



**MILLENNIUM**  
CHALLENGE CORPORATION  
UNITED STATES OF AMERICA

QUARTERLY STATUS REPORT



**Moldova Compact**

AS OF SEPTEMBER 2012

**COMPACT GOAL**

The compact aims to reduce poverty and accelerate economic growth by enabling improved agricultural productivity and expanding access to markets and services through critical infrastructure investments in the irrigation and road sectors, and capacity building in the high value agriculture sector.



**COMPACT AT A GLANCE**

Compact Signed	<b>01-22-2010</b>
Entry Into Force	<b>09-01-2010</b>
Compact End Date	<b>09-01-2015</b>
Compact Total	<b>\$262,000,000</b>
Amount Committed	<b>\$127,843,721</b>
Amount Expended	<b>\$24,722,813</b>
Estimated Program Beneficiaries	<b>414,000</b>
Estimated Increase in Household Income	<b>\$260,000,000</b>

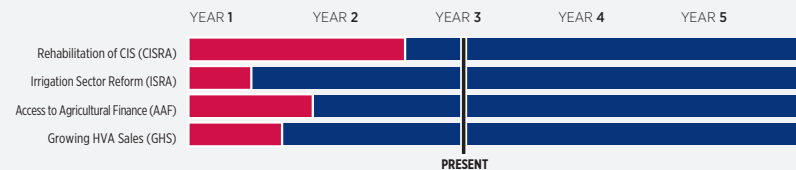
% OF TOTAL COMPACT		BUDGET (USD MILLIONS)
39%	<b>Transition to High Value Agriculture</b>	<b>\$101.7</b>
51%	<b>Road Rehabilitation</b>	<b>\$132.8</b>
1%	<b>Monitoring And Evaluation</b>	<b>\$3.5</b>
9%	<b>Program Administration And Control</b>	<b>\$23.8</b>

■ Project Preparation    ■ Project Implementation

**Transition to High Value Agriculture**

PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES <sup>1</sup>
<b>\$101,773,402</b>	<b>\$22,406,353</b>	<b>\$11,838,346</b>

Rehabilitation of up to 11 irrigation systems servicing up to 15,500 hectares to facilitate transition to high value agriculture. Technical assistance to support the establishment of water user associations that will be legally responsible for O&M of the systems. Financing for post harvest infrastructure and technical assistance for farmers and agribusiness.



**Projected Long-Term Results**  
(Up to 20 years)

ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME
<b>112,000</b>	<b>\$123,000,000</b>

**PROJECTED RESULTS BY END OF COMPACT**

The project is expected to yield an economic rate of return of approximately 12.7 percent, and increase the incomes of approximately 32,000 households, with an average total benefit over 20 years equal to 170 percent of the beneficiaries' current annual income.

**PROGRESS TO DATE**

The Access to Agricultural Finance Activity credit facility to date has approved approximately \$4.1 million in loans. The credit facility has experienced higher demand than envisaged and has been extended beyond its pilot phase. The Growing High Value Agriculture Sales Activity, a joint USAID/MCC activity, has trained 1,654 farmers.

**PROJECT ACHIEVEMENTS**

11 Water User Associations (WUAs) have been registered, and legal and institutional reforms passed ahead of schedule (Water Law and WUA Law). The River Basin Management Sub-Activity is developing normative acts of the Water Law in conjunction with the Swiss Agency for Development and Cooperation and the European Union.

Road Rehabilitation	PROJECT COST	TOTAL CONTRACT COMMITMENTS	TOTAL PROJECT EXPENDITURES†					
	<b>\$132,840,000</b>	<b>\$97,438,404</b>	<b>\$8,130,953</b>					
<p>The project will rehabilitate 93 km of the M2 and R9 roads between Sarateni to a major junction north of the city of Soroca. The road works will also include small community infrastructure improvements in towns and villages along the road, as well as a feasibility study, environmental and social impact assessment, detailed design, and resettlement action plan.</p>								
	<p><b>Projected Long-Term Results</b> (Up to 20 years)</p> <table border="1"> <thead> <tr> <th>ESTIMATED BENEFICIARIES</th> <th>ESTIMATED INCREASE IN HOUSEHOLD INCOME</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;"><b>302,000</b></td> <td style="text-align: center;"><b>\$137,000,000</b></td> </tr> </tbody> </table>					ESTIMATED BENEFICIARIES	ESTIMATED INCREASE IN HOUSEHOLD INCOME	<b>302,000</b>
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<b>302,000</b>	<b>\$137,000,000</b>							
	<p><b>PROJECTED RESULTS BY END OF COMPACT</b></p> <p>The expected economic rate of return on the rehabilitated road is approximately 19 percent. The new road will reduce the cost and time required to transport goods and services, as well as losses to the national economy resulting from deteriorated road conditions.</p>	<p><b>PROGRESS TO DATE</b></p> <p>The works and construction supervision teams are in place. They have set up offices and workers' camps at the project sites, imported required construction equipment and prepared the required work plans.</p>	<p><b>PROJECT ACHIEVEMENTS</b></p> <p>The Moldovan Government has hit all road maintenance fund targets to date. Works contractors' mobilization is nearly completed. The first installments of the advance payments to contractors have been made. The construction supervision consultants, works contractors, and MCA-Moldova have established effective work relationships - necessary to greatly reduce or eliminate project completion and quality risks.</p>					

†Expenditures are the sum of cash outlays and quarterly accruals for work completed but not yet paid or invoiced.