



Compact Moldova

HEADING FOR SUSTAINABLE ECONOMIC

Newsletter, November, 2012

"COMPACT seeks to contribute to poverty reduction in the Republic of Moldova through economic growth"

MCA Moldova announced invitation for bid for rehabilitation of first central irrigation systems



On November 28, 2012, the Millennium Challenge Account Moldova announced the invitation for bids from construction and supervision companies for the rehabilitation of the first two central irrigation systems with Millennium Challenge Compact funds. The systems are Criuleni in the Criuleni rayon, and Lopatna in the Orhei rayon.

The bidding is open for international companies to submit bids by January 24, 2013. The bids will be reviewed by national and international experts with relevant experience. The bidders will be evaluated against such criteria as experience in similar works, financial and technical capacity, and available equipment and staff.

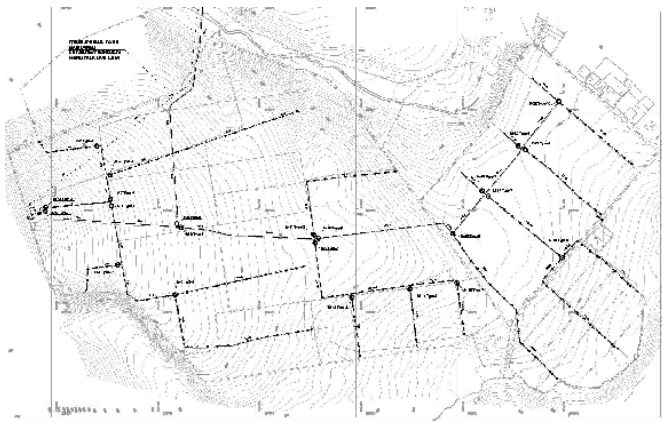
The winning company will have to fully rehabilitate the central irrigation systems by replacing all damaged pumps and about 85% of the pipes, reconstructing the premises of the pump stations, providing automated equipment, and replacing all old asbestos-cement pipes with high-density plastic pipes compliant with the EU environmental standards.

The construction works are expected to start in the spring of 2013 and last 18 months (<http://mca.gov.md/ro/Procurements.html>).

The irrigation systems are currently dilapidated. They were built in the 60s and 70s and have never been rehabilitated. The operating costs of the irrigation systems in their existing condition are high, while the damaged pipes and reservoirs result in substantial leakage.

Today there are about 530 land owners in four villages in the Lopatna irrigation system area, 460 of which are members of Water Users Association (WUA), and

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500 farmers in the Criuleni irrigation system area, 300 of which are WUA members.

Valentina Badrajan, the Executive Director of MCA Moldova, stressed that the rehabilitation of the two central irrigation systems will allow for the expansion of the irrigated areas in Lopatna from 50 to 509 hectares, and in Criuleni from 120 to about 760 hectares.



The farmers will be able to use as much irrigation water as they need, when they need it, and due to improved water metering and reduction of water losses they will pay only for the amount of water that they use.

According to Mrs. Badrajan, once rehabilitated, the irrigation systems will become much more flexible and will operate depending on the needs and areas of agricultural producers, and it will be possible to keep track of the consumption of water pumped and used for irrigation in a transparent manner, because WUAs will have new water meters, including mobile meters that will be connected to hydrants.

U.S. Ambassador Moser expressed his confidence that the Compact rehabilitation model of irrigation systems will catalyze new investments in the irrigation sector and said that the rehabilitation of the irrigation systems will consider the requirements for sustainable use of water and environmental protection.



Vasile Bumacov, Minister of Agriculture and Food Industry, added that Moldovan agriculture has no future without irrigation and expressed confidence that the Millennium Challenge Corporation, which is a pioneer in the rehabilitation of Moldovan irrigation systems, will encourage other donors and entrepreneurs, including in the agricultural sector, to contribute to the upgrading of the Moldovan irrigation systems.

James Parks, Deputy Vice President at MCC, in turn, stressed that MCC's intent is to make the investments of the American people bring the highest return and benefit for the Moldovan farmers.

During the rehabilitation of the irrigation systems the Apele Moldovei Agency will transfer the management of several irrigation systems to Water Users Associations.



Tatiana Capatina: Investments in the storage of agricultural products are critical for agricultural profitability

Since its launch, the Post-Harvest Credit Facility has been encouraging Moldovan businesswomen to take loans for investments in the post-harvest infrastructure. Two out of the 21 Credit Facility loans have been provided to companies managed by women.

One of the Compact beneficiaries is Tatiana Capatina, a businesswoman from the village of Cotiujeni in the Briceni rayon, who provided some details about her business. With the Credit Facility loan she had a cold storage facility built with a capacity of 400 tons, in which she has stored the apples harvested this year. She worked more than 20 years in the healthcare sector, but in 2005 Tatiana Capatina and her husband decided to take a risk and start an agricultural business. She appears to be a modest person, but she manages to skillfully combine all her roles in life – that of a mother, wife, grandmother, professional, manager,

negotiator and a passionate of the business she runs successfully.

Today Mrs. Capatina owns more than 27 ha of farmland, most of which is intensive orchard production, where she grows six apple varieties that have a high demand on the market and are exported largely to the Russian Federation and Belarus.

”We will have income from agriculture if we sell products of good quality, sorted and stored under appropriate conditions. The MCA Moldova loan helped me create the appropriate conditions for storage of apples and gave me hope to increase my income”, she said.

She shared her thoughts about her business plans with us, insisting that at least two of her four children be present, the youngest telling us very confidently that he wants to become an agronomist.



When asked about what made her start her business, Mrs. Capatina confessed that the main reason was the welfare of her children. The other reason, however, is the people that work for her and that she considers to be part of her family. She employs about 20-30 seasonal staff.

The cold storage, in her view, provides an opportunity to sell the apples at higher prices. „In the near future we plan to procure a sorting line and probably tractors for various works in the orchard. The sorting line will create new jobs, which is important because not all the people can go abroad in search of jobs”, she told us.

During our discussions, Mrs. Capatina did not mention any challenge that could not be addressed professionally. Yet, she spoke about the fact that agriculture is dependent on weather, part of which can be addressed by installing drip irrigation and planting resistant varieties.

Her family and staff, many of whom are hard-working and responsible women do not allow her to yield to challenges or disappoint them.

Compact loans will be given to farmers in irrigation systems to be rehabilitated with U.S. funds

The Post-Harvest Credit Facility has been reconfigured, being targeted exclusively to the farmers operating in the areas of the irrigation systems expected to be rehabilitated with MCC Compact funds. According to a Millennium Challenge Corporation decision, starting in November 2012 the Credit Facility loans were available to the farmers in the Criuleni, Orhei, Anenii Noi, Dubasari, Nisporeni, Ungheni, Leova and Cahul rayons.

By reshaping the Credit Facility, MCC aimed at focusing the efforts and assistance to the farmers in these rayons to help them expand their businesses, increase their income, and seize all the opportunities that the Compact creates for the value chain in agriculture, from growing irrigated high-value products to investments in post-harvest infrastructure.

The purpose of the Compact loans has remained unchanged. The farmers can take loans to procure or build cold storage and associated land,

processing and sorting equipment for fruits, vegetables and grapes, laboratory equipment for quality control, EURO 5/6 trucks and/or trailers to transport the products, and so on.

The Compact loans are given through seven banks - Moldova Agroindbank, Moldindconbank, Mobiasbanca-Groupe Societe Generale, Victoriabank, Energbank, Banca Sociala and Comertbank.

The \$12 million USD Post-Harvest Credit Facility is one of the four complex activities of the Transition to High Value Agriculture Project of the Compact, funded by the U.S. Government through the Millennium Challenge Corporation.

Twenty-one loans have been given so far, amounting to \$4.3 million USD, 16 of which (75%) amount to about \$3.2 million USD and have been invested in the construction or re-furbishing of cold storage facilities for fruit and vegetables with a total capacity of about 16.1 thousand tons.



Facilitating water use authorizations

The Millennium Challenge Account Moldova, the Ministry of Environment and the e-Governance Centre have recently signed a cooperation agreement on the design of the Common Platform for Water Use Authorization, which will enable a “one-stop shop” for issuance of authorizations and will significantly reduce the time needed to apply for and issue the authorizations.

The common platform for water use authorization will be a database system that will help manage the receipt and processing of applications and issuance of environmental authorizations for special water use; with this system individuals and businesses will no longer have to go through difficult, expensive and lengthy procedures.

This modern system will benefit both businesses and the environmental authorities in charge of environmental protection and water management, including the local governmental authorities. Therefore, due to the access to the platform data, the environmental authorities will be able to efficiently review water resources, provide solutions to improve the use of water resources,

and store water data in an easily accessible way. The main purposes of the platform are to improve business processes, reduce the operational costs and increase transparency.

The signing ceremony held in November was attended by the Minister of Environment Gheorghe Salaru, who said that this platform will streamline the application process for water use authorizations, and this will benefit businesses.

Stela Mocan, the Executive Director of the e-Governance Center, added that this platform is expected to be designed by next summer, and put into operation in the autumn of next year. She emphasized that this electronic system will be part of the Government registers and authorizations platform.

According to the agreement, the e-Governance Center will be in charge of contracting a company that will design the platform, while the Millennium Challenge Account Moldova will deliver equipment to the public authorities, allowing them to digitize the application files for environmental

authorization for water special use, and will provide training on the use of the platform.

The Ministry of Environment, which will manage the platform, will ensure its functionality by creating the “one-stop shop” for issuance of environment authorizations for water special use and developing the required regulatory framework.

Putting in place this platform is one of the objectives of the Millennium Challenge Compact aimed at improving the technical capacities of the Moldovan Government for sustainable management of water resources, and it is in compliance with the Water Law.



MCA Moldova Consultative Group visited the Sarateni-Soroca road construction site

The MCA Moldova Consultative Group convened on November 29 in its last meeting this year, held in the town of Ghindesti at the construction campus of the ONUR and SUMMA consortium contracted to rehabilitate the road segment from the Sarateni junction to the entrance to the town of Ghindesti.

The Consultative Group discussed issues related to the road rehabilitation plan and the social and environmental requirements that must be met at all road rehabilitation stages. Moreover, the members of the Consultative Group had the opportunity to see the construction site and become familiar with the works performed by the construction companies, and the equipment and machinery used to rehabilitate the road.

During the meeting the members of the Consultative Group (CG) exchanged their views and formulated recommendations, in particular aimed at increasing the engagement of the local governmental authorities in road maintenance, and related to the social impact of the rehabilitation works: engagement of the local communities, advertising of jobs by the construction companies, keeping the villagers informed about any road changes and road safety requirements, and so on.

The CG meeting was attended by Karen Fadely, MCC Program Coordinator, who informed the CG members about the MCC social and environment requirements that must be complied with in large-scale construction projects.



MCC official visited Moldova to learn about Compact progress

James Parks, Deputy Vice President at MCC, undertook a visit to Moldova from November 27 to 30 to learn about Compact implementation progress. It was not the first time James Parks has been to Moldova. At the end of the 90s he worked in Moldova as the World Bank Country Director, when he learned a lot about the Moldovan economic development and agriculture.

During this visit the Deputy Vice President had a meeting with agricultural producers to exchange views on the evolution of agriculture over the last few years and outline the trends for turning agricultural activities into profitable businesses.

Mr. Parks also had an opportunity to meet one of the beneficiaries of the Compact Credit Facility loans provided for investments into post-harvest infrastructure. Valeriu Jalba, the owner and manager of Falmar Ltd in the village of Siret in Straseni rayon, took a loan for the rehabilitation of a cold storage for fruits. He expressed his gratitude for the opportunity to take long-term loans and for the exemption from VAT and customs taxes for the imported equipment.

Mr. Parks, in turn, mentioned the progress that Moldovan agriculture has made in the last 12 years, and the achievements of entrepreneurs in this sector.

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