

Millennium Challenge Corporation-Moldova

Moldova and MCC Development Agreement

Prime Minister Vladimir Filat gives remarks at the signing of the MCC Compact with the Republic of Moldova on January 22, 2010. Secretary of State Hillary Rodham Clinton presided at the ceremony with MCC's new Chief Executive Officer Daniel Yohannes.



Chisinau, Moldova.
May 8, 2011

This document is confidential and is intended solely for the use and information of the client to whom it is addressed.

Agenda

- What is MCC?
- What is MCA-Moldova?
- How are Projects Selected?
- How can you Participate?



Fact Sheet
August 3, 2010 | www.mcc.gov

MCC and the Millennium Development Goals

In September 2000, the United States committed to the United Nations Millennium Declaration, which contains goals for reducing poverty and hunger, strengthening access to education, and improving health, including combating major diseases, by 2015. The Millennium Challenge Corporation (MCC) plays an integral role in the U.S. Government's pledge to assist countries in their efforts to achieve the MDGs and improve the lives of their people.

MCC's Commitment

MCC's mandate to reduce poverty through economic growth underpins progress on all of the MDGs. Only with sustained increases in income can families overcome poverty and meet their basic needs in terms of health, education, and equal opportunity for women and girls. MCC's emphasis on good governance, country ownership, and accountability for results lays the groundwork for sustainable development progress well beyond the 2015 goals.

"We will support the Millennium Development Goals, and approach next year's Summit with a global plan to make them a reality. And we will set our sights on the eradication of extreme poverty in our time."

—President Barack Obama
UN Speech, Sept. 23, 2009

What is the Millennium Challenge Corporation?

- Government Agency
 - Different than USAID
- Designed to Fight Poverty and Corruption
 - Leverage Points
 - 3rd Party Rights/Responsibilities for MCA-Moldova actions
- Two Types of Programs
 - Threshold Programs
 - Compacts



MCC Targets Poverty in Moldova

On January 22, 2010, MCC signed a five-year, \$262 million economic development compact with Moldova. The compact focuses on the reconstruction of irrigation systems, access to agricultural finance, and road rehabilitation. Currently, the country's agriculture currently suffers from low productivity, contributing to high rates of rural poverty. In addition, the deteriorated quality of Moldova's roads has been cited as a constraint to economic growth, as it raises the costs of internal and external production and trade.

With support from Moldova's MCC Compact, funding will increase agricultural incomes of 32,000 households by stimulating the production and improved marketing of high value fruit and vegetables. The project primarily targets farming communities located along the two major rivers, the Prut to the west and the Nistru to the east; it will also benefit areas of the country already able

to access irrigation water and produce high value agriculture. Funding will repair up to 11 large irrigation systems servicing 15,500 hectares, providing water for high value fruits and vegetables as well as higher yielding grain production. Technical assistance and capacity building will support the establishment of water user organizations able to manage and operate the rehabilitated irrigation systems; the legal transfer of responsibilities for operations and maintenance of repaired irrigation systems to water user organizations; improve water resource management by the government; and ensure the legal and institutional framework needed for irrigation sector sustainability and further private and donor investment.

Financing facilities and technical assistance will support high value agriculture-related investments by farmers and entrepreneurs. As part of an activity undertaken by MCC and the United States

Agency for International Development, technical assistance will help improve market access and support the shift to high value agriculture at the production and post-harvest level.

The road rehabilitation project, which will benefit approximately 78,000 households, includes repairs to a section of an arterial highway between the Moldovan capital, Chisinau, to the Ukrainian border and beyond to Kyiv, the Ukrainian capital. The section to be rehabilitated comprises 93 kilometers of the M2 and R7 roads between Sarateni to a juncture north of the city of Soroca. This highway is a link between the two countries for private, passenger, and commercial travel, and a significant link for internal commerce and trade. The project will reduce the time and cost to transport goods and services and reduce losses to the national economy resulting from deteriorated road conditions.

Moldova Compact Objectives

Contribute to Poverty Reduction
through Economic Growth

Road Rehabilitation:
Enhance transportation
conditions

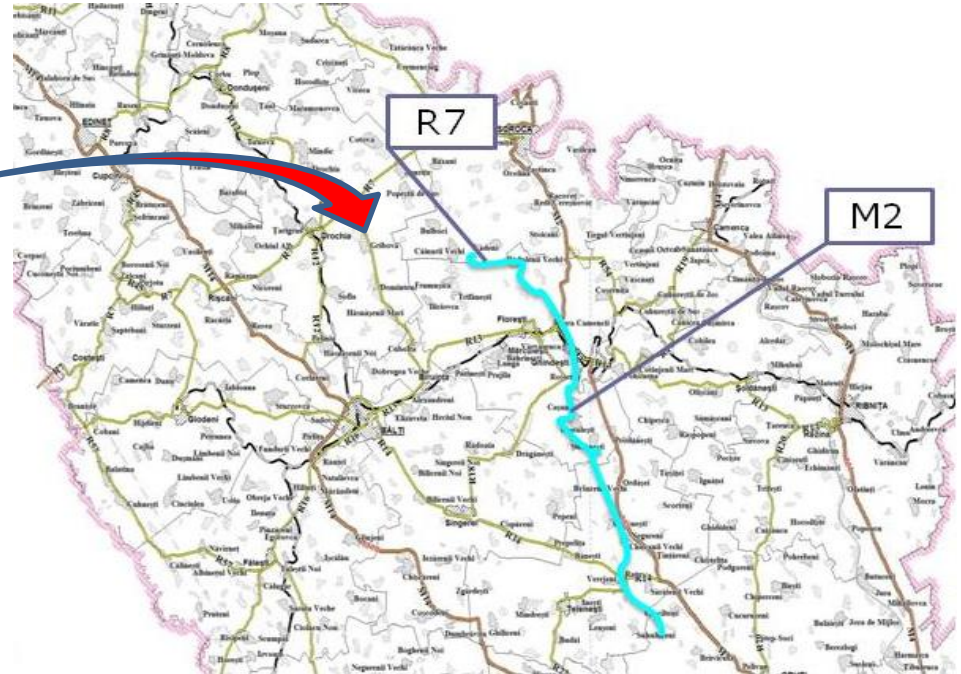
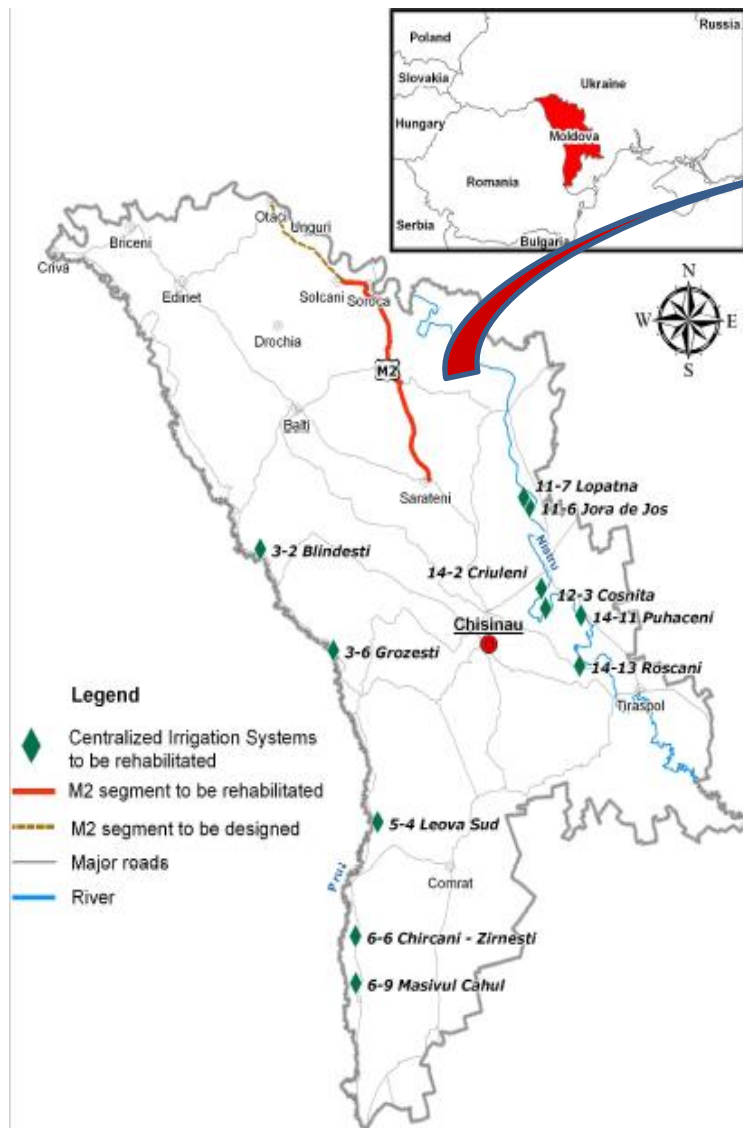
Transition to High Value Agriculture:

- Increase incomes in the agricultural sector
- Create models for transition to HVA in CIS areas and an enabling environment for replication



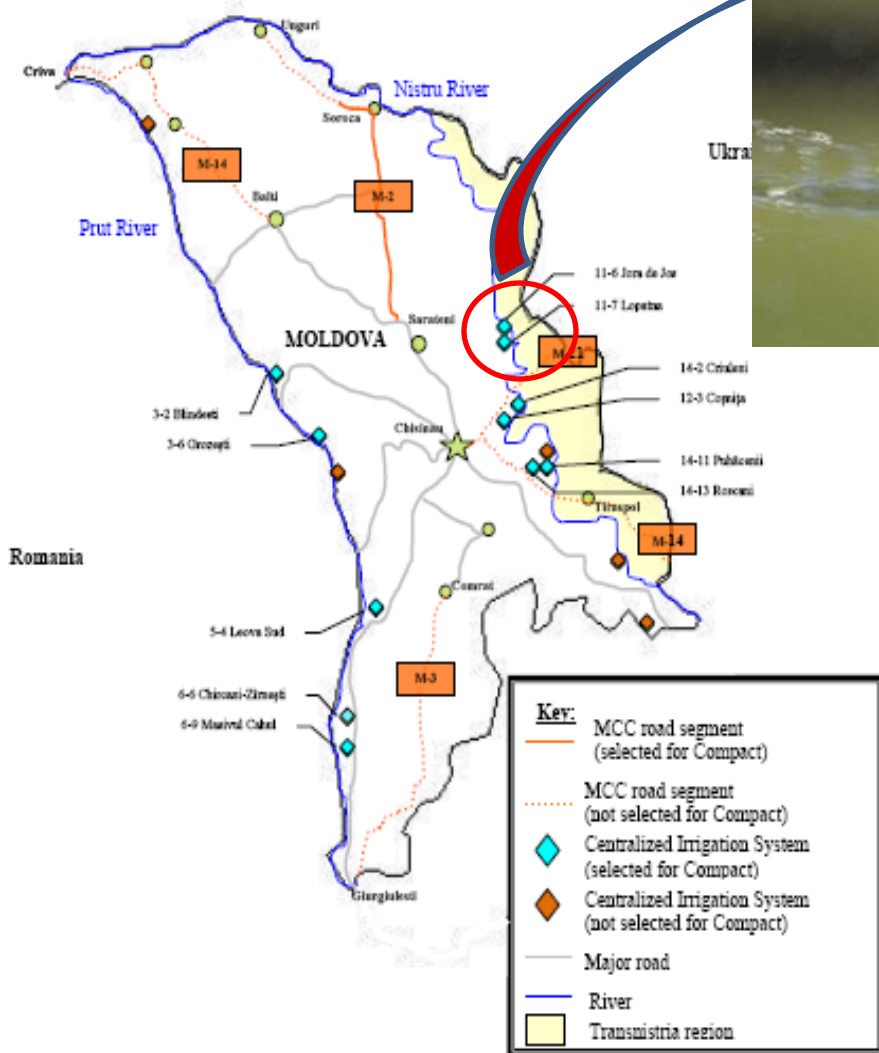
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Road Project



Irrigation Project

Map of Moldova with Proposed Compact Projects



Poverty Through Poor Water cycle

Low Water Tariff Revenue

Low Investment in HVA-
Poor O&M of System



Poor Water Service
Less Water/Less Output

What is MCA-Moldova?

- Similar to a Program Management Office
- Responsible for Executing the Projects
- Currently Much like a Start-up Company



Compact Moldova
LEADING FOR SUSTAINABLE ECONOMIC GROWTH

Millennium Challenge Account
Moldova

Newsletter, 1st quarter, 2011
Compact is in full swing



Compact is in full swing. This is evidenced by tens of critical Compact-related activities commenced in September 2010 when the Program took effect, such as the kickoff of the irrigation sector reform, the first steps made to create the Water Users Associations, completion of the design works on the 93 km portion of Sarateni - Soroca road to be rehabilitated, launch of the competition for the selection of companies to design the reconstruction of 11 centralized irrigation systems and develop the policies and procedures for provision of loans to facilitate investments in post-harvest infrastructure. All these activities are found in the quite ambitious work plan for Compact implementation in 2011. As ambitious are the expectations of the Moldovan citizens and the US Government that counts on a high return of investments and creation of significant incentives to facilitate economic growth.

How are Projects Selected?

Project/Activity	Income Gains from	ERR	Beneficiaries	Description of Beneficiaries
Sarateni – Drochia Junction M2	Savings on vehicle operating costs and value of time savings	21.1%	302,000	273,000 people living along the road and 29,000 individuals living outside the region
Rehabilitation of CIS Activity (CISRA) and Irrigation Sector Reform (ISR)	Higher value crops from improved irrigation	14.3%	107,000	<ul style="list-style-type: none"> • Employees, farmers, and lessees (renters) working in the high agriculture value sector • Producers and agribusinesses outside the systems will also benefit
Growing HVA Sales (GHS) Activity			5,000	
Access to Agricultural Finance (AAF) Activity	<ul style="list-style-type: none"> • Private returns to the investments that result from AAF Activity • Benefits to producers through higher fruit and vegetable prices 	11.5%	12,000	A broad set of producers and intermediaries investing in and working in the HVA sector. These beneficiaries may also benefit from other Activities, so they are not included in the total.
			414,000	

Current Status

MCC Moldova Compact Implementation Timeline

	Budget	Pre Entry into Force	Year 1	Year 2	Year 3	Year 4	Year 5
Road Rehabilitation	\$133M	Feasibility	Detailed Design	Rehabilitation of M2			
Centralized Irrigation System Rehabilitation	\$74M	Feasibility	Detailed Design of CIS		Rehabilitation of CIS		
Irrigation Sector Reform	\$10M		Implementation of the Irrigation Sector Reform				
Access to Agricultural Finance	\$13M		Set-up	Implementation of Access to Finance Program			
Growing High-value Agricultural Sales	\$4M		Implementation of the Irrigation Sector Reform				
Project Oversight and Implementation	\$27M	MCA Set Up	Project Oversight and Implementation (including Audit, M&E, etc.)				

We are here

Still to Come

Road Rehabilitation Project Timeline

Detailed Design of M2

- Release of RFP: Not required (continuation of 609g-funded work)
- Award of Contract: July 3, 2010
- Duration of Work: 1 year (July 2010 – July 2011)

Rehabilitation of M2

- Release of RFP: July 2011
- Award of Contract: March 2012
- Duration of Work: 30 months (April 2012 – September 2014)

Transition to High Value Agriculture (THVA) Project Timeline

Detailed Design of CIS

- Release of RFP: March 2011
- Award of Contract: June 2011
- Duration of Work: 14 months (July 2011 – Sept 2012)

Rehabilitation of CIS

- Release of RFP: October 2012
- Award of Contract: December 2012
- Duration of Work: 30 months (February 2013 – June 2015)

Irrigation Sector Reform (ISR)

- Release of RFP: June 10, 2010
- Award of Contract: October 2010
- Duration of Work: ~5 years (October 2010 – August 2015)

Access to Agricultural Finance (AAF) Activity Advisor

- Release of RFP: May 2011
- Award of Contract: July 2011
- Duration of Work: 4 years (August 2011 – March 2015)

Growing HVA Sales (USAID contract – aka ACED)

- Release of RFP: May 25, 2010
- Award of Contract: April 2011

Duration of Work: 5 years (April 2011 – September 2015)



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Partnership Opportunities

Title	Type	Comments / Recommendations
Official Gazette "Monitorial Official"	Newspaper / Moldova	
Ekonomicheskoe Obozrenie	Newspaper / Moldova	
Development Gateway Market website www.dgmarket.com	Website	
UN development Business www.devbusiness.com	Website	
International Development Business www.devex.com	Website	
Project Management Institute http://careerhq.pmi.org/hr/employer/featured/index.cfm?display=employer	Website	
Foreign Embassies	Mail list	PA sends notices to US, Canada, Australia, European countries

NOTE: Interested parties may obtain Invitations for Bids (IFBs), Requests for Proposal (RFPs), Terms of Reference (ToRs) and other related documents from the Millennium Challenge Account-Moldova Procurement Agent. Upon sending the requested document the Procurement Agent will register the firm/individual as a participant in the tender. The MCA-Moldova Procurement Agent is available at r.tarkalanov@premium-bg.com, office phone +373 22 815 847.



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Questions?