458	155,458

The accompanying special purpose Project financial statements and related notes were signed and approved on behalf of the Project's Management on 31 July 2020, by:


Liviu Gumovschi,
Executive Director


Igor Belibov,
Chief Accountant

**MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
DESIGNATED ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**
(all amounts are expressed in USD, unless otherwise mentioned)

For the year ended: 31 December 2019
Account no: 3261384040
Depository Bank: Ministry of Finance -State Treasury
SWIFT code: TREZMD2X

Source IDA 5095-MD (CAPMU)

	<u>Notes</u>	<u>For the year ended 31 December 2019</u>
Opening balance -01 January 2019		50,215
Add:		
Sources of funds (excluding direct payments)	3	-
Deduct:		
Uses of funds	4,5	50,215
Exchange rate difference		-
Closing balance -31 December 2019		-

For the year ended: 31 December 2019
Account no: 3261384066
Depository Bank: Ministry of Finance -State Treasury
SWIFT code: TREZMD2X

Source IDA 5095-MD (AIPA)


	<u>Notes</u>	<u>For the year ended 31 December 2019</u>
Opening balance -01 January 2019		19,999
Add:		
Sources of funds (excluding direct payments)	3	-
Deduct:		
Uses of funds	4, 5	19,999
Exchange rate difference		-
Closing balance -31 December 2019		-

For the year ended: 31 December 2019
Account no: 3261984055
Depository Bank: Ministry of Finance -State Treasury
SWIFT code: TREZMD2X

Source IDA 5639-MD (CAPMU)

	<u>Notes</u>	<u>For the year ended 31 December 2019</u>
Opening balance -01 January 2019		141,154
Add:		
Sources of funds (excluding direct payments)	3	-
Deduct:		
Uses of funds	4,5	78,383
Exchange rate difference		-
Closing balance -31 December 2019		62,771

The accompanying special purpose Project financial statements and related notes were signed and approved on behalf of the Project's Management on 31 July 2020, by:


Liviu Gumovschi,
 Director Executiv


Igor Belibov,
 Chief Accountant

**MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
DESIGNATED ACCOUNT STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**
(all amounts are expressed in USD, unless otherwise mentioned)

For the year ended: 31 December 2019
Account no: 3261984056
Depository Bank: Ministry of Finance -State Treasury
SWIFT code: TREZMD2X

Source IDA 5639-MD (AIPA)

	<u>Note</u>	<u>For the year ended 31 December 2019</u>
Opening balance -01 January 2019		-
Add:		
Sources of funds (excluding direct payments)	3	-
Deduct:		
Uses of funds	4, 5, 6	-
Exchange rate difference		-
Closing balance -31 December 2019		-

For the year ended: 31 December 2019
Account no: 3261784077
Depository Bank: Ministry of Finance -State Treasury
SWIFT code: TREZMD2X

Source IDA 5858-MD (CAPMU)

	<u>Notes</u>	<u>For the year ended 31 December 2019</u>
Opening balance -01 January 2019		140,167
Add:		
Sources of funds (excluding direct payments)	3	569,014
Deduct:		
Uses of funds:	4, 5	616,673
Exchange rate difference		8
Closing balance -31 December 2019		92,500

The accompanying special purpose Project financial statements and related notes were signed and approved on behalf of the Project's Management on 31 July 2020, by:



Liviu Gumovschi,
 Executive Director



Igor Belibov,
 Chief Accountant

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(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 the International Development Association and the Government of Moldova in amount of SDR 11.6 mln, signed on May 28, 2012, (ii) Grant Agreement TF012145 between the Global Environment Facility and the Government of Moldova in amount of USD 4.4 mln, signed on May 28, 2012, both declared effective on September 20, 2012, (iii) the Grant Agreement TF014946 between the Swedish International Development Cooperation Agency and the Republic of Moldova in the amount of SEK 18.8 mln., signed on November 15, 2013, declared effective on the same day, (iv) the Financing Agreement 5639-MD signed between the Republic of Moldova and the International Development Association in amount of SDR 8.7 mln., signed on May 21, 2015 and declared effective on July 07, 2015 and (v) the Financing Agreement 5858-MD signed between the Republic of Moldova and the 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 Ministry of Agriculture and Food Industry (hereinafter "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:
 - (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 (or Border Inspections Points), namely: on the Eastern border (Tudora), on the Southern border (Giurgiulesti); on the Northern border (Criva) and on the Western border (Leuseni).

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(all amounts are expressed in USD, unless otherwise mentioned)

Part B: Enhancing market access potential

Provision of goods, works, consultants' services, including training to Ministry of Agriculture and Food Industry (hereinafter "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 Ministry of Environment (hereinafter "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 Sustainable Land Management (hereinafter "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.

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 were closed in the same year. Last transactions incurred during prior year, i.e. 2018, there were only refund operations under this component.

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019
(all amounts are expressed in USD, unless otherwise mentioned)

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 World Bank letter from 7 May 2019 and the financing agreements/ amendments to the initial financing agreements, in respect to the IDA Credit No. 5639-MD, it has been agreed the extension of the Project closing date to 31 May 2020. Afterwards, in accordance with the World Bank letter from 19 May 2020, in respect of the IDA Credit No. 5639-MD, it was agreed the extension of the Project closing date until 30 November 2020.

In accordance with the World Bank letter from 7 May 2019 and the financing agreements/ amendments to the initial financing agreements, in respect to the IDA Credit No. 5858-MD, it has been agreed the extension of the Project closing date to 30 June 2021. Also, in accordance with the World Bank letter from 29 May 2019, in respect of the IDA Credit No. 5858-MD, it was approved the amount of financing reallocations as per components, and it was agreed to rehabilitate 6 Border Inspection Points (BIPs), while as per initial Financing Agreement, it was agreed to rehabilitate only 4 BIPs.

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 2019 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 2019
(all amounts are expressed in USD, unless otherwise mentioned)

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The Project Financial Statements are special purpose Project financial statements that have been prepared in accordance with consistently applied accounting standards acceptable to the World Bank, in manner adequate to reflect the operations, resources and expenditure related to the Project.

The Consolidated Agricultural Project Management Unit (CAPMU) and Agency for Payments and Interventions in Agriculture (AIPA) accounting system (books and records) provides the basis for the preparation of the special purpose financial statements of the Project and is established to record all transactions in respect of the Project.

The cash basis of accounting was used in the preparation of these special purpose 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 (or paid).

The amounts are expressed in USD and are prepared for the year ended 31 December 2019.

Functional and presentation currency/ Exchange rates

The Project's functional and presentation currency is the United States Dollars (USD), as being required by the World Bank. The transactions performed in MDL currencies are converted and reported in USD using the official exchange rate of the National Bank of Moldova on the date of payment.

Designated account

The Designated account is opened by the State Treasury at the National Bank of Moldova and is the account through which the replenishments are drawn. All payments for eligible expenses are made from this Designated account 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).

Direct payments

The direct payment represents an eligible disbursement method, consisting of payment performed by the World Bank from the loan account, at the borrower's request, directly to a third party (e.g., contractor, supplier, consultant) for eligible expenditures. The CAPMU and AIPA provides documentation showing that such expenditures have been incurred at the time a request for payment to the third party is made. The CAPMU and AIPA is submitting withdrawal applications, through the World Bank's web-based portal "Client Connection", specifying direct payment as disbursement method.

Sources of funding

The sources of funding are the amounts committed by the International Development Association (IDA) (referred as "World Bank" or "Donor") according to the Grant agreement. The sources of funds are transferred by the World Bank from the loan account, to the Designated Account of the Project.

Uses of funds (Project expenditure)

The use of funds represents the amounts used in order to cover the eligible expenses for the needs of the Project.

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
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2. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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 in the Grant Operation Manual.

Procurement

Goods and non-consulting services refers to all goods and non-consulting services required for the Project and financed out of the proceeds of the Financing, and which shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines (meaning the "Guidelines: Procurement of Goods, Works and Non-Consulting services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014)).

Consultant's services refers to all consultant's services required for the project and financed out of the proceeds of the Financing which are procured in accordance with the requirements set forth or referred to in Section I and IV of the Consultant Guidelines (meaning the "Selection and employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014)).

Project management

The Project documentation, the records of the Project implementation documents and the bookkeeping are kept by the Consolidated Agricultural Project Management Unit (CAPMU) and Agency for Payments and Interventions in Agriculture (AIPA), which are the agencies responsible for the implementation of the Project objectives.

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
NOTES TO THE FINANCIAL STATEMENTS
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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
0157	84,421	-	-	-	84,421
Total	84,421	-	-	-	84,421

Out of which:

Payments in designated account:

Direct payments:

-
84,421
84,421

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
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3. WITHDRAWAL SCHEDULE (CONTINUED)

3.2 IDA Credit 5858

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
0016	139,835	-	139,835	120,000	120,000
0017	127,468	-	127,468	127,000	127,000
0018	-	350,000	-	-	350,000
0019	-	350,000	-	-	350,000
0020	-	350,000	-	-	350,000
0021	150,965	-	150,965	176,266	176,266
0022	-	350,000	-	-	350,000
0023	-	323,621	-	-	323,621
0024	150,765	-	150,765	145,771	145,771
0025	28,115	-	-	-	28,115
Total	597,148	1,723,621	569,033	569,037	2,320,773

Out of which:

Payments in designated account :

569,037

Direct payments :

1,751,736

2,320,773

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3. WITHDRAWAL SCHEDULE (CONTINUED)

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) Compensato ry Sales Support Grants under Part E of the Project	Advance Recovery	Advance to Designate d Account	Total
0045	35,306	-	-	-	35,306
0046	41,697	-	-	-	41,697
0047	58,939	-	-	-	58,939
0048	51,540	-	-	-	51,540
0049	57,795	-	-	-	57,795
0050	203,335	-	-	-	203,335
0051	70,439	-	-	-	70,439
0052	317,923	-	-	-	317,923
0053	93,784	-	-	-	93,784
0054	96,491	-	-	-	96,491
Total	1,027,249	-	-	-	1,027,249

Out of which:

Payments in designated account:

Direct payments:

-

1,027,249

1,027,249

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
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(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 2019	Cumulative to date
A. Enhancing Food Safety Management	93,506	7,085,020
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	93,506	6,833,030
B. Enhancing market access potential	-	6,912,197
B.1 – Providing a business development support for productive partnerships for primary horticultural producers	-	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	-	6,296,528
C. Enhancing land productivity through sustainable land management	54,992	1,750,426
C.1 – Strengthening the sustainable land management capacity building of MOE	34,993	419,961
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	19,999	535,421
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	6,136	637,985
Exchange rate differences	-	27
TOTAL	154,634	16,385,654

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4. EXPENDITURE BY PROJECT ACTIVITY (CONTINUED)

4.2 GEF GRANT TF012145

	For the year ended 31 December 2019	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. D. Project Management	-	199,634
Exchange rate differences	-	(62)
TOTAL	-	4,435,500

4.3 SIDA GRANT TF014946

	For the year ended 31 December 2019	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

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4. EXPENDITURE BY PROJECT ACTIVITY (CONTINUED)

4.4 IDA CREDIT 5639-MD

	For the year ended 31 December 2019	Cumulative to date
A. Enhancing Food Safety Management	1,105,631	2,845,103
A.1 – Providing regulatory and institutional support to MAFI for enhancing the food safety management system	3,750	46,568
A.2 – Providing technical enhancements support to MAFI for the safety management	1,101,881	2,798,535
E. Compensatory Sales Support Grants under Part E of the Project	-	7,067,231
D. Project Management	-	627,600
Exchange rate differences	-	(6,388)
TOTAL	1,105,631	10,533,545

4.5 IDA CREDIT 5858-MD

	For the year ended 31 December 2019	Cumulative to date
B. Enhancing market access potential	2,016,251	3,648,399
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	1,723,621	3,152,006
B.1 – Providing a business development support for productive partnerships for primary horticultural producers	292,630	496,393
D. Project Management	352,159	615,100
Exchange rate differences	8	8
TOTAL	2,368,418	4,263,507
 TOTAL PROJECT EXPENSES	 3,628,684	 37,886,333

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(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

	Q 1 2019	Q 2 2019	Q 3 2019	Q 4 2019	For the year ended 31 December 2019	Cumulative to date
Opening Cash Balance(s)						
<u>Designated accounts (CAPMU)</u>						
Bank: USD IDA Credit 5095-MD	50,215	27,015	-	-	50,215	-
Bank: USD IDA Credit 5858-MD	140,167	132,700	108,734	134,228	140,167	-
Bank: USD IDA Credit 5639-MD	141,154	135,554	89,277	68,963	141,154	-
Bank: Money obtained from the sale of tender documents	-	-	-	164	-	-
Bank: The MDL Account for IDA Credit 5858/5639/50950 MD	-	-	-	4	-	-
<u>Designated accounts (AIPA)</u>						
Bank: USD IDA Credit 5095-MD	19,999	-	-	-	19,999	-
Bank: USD IDA Credit 5639-MD	-	-	-	-	-	-
Bank: MDL IDA Credit 5639-MD	-	-	-	-	-	-
Total opening cash balance(s)	351,535	295,268	198,011	203,360	351,535	-
Add: Sources of Funds for CAPMU						
Source: IDA Credit 5095-MD	-	84,421	-	-	84,421	9,553,706
Designated account	-	-	-	-	-	2,293,536
Direct payments	-	84,421	-	-	84,421	7,260,170
Source: GEF TF12145MD	-	-	-	-	-	2,576,080
Designated account	-	-	-	-	-	565,682
Direct payments	-	-	-	-	-	2,010,398
Source: SIDA TF14946	-	-	-	-	-	2,268,126
Designated account	-	-	-	-	-	550,878
Direct payments	-	-	-	-	-	1,717,249
Source: IDA Credit 5639-MD	-	135,942	312,669	578,638	1,027,249	3,535,451
Designated account	-	-	-	-	-	612,454
Direct payments	-	135,942	312,669	578,638	1,027,249	2,922,998
Source: IDA Credit 5858-MD	120,000	127,000	176,266	173,886	597,152	1,204,023
Designated account	120,000	127,000	176,266	145,771	569,037	1,133,657
Direct payments	-	-	-	28,115	28,115	70,366

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	Q 1 2019	Q 2 2019	Q 3 2019	Q 4 2019	For the year ended 31 December 2019	Cumulative to date
<i>for AIPA</i>						
Source: IDA Credit 5095-MD	-	-	-	-	-	6,831,949
<i>Designated account</i>						
<i>Direct payments</i>	-	-	-	-	-	535,421
Source: GEF TF12145MD	-	-	-	-	-	6,296,528
Source: IDA Credit 5639-MD	-	-	-	-	-	1,859,420
Retroactive financing IDA Credit 5639-MD	-	-	-	-	-	4,197,500
Source: IDA Credit 5858-MD	-	1,050,000	350,000	323,621	1,723,621	2,863,366
<i>Designated account</i>						
<i>Direct payments</i>	-	1,050,000	350,000	323,621	1,723,621	3,152,006
<i>Other sources</i>						
Financing from the sale of tender documents	-	-	164	-	164	-
Total Sources	120,000	1,397,362	839,099	1,076,145	3,432,607	38,041,791

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

IDA Credit 5095-MD	43,199	111,435	-	-	154,634	16,385,656
CAPMU						
(1) Goods, works, non-consulting services, consultants' services, training and operational costs for the Project	23,200	111,435	-	-	134,635	9,553,679
Exchange Rate difference	-	-	-	-	-	27
AIPA						
(2) Matching Investment Grants for Sub-projects under Parts B.2 and C.2 of the Project	19,999	-	-	-	19,999	6,831,950
GEF 12145MD	-	-	-	-	-	4,435,501
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	-	-	-	-	-	2,576,291
Exchange Rate difference	-	-	-	-	-	(211)

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	Q 1 2019	Q 2 2019	Q 3 2019	Q 4 2019	For the year ended 31 December 2019	Cumulative to date
AIPA						
(2) Matching Investment Grants for Sub-projects under Part C.2 of the Project	-	-	-	-	-	1,859,270
Exchange Rate difference (for TF12145MD source)	-	-	-	-	-	151
SIDA TF014946	-	-	-	-	-	2,268,127
CAPMU						
(1) Goods, works, consultants' services (including audit), Training and Operating costs	-	-	-	-	-	2,268,125
Exchange Rate difference (for TF14946MD source)	-	-	-	-	-	2
IDA Credit 5639-MD	5,600	182,219	332,983	584,829	1,105,631	10,533,546
CAPMU						
(1) Goods, non-consulting services, consulting, training and operational costs for parts A and D of the Project	5,600	182,219	332,983	584,829	1,105,631	3,472,702
Exchange rate difference	-	-	-	-	-	(23)
AIPA						
(2) Compensatory sales support grants under Part E of the Project	-	-	-	-	-	4,203,865
Exchange rate difference	-	-	-	-	-	(6,365)
Retroactive financing through Ministry of Finances	-	-	-	-	-	2,863,366
IDA Credit 5858-MD	127,468	1,200,965	500,768	539,217	2,368,419	4,263,504
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	127,468	150,965	150,765	215,591	644,789	1,111,495
AIPA	-	-	3	5	8	5
(2) Matching Investment Grants for Sub-projects under Parts B.2 of the Project	-	1,050,000	350,000	323,621	1,723,621	3,152,004
Total uses of funds	176,267	1,494,620	833,751	1,124,047	3,628,684	37,886,333

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	Q 1 2019	Q 2 2019	Q 3 2019	Q 4 2019	For the year ended 31 December 2019	Cumulative to date
Closing Cash Balance(s)						
<i>Designated accounts (CAPMU)</i>						
Bank: USD IDA Credit 5095-MD	27,015	-	-	-	-	-
Bank: USD IDA Credit 5639-MD	135,554	89,277	68,963	62,771	62,771	62,771
Bank: USD IDA Credit 5858-MD	132,700	108,734	134,229	92,500	92,500	92,500
Bank: The MDL Account for IDA Credit 5858/5639/50950 MD	-	-	-	23	23	23
Bank: MDL Money obtained from the sale of tender documents	-	-	164	164	164	164
<i>Designated accounts (AIPA)</i>						
Bank: USD IDA Credit 5095-MD	-	-	-	-	-	-
Bank: USD IDA Credit 5639-MD	-	-	-	-	-	-
Bank: MDL IDA Credit 5639-MD	-	-	-	-	-	-
Bank: MDL IDA Credit 5858-MD	-	-	-	-	-	-
Total closing cash balance(s)	295,268	198,011	203,356	155,458	155,458	155,458

MOLDOVA AGRICULTURAL COMPETITIVENESS PROJECT
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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	Q 1 2019	Q 2 2019	Q 3 2019	Q 4 2019	For the year ended 31 December 2019	Cumulative to date
CAPMU	5,600	275,725	332,983	584,829	1,199,137	10,139,635
A. Enhancing food safety management						
A.1 – Providing regulatory and institutional support to MAFI for enhancing the food safety management system	2,500	1,250	-	-	3,750	433,588
<i>IDA Credit 5095-MD</i>	-	-	-	-	-	251,990
<i>GEF 12145-MD</i>	-	-	-	-	-	38,700
<i>SIDA TF 14946</i>	-	-	-	-	-	96,330
<i>IDA Credit 5639-MD</i>	2,500	1,250	-	-	3,750	46,568
A.2 – Providing technical enhancements support to MAFI for the safety management	3,100	274,475	332,983	584,829	1,195,387	9,706,047
<i>IDA Credit 5095-MD</i>	-	93,506	-	-	93,506	6,833,030
<i>SIDA TF 14946</i>	-	-	-	-	-	74,483
<i>IDA Credit 5639-MD</i>	3,100	180,969	332,983	584,829	1,101,881	2,798,535
	58,852	67,347	74,489	91,943	292,630	3,076,624
B. Enhancing market access potential						
B.1 – Providing for a business development support for productive partnerships for primary horticultural producers	58,852	67,347	74,489	91,943	292,630	1,632,750
<i>IDA Credit 5095-MD</i>	-	-	-	-	-	615,669
<i>SIDA TF 14946</i>	-	-	-	-	-	520,689
<i>IDA Credit 5858-MD</i>	58,852	67,347	74,489	91,943	292,630	496,393
B.2 – Set-up of an investment support for post-harvest technologies through matching investment grants for Sub-modernization of emerging productive partnerships for the modernization of post-harvest technologies in the horticultural sector	-	-	-	-	-	1,443,874
<i>SIDA TF 14946</i>	-	-	-	-	-	1,443,874
	23,200	11,793	-	-	34,993	3,552,961
C. Enhancing land productivity through sustainable land management						
C.1 – Strengthening the sustainable land management (SLM) capacity building of MOE	23,200	11,793	-	-	34,993	1,155,243
<i>IDA Credit 5095-MD</i>	-	-	-	-	-	419,961
<i>GEF 12145 MD</i>	-	-	-	-	-	735,282
C.3 - Providing support for rehabilitation of shelterbelts by investments in machinery for the creation of two mobile	-	-	-	-	-	2,397,718

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Project Components / Activities	Q 1 2019	Q 2 2019	Q 3 2019	Q 4 2019	For the year ended 31 December 2019	Cumulative to date
mechanized squads for the rehabilitation of anti-erosion shelterbelts	-	-	-	-	-	795,043
<i>IDA Credit 5095-MD</i>	-	-	-	-	-	1,602,675
<i>GEF 12145 MD</i>	-	-	-	-	-	2,213,071
D. Project Management	68,616	89,755	76,276	123,649	358,295	637,985
<i>IDA Credit 5095-MD</i>	-	6,136	-	-	6,136	199,634
<i>GEF 12145 MD</i>	-	-	-	-	-	132,749
<i>SIDA TF 14946</i>	-	-	-	-	-	627,600
<i>IDA Credit 5639-MD</i>	-	-	-	-	-	615,103
<i>IDA Credit 5858-MD</i>	68,616	83,619	76,276	123,649	352,159	(200)
Exchange Rate differences	-	-	-	8	8	18,982,092
Total CAPMU	156,268	444,620	483,748	800,429	1,885,064	18,982,092
Agency for Interventions and Payments in Agriculture (AIPA)						
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	-	1,050,000	350,000	323,621	1,723,621	9,448,532
<i>IDA Credit 5095-MD</i>	-	-	-	-	-	6,296,528
<i>IDA Credit 5858-MD</i>	-	1,050,000	350,000	323,621	1,723,621	3,152,004
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	19,999	-	-	-	19,999	2,394,843
<i>IDA Credit 5095-MD</i>	19,999	-	-	-	19,999	535,422
<i>GEF 12145 MD</i>	-	-	-	-	-	1,859,270
Exchange rate differences (related to GEF 12145 MD)	-	-	-	-	-	151
E – Compensatory sales support grants under Part E of the Project	-	-	-	-	-	7,060,866
<i>IDA Credit 5639-MD</i>	-	-	-	-	-	7,067,231
Exchange rate differences (related to IDA Credit 5639-MD)	-	-	-	-	-	(6,365)
Total AIPA	19,999	1,050,000	350,000	323,621	1,743,620	18,904,241
TOTAL EXPENSES PER PROJECT	176,267	1,494,620	833,748	1,124,050	3,628,684	37,886,333

6. PRIOR YEARS 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 MDL 4,865,000 (equivalent of USD 284,363) for IDA 5095-MD (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 USD 350,000 for IDA 5095-MD (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 USD 358,283 for IDA 5639-MD (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 Q1 2018.

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

7. EVENTS AFTER THE PROJECT CLOSING DATE

In accordance with the World Bank letter from 19 May 2020, in respect of the IDA Credit No. 5639-MD, it has been agreed to extend the Project closing date until 30 November 2020.

Given the worldwide situation caused by the COVID-19 virus, the World Health Organization (WHO) declared the outbreak a Public Health Emergency of international concern on 30 January 2020, and a pandemic on 11 March 2020. In context of the pandemic, the Government of the Republic of Moldova (GoM), along with other governments of the world, has taken drastic measures to protect the health of the population and avoid the spread of contamination with the new coronavirus. On 16 March 2020 the GoM declared a State of Emergency in the country for a 60 days period, i.e. by 15 May 2020 and extended afterwards a State of Alert until 31 July 2020. As a result, the working schedule of many legal entities, including the state institutions has been adjusted to the situation. These actions have led to a slowdown of the economic activity in most sectors. Social and cultural life also undergoes transformations due to compulsory isolation at home and social distancing. This new state of affairs has strongly influenced people's lifestyle, changed their daily priorities and stopped or slowed down the long-term planning of the population.

The pandemic had an impact on subsequent Project implementation, by slowing down its activities. The Project Management has undertaken appropriate decisions concerning its staff and payments related to Project's suppliers and beneficiaries, in order to support the further Project implementation.

