



Ministry of Agriculture and Food Industry of the Republic of  
Moldova



Consolidated Unit for Implementing and Monitoring the Wine  
Sector Restructuring Program



## WINE SECTOR RESTRUCTURING PROGRAM “FILIERE DU VIN”

**FOR PERIOD JANUARY 01 – MARCH 31, 2013**



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## Abbreviations

CLD	Credit Line Directorate
CEED II	Competitiveness Enhancement and Enterprise Development II
ECCYSA	Entidad de Promoción, Certificación y Servicios Agroalimentarios
EIB	European Investment Bank
EUR	EU currency
FB	Final Beneficiary
GRM	Government of Republic of Moldova
LPAs	Local Public Authorities
LLC	Limited Liability Company
M&E	Monitoring and Evaluation
MIS	Management Information System
MoAFI	Ministry of Agriculture and Food Industry
MoF	Ministry of Finance
MDL	Moldovan Lei
OM	Operations Manual of the Program
PB	Potential Beneficiary
PDO	Protected Designation of Origin
PED	Program Executive Director
PFI	Participating Financial Institution
PGI	Protected Geographical Indication
PIU	Program Implementation Unit
TA	Technical Assistance
USAID	United States Agency for International Development
WSRP	Wine Sector Restructuring Program

## INTRODUCTION

The Wine Sector Restructuring Program (WSRP) has been launched on the 23rd of November, 2010 and is expected to be finalized on the 31<sup>st</sup> of March 2016. From EIB sources EUR 75 million has been allocated for the implementation of activities envisaged under the Program being operational for almost 4 years.

The WSRP aims to contribute to wine sector recovery and develop the production of bottled wines of “Protected Designation of Origin” (PDO) and/or “Protected Geographical Indication” (PGI), by (i) restructuring the wine industry, (ii) improving the quality and consistency of wine produced in Moldova from the quality of vineyards to the final packaging and dispatch of products, and (iii) diversifying the country’s export markets.

In order to achieve the Program’s goal and objectives Program Implementation Unit (PIU) will act through **5 Program components**:

- i. **Winemaking enterprises development** - upgrade the equipment and facilities, establish new winemaking enterprises, or expand the activities of the existing ones;
- ii. **Viticulture sector development** - restructure and revitalize the old and un-productive vineyards, introduce new growing technologies (drip irrigation, other protection systems) and upgrade the viticulture equipment at the farm level;
- iii. **Associated industries enterprises development** - upgrade the equipment and facilities;
- iv. **Promote quality control bodies, education and research** - acting through:
  - a. National Laboratories Network Development – establishment / development of the relevant control bodies and testing wine quality at national level;
  - b. Promotion of pro-wine policies and institutions – support the introduction of the system of PDO and PGI for Moldovan wines; organize trainings for students; create working laboratories or update the equipment in the existing laboratories in four affiliated educational institutions.
- v. **Program management** – PIU operations undertaken for the Program implementation.

The Program Components will be financed through four **financial instruments**, which are the Credit line, Leasing, Loan guarantees, and Capital investments.

This Report has been elaborated by the PIU in accordance with Article 12.06, Schedule A (Reporting), point 3 of the Finance Contract Serapis № 2010-0484, and reflects the evolution of Program's performance during the reporting year of 2012.

## PROGRAM PERFORMANCE EVOLUTION

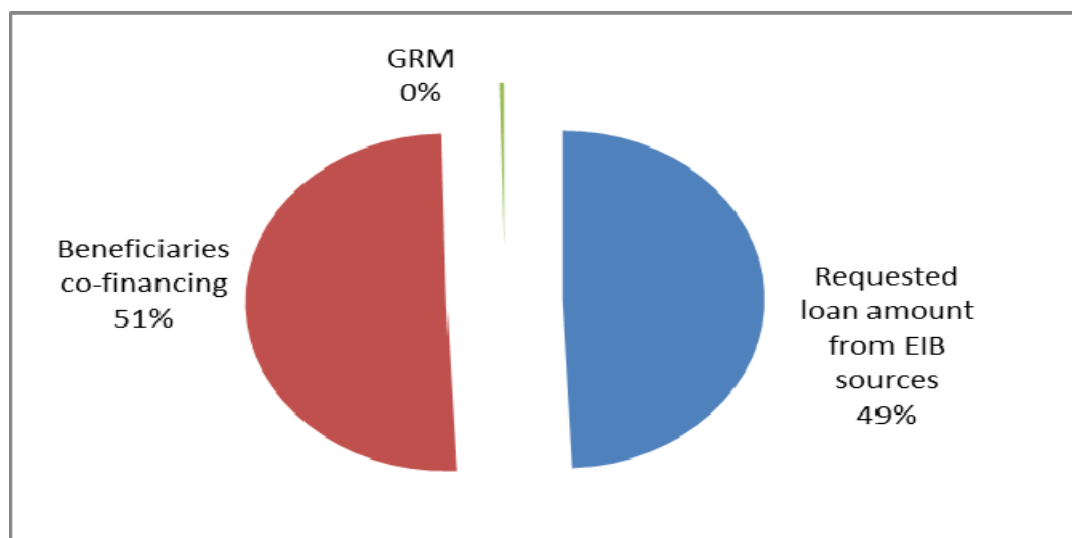
In the reported period, PIU activities were based on continuing implementing and developing the “**Credit Line**” and “**Leasing**” financial instruments, as well as persist working with MoAFI and regional winemaking and viticulture association's representatives, in order to agree and consolidate all proposals for the second phase of the Technical Assistance of the Program and to launch financing of laboratories, training, education component of the Program.

The total amount of expenditures related to all activities implemented under the Programme till March 31, 2013 represent **18,512,778.82** EUR, including **9,116,022.90** EUR requested to be approved from the EIB loan and **9,327,993.15** EUR is beneficiaries co-financing amount, **68,762.77** EUR is financing obtained from the Republic of Moldova Government , as indicated in the table below:

**Table 1. Total Program Budget as of 31.03.2013, EUR**

Program Component	EIB loan amount requested to be approved	Beneficiaries co-financing	GRM	Total	Weight, %
<b>Component 1:</b> Winemaking enterprises development	5,384,303.20	2,806,813.21	-	8,191,116.41	44%
<b>Component 2:</b> Viticulture enterprises development	277,966.80	2,983,930.94	-	3,261,897.74	18%
<b>Component 3:</b> Associated industries enterprises development	300,000.00	300,000.00	-	600,000.00	3%
<b>Component 4:</b> For laboratories, training, education and development of food security	3,153,752.90	3,237,249.00	-	6,391,001.90	35%
Program Management	-	-	68,762.77	68,762.77	0%
<b>Total</b>	<b>9,116,022.90</b>	<b>9,327,993.15</b>	<b>68,762.77</b>	<b>18,512,778.82</b>	<b>65%</b>

The below diagram shows the structure of requested loan from EIB and beneficiaries co-financing:



In order to compare Q1 results with those obtained in 2012 we can mention that till December 31, 2012 from EIB loan was disbursed to the Final Beneficiaries through PFI's the total amount of 9,794,552.00 EUR, figures by quarters being presented in the table below:

**Table 2. Information regarding EIB disbursed amount per quarter as of 31.03.2013**

Period	Q1	Q2	Q3	Q4	Total
<b>2012</b>	-	2,858,793.00	4,005,789.00	2,929,970.00	<b>9,794,552.00</b>
<b>2013</b>	-				-
<b>Total</b>	-	<b>2,858,793.00</b>	<b>4,005,789.00</b>	<b>2,929,970.00</b>	<b>9,794,552.00</b>

The amount disbursed from EIB loan in 2012 was totally allocated to the PFIs. From the beginning of current year until March 31, 2013 no sub-projects were financed from EIB "Filiere du vin" Program sources. During first quarter 2013 PIU worked with several potential beneficiaries of the Program from winemaking sub-sector, viticulture sub-sector, supported industries and education institutions as presented below:

**Table 3. Information regarding sub-projects amount on potential beneficiaries of the Program, which PIU worked during the first quarter 2013, Eur**

Sub-sector	Total amount of sub-project	Value of EIB loan requested amount	Value of FB co financing
<b>Component 1:</b> Winemaking enterprises development	8,191,116	5,384,303	2,806,813

<b>Component 2:</b> Viticulture enterprises development	3,261,898	277,967	2,983,931
<b>Component 3:</b> Associated industries enterprises development	600,000	300,000	300,000
<b>Component 4:</b> For laboratories, training, education and development of food security	6,391,002	3,153,753	3,237,249
<b>TOTAL</b>	<b>18,444,016</b>	<b>9,116,023</b>	<b>9,327,993</b>

During the reported period through the **Credit Line**, PIU registered 1 Application from Potential Beneficiary, as well as provided assistance in the development of 4 business plans for winemaking, viticulture and support industries companies and 3 investment project for Education Institutions, issued PIU eligibility notice for 2 sub-projects.

**Table 4. Summary performance on Credit Line Component as of 31.03.2013**

	Consulted PB	Registered applications	Developed Business Plans	PIU eligibility notice	PFI / CLD approval	EIB NO Objection	EIB financed
<b>Cumulative as of 31.03.2013</b>	<b>89</b>	<b>28</b>	<b>17</b>	<b>13</b>	<b>12</b>	<b>9</b>	<b>9</b>
During 2012	74	24	11	11	10	9	9
I quarter 2013	15	4	7	2	2	0	0
from which Education Institutions	3	3	3	-	-	-	-

For defining the **Leasing instrument** PIU finalised the elaboration of the Operations Manual Annex D “*Leasing Instrument*”, including procedures/ templates/ documents for leasing operations.

#### **A. Credit Line Instrument**

During the reported period of time through this instrument to Final Beneficiaries no funds were allocated, because it was not possible to complete a minimum amount 2 mln Euros, provided by the Finance Contract. At the same time, PIU has worked with several potential beneficiaries of the Program in order to consult them regarding business plan elaboration, eligibility costs, eligibility of procurements process and other aspect of investment sub-project. **The total amount of these sub-projects** constitutes **18,444,016 Eur**, from which for **winemaking sector** is **8,191,116 Eur**, for **viticulture sector**, i.e. for purchase of viticulture machinery and planting vines the amount of



**3,261,898 EUR, 600,000.00 EUR for support industries and equipment for Laboratories of Education Institutions is 6,391,002 EUR.** The more detailed data is presented in the table below:

**Table 5. Sub-sector & activity type distribution of the sub-projects which were processed by PIU during the first quarter 2013, EUR**

	Description of sub-project	Total amount of sub-project, EUR	Value of EIB loan, EUR	Value of FB co financing, EUR	from which (EUR):	
					31.03.2010-31.12.2012	01.01.2013-30.06.2015
<b>I</b>	<b>Winemaking</b>	<b>8,191,116</b>	<b>5,384,303</b>	<b>2,806,813</b>	<b>2,480,363</b>	<b>326,450</b>
1	Winemaking equipment	4,700,786	2,860,767	1,840,019	1,513,569	326,450
2	Constructing/renovating production buildings	3,381,626	2,448,536	933,090	933,090	-
4	Working capital for production process	75,000	75,000	-	-	-
5	Intangible assets	33,704	-	33,704	33,704	-
<b>II</b>	<b>Vineyards</b>	<b>3,261,898</b>	<b>277,967</b>	<b>2,983,931</b>	<b>2,503,148</b>	<b>480,783</b>
1	Viticulture machinery	467,412	107,270	360,142	360,142	-
2	Vineyards establishment	2,794,486	170,697	2,623,789	2,143,006	480,783
<b>III</b>	<b>Support industries</b>	<b>600,000</b>	<b>300,000</b>	<b>300,000</b>	<b>276,805</b>	<b>23,195</b>
1	Equipment	565,979	300,000	265,979	242,784	23,195
2	Constructing/renovating production buildings	34,021	-	34,021	34,021	-
<b>IV</b>	<b>For laboratories, training, education and development of food security</b>	<b>6,391,002</b>	<b>3,153,753</b>	<b>3,237,249</b>	<b>3,237,249</b>	<b>-</b>
1	Equipment for Laboratories of Education Institutions	6,391,002	3,153,753	3,237,249	3,237,249	-
	<b>Total investment projects amount, EUR</b>	<b>18,444,016</b>	<b>9,116,023</b>	<b>9,327,993</b>	<b>8,497,565</b>	<b>830,428</b>

During the reported period PIU has conducted several actions in order to promote the Credit Line and to help Potential Beneficiaries to access EIB sources more easily, as follows:

- Informed 15 potential beneficiaries at their request by e-mail on EIB requirements and procedures, procurement rules and other issues in order to access the Credit Line sources, received and registered their applications ;
- Registered 1 Application form from Final Beneficiary ;

- Analysed and reviewed 4 business-plans of potential beneficiaries ;
- Signed and submitted the PIU Eligibility Notice for the following 2 sub-projects:”Papfin and ”Vinaria Tiganca”. Both above mentioned beneficiaries from PIU point of view are eligible for financing and their sub-projects correspond to all eligibility criteria mentioned in the OM and Side-Letter;
- Provided support (as requested) to Credit Line Final Beneficiaries in organizing procurements according to EIB requirements. Reviewing procurement documentation of Credit Line Final Beneficiaries.

During reporting period the PFI’s (*after receiving the PIU Eligibility Notice for the above mentioned sub-projects*) examined the potential beneficiary’s business plans, evaluated their payment capacity, estimated credit risk exposure level on each sub-project, made a positive credit decision and submitted to CLD the PFI request for Sub-financing, as follows:

**Table 6 Beneficiary dossiers approval schedules**

	Beneficiary Name	Date of submission	
		PIU Eligibility Notice	CLD approval
1	”Papfin” LLC	27.02.2013	29.03.2013
2	”Vinaria Tiganca” LLC	19.03.2013	08.04.2013

## Prospects for allocations within the credit line in the coming quarter.

In the **second quarter of 2013** it is planned to request from EIB the allocation through Credit Line instrument in the amount of **2,073,219 EUR** which will be directed for financing the *5 investment projects, as follows:*

**Table 7 Prospects for allocations within Credit Line component, Euro**

PFI	Viticulture area	Sub-sector	Final Beneficiary	PIU Approval Notice	Total amount of investment project	Total requested amount of EIB loan	FB contribution
<b>Energbank</b>	Codru	winemaking	<b>Alianța Vin</b>	nr. 11 from 24.09.2012	1,291,807	597,270	694,537
	n/a	auxiliary industry	<b>Papfin</b>	no.14 from 27.02.2012	600,000	300,000	300,000
<b>Moldindconbank</b>	Valul Traian	winemaking	<b>Vinăria Țiganca</b>	no. 15 from 19.03.2013	1,300,000	650,000	650,000
	Valul Traian	winemaking	<b>Tomai Vinex</b>	no. 16 from 29.03.2013	1,230,000	615,000	615,000
<b>MAIB</b>	Valul Traian	auxiliary industry	<b>Vinăria din Vale</b>	no. 17 from 12.04.2013	7,631,206.60	3,800,000	3,831,206
<b>Total</b>					<b>12,053,014</b>	<b>5,962,270</b>	<b>6,090,744</b>

### B. Leasing Instrument

All activities for launching the Leasing instrument were based on the concept that leasing operation will be done by PIU.

During the 1<sup>st</sup> quarter of 2013 PIU continued to develop leasing operation procedures, policies and regulations and to elaborate supporting documents for the Leasing instrument. In this scope PIU have done the following activities:

- 1) With the reference to amendments to PIU Regulation regarding leasing activity, which is aimed to permit manage and accomplish financing of potential beneficiaries of the Program using leasing instrument, submitted by MoAFI to Ministry of Finance and Ministry of Economy for comments and suggestions, draft version of PIU Regulation was adjusted;

- 2) MoAFI submitted the proposed adjusted version of the PIU Regulation to the National Anti-Corruption Center for examination of this document in order to receive their comments and opinion on it. After examining above-mentioned document, the National Anti-Corruption Center issued the Expertise Report on it;
- 3) Comments and suggestions presented by Anti-Corruption Center in the Expertise Report, were carefully considered by PIU, those constructive and rational were taking into consideration for improving the provisions of PIU Regulation, while the importance of the rest of them in the text where argued and explained by PIU in the "Table of divergences";

**Table 8 Information regarding PIU meeting on developing leasing Component**

Date	Topics of the meeting	The result of the meeting
<b>16.01.2013</b>	Conclusions received from the Ministry of Economy and Ministry of Finance on proposed amendments to PIU Regulation regarding leasing activity	Explanatory notes and arguments on conclusions of Ministry of Economy and Ministry of Finance
<b>7.02.2013</b>	"Table of divergences" - a document prepared by MoAFI juridical department on comments and suggestions presented by Ministry of Finance and Ministry of Economy	Complementation of the document "Table of divergences" with PIU explanations and arguments on suggestions presented by Ministry of Finance and Ministry of Economy
<b>22.03.2013</b>	The Expertise Report issued by the National Anti-Corruption Center on proposed amendments to PIU Regulation regarding leasing activity	Complementation of the document "Table of Divergences" with PIU arguments and explanations on recommendations submitted by the National Anti-Corruption Center

- 4) **PIU finalized to develop the Attachment D to OM - Leasing Operations Procedures**, including a number of Annexes related to this Attachment;
- 5) Continued to develop Leasing Policy and Client Evaluation Procedures for assessing lessee's ability to generate cash flow from business operations to service lease payments;
- 6) Continued to elaborate the PIU Risk management policy for leasing, with the purpose of identifying and evaluating general financial risks and risks related to leasing transactions, the work which was performed within PIU through organizing a number of meetings, discussions and debates (see the table below):

**Table 9 Information regarding PIU meeting on developing Risk management Policy on Leasing Component**

Date	Topics of the meeting	The result of the meeting
15.02.2013	PIU Policies and Regulations on Leasing activities	Draft version of the PIU's Accounting Policy.
22.02.2013 28.02.2013	Classification of the leasing portfolio and risk provisions	Draft version of the PIU's Regulation on the classification of the leasing portfolio and risk provisions.
07.03.2013	Risks of leasing activity	Draft version of the PIU's Risk management policy for leasing activity.
15.03.2013	Interest rate risk management activities related to leasing	Draft version of the PIU's Interest Risk management as part of the Risk management policy for leasing activity.
20.03.2013	Currency risk management for leasing activity	Draft version of the PIU's Currency risk management as part of the Risk management policy for leasing activity.
27.03.2013	Liquidity and maturity risk for leasing activity	Draft version of the PIU's Liquidity and Maturity risk management as part of the Risk management policy for leasing activity.

As a result were elaborated **drafts of Risk Management Policy for leasing activity and Regulation on the classification of the leasing portfolio and provisions Policy;**

- 1) During the Supervisory Council' meeting in January 2013 PIU presented Annual Progress Report of the Program for 2012 as well as informed SC members about the activities carried out by the PIU for the development and launch of the second financial instrument of the Program - Leasing. PIU plans to organize the next meeting of the Supervisory Council with the subject "Launching of financial instrument "Leasing" within the Wine Sector Restructuring Program", in order to present and approve the concept of Leasing instrument implementation elaborated by PIU;

- 2) PIU continued to study the Moldovan regulations on leasing activities, legal and fiscal aspects of the finance leasing, including specific issues to the international leasing.

### **C. Promote quality control bodies, education and research**

In the reported quarter, PIU in order to develop this Program Component has undertaken several actions, as follows:

- 1) Following the PIU request together with Science Department, Training and Rural Extension from MoAFI on the 20 of January was held the second working group consisting of: Ministry of Education, Science Academy and related Research Institutions representatives. During the meeting, the Representatives of the Educational Institutions presented to each other and to the rest of Group the investments projects and have debated the investment to be made at their institutions. The group have discussed with the institution's representatives and analysed the possibility of sharing the laboratories between the universities. However the institutions have considered and reasoned the investment to be made at each university separately.
- 2) Lead negotiations both with MoAFI and all the Education Institutions namely with Investment Project Coordinator and university Accountants in order to clarify and explain the procedure of define own contribution within this component and all the eligible costs that were approved by the EIB. Further after these meetings all the projects were added with Institution contribution part. As as a following step it was decided that, PIU confirms that all Institutions possess enough own contributions able to cover the required investments.
- 3) PIU has analysed all the projects with regard to the procurements to be made for the investment projects presented by the Institutions. Recommendations have been made and an initial separation per lots of goods to be bough was already made.
- 4) In the reported period, PIU has defined and two new potential beneficiaries from the Education sector, namely the Professional School from Nisporeni and Professional School from Leova. Meeting with the representatives of these schools have been made in order to explain the entire financing concept and PIU expects the elaboration of the investment projects before the next working group. It is expected that for the next working group will finalize the evaluating and approving the investment of sub-projects.

In the reported period, PIU has defined three new potential beneficiaries from the Education sector: Technical University from Moldova, National College of Viticulture and Winemaking and Scientific-Practical Institute of Horticulture and Food Technology. Meeting with the representatives of these institutions have been made in order to explain the entire financing concept and PIU expects the elaboration of the investment projects before the next working group.

In the table below is shown the prospective allocation for above mentioned institutions.

**Table 10 Information regarding Education Institutions sub-projects, EUR**

Education Institutions	Total amount of sub-project	Total amount of EIB loan	Value of FB co financing
Tehnickal University of Moldova	1,604,280.00	801,077.00	803,203.00
National College of Viticulture and Winemaking Chisinau	1,575,830.00	777,837.00	797,993.00
The Institute of the Viticulture and the Food technology	3,210,891.90	1,574,838.90	1,636,053.00
<b>Total</b>	<b>6,391,001.90</b>	<b>3,153,752.90</b>	<b>3,237,249.00</b>

#### D. Program Management Component

During the 2012 year PIU managed to implement all the actions planned based on Annual Work Plan and Budget for 2012 regarding the Program Management Component. PIU actions classified by categories are described below.

##### 1. Management Information System elaboration

During the reported period the PIU together with contracted ICT service provider “Noi TI & Service” LLC continued to develop of the MIS component related to the *Credit Line operations* and the component on *Monitoring and Evaluation of Final Beneficiaries*. The recording and reporting documents used within both components were developed, tested and adjusted. These components are fully operational.

##### 2. Monitoring activity

During the reported period of 2013, PIU has continued implementing monitoring activity and has performed several monitoring visits to the Credit Line Final Beneficiaries as follows:

**Table 11 Information regarding monitoring visits during first quarter 2013**

Beneficiary Name	Monitoring Visit Dates
SA “Vinaria din Vale”	28-Feb-13
Firstline	25-Feb-13

PIU has continued activity through continuous monitoring and keeping in touch with final beneficiaries through telephone, emails and visits.

During the first quarter of the 2013, PIU has performed a monitoring - inspection visit to the Credit Line potential **Beneficiary SA “Vinaria din Vale”**. The purpose of the visit performed was to get acquainted with the actual physical status of the project sites described in the investment project and inspect sites where procured equipment will be installed.

The visit was undertaken to the company in February. SA “Vinaria din Vale” has recently procured an entire production site (covering ~ 20 ha of land located within Balti city), from local commercial bank “Moldindconbank” (buildings formerly belonging to State Enterprise “Food Factory from Balti” which is in the process of bankruptcy). The Potential BF SA “Vinaria din Vale” requested retroactive financing from EIB Credit Line for procurement of a total of 19 buildings with destination of (production/administrative/energy units/storage/mechanic repair workshops etc.) in the amount of ~



1mln Eur. PIU has decided to verify the existence of buildings sites and inspect the actual condition and verify the destination of the respective buildings.

PIU met with Site Manager that has guided PIU through the entire production site and has collected information and pictures regarding the buildings. PIU has inspected the buildings EIB retroactive financing is requested for. Formerly, the respective site was used for production of mayonnaise, mineral water, vodka, spirit and therefore PIU has requested the actual destination of these buildings as well the future destination of old equipment found on the sites (if they will be re-located from these buildings). During the visit, it was found out that there is an uncertainty or missing information for the destination of several production buildings and as per information received from the FB site manager, several buildings that are to be financed by EIB are intended to be used for production of mineral water, spirit – which is not eligible for EIB financing. Therefore, PIU as result of the mentioned visit has requested from the potential FB an official statement on the following: what exact technological processes and what goods will be produced in the buildings EIB financing is requested for (information to be delivered to PIU per each building separately).

For a detailed Visit Monitoring Reports please see in *Annex nr 5 M&E visit reports*.

PIU scheduled a Monitoring visit in February to the **FB “Firstline”**, in order to get acknowledge of the contract implementation status. According to the Implementation graphic, all the contract procurements should have been made by the end of 2012. It was scheduled to monitor the procurement of equipment according to the contracts with Bonardi Service Italy, HCI Converting Twaian and verify the actual increase in working Capital, Contracts with Technologia and Bilcare. During the call with Financial Director it was found out that not all the equipment’s have been bought in 2012 as scheduled in the implementation scheme.

Regarding to the Flexographic machine RELEX GEARLESS, contract with BONARDI Service S.R.L., Italy this equipment has not been delivered, due to a new change in contract. An amendment was created, and new items added. In February, Firstline was still negotiating this contract. Implementation of the contract was estimated in march-april. Contract with HCI Converting Equipment Co., Ltd , Taiwan was confirmed verbally by the Financial Director as Equipment was fully delivered as scheduled and installed.

All the rest contracts with Technologia PJSC and Bilcare Research GmbH also have been implemented. This will have to be verified during our next monitoring visit scheduled in march-april, once the contract with “BONARDI Service” will be implemented.

For a detailed Visit Monitoring Note please see in *Annex nr 6 M&E visit reports*.

In addition to this, PIU had an informative meeting with a Monitoring Expert from a similar agricultural project called "IFAD" with regard to the practice gathered through the years and the operation manual and procedures they are using.

### 3. Reporting and Budgeting

During the reported period PIU prepared and submitted the following reports:

- 1) Financial Reports due to deadlines and formats established by the national legislation to State Local Authorities (MoF, Fiscal Authority, social insurance authority, etc.);
- 2) All quarterly Progress Reports for 2012 to EIB, and PIU' Council of Observers;  
According to the national legislation, PIU prepared for the MoAFI and MoF the following forecasts and plans:
- 3) Program proposals for the State Budget Law 2013.

**Table 12. Total Program Management expenditures for I quarter 2013, EUR**

PIU Management	GRM	Grant	Total
<b>1st quarter expenditures</b>	<b>68,762.77</b>	-	<b>68,762.77</b>
Cumulative amount of OPEX as of 31.03.2013	68,762.77	-	68,762.77

#### **4. Program PR actions**

In the 2012, Program information was disseminated through different channels: radio publicity, seminars, exhibitions, forums, articles in magazines and internet portals.

During the first quarter, PIU has continued the airing of the Program radio spot at the 2 main national radio chains listened by the potential beneficiaries' ("Vocea Basarabiei" and Radio "Noroc" for a period of 3 months starting with February 2013 in order to continue targeting the small and medium wine sector beneficiaries. Radio Channels were selected based on criteria biggest rural coverage and most radio listeners of 35 years and up. As a result of the radio spot advertising, PIU continues to receive calls and visits from potentially interested beneficiaries. As a following step, due to Russian diversity from Moldova, especially for the UTA Gagauzia region it was decided also to air the Russian version of the spot. It was decided to start the elaboration of the video spot conception and professional companies were contacted.

PIU collaborated with newspaper "Curierul Agricol", has prepared an informative article regarding the Program "Credit Line" and has continued the placing of the direct publicity. During the mentioned period PIU has placed information about the program on several websites with tangency to the small and micro-enterprises, such as: aipa.md, odimm.md, businessportal.md.

In the reported period, in "Punkt" a well-known magazine that publishes wine related articles, PIU has placed several times direct publicity and also sustained Hedonistic Club in Moldova.

At the request of the Italian Chamber of Commerce from Moldova, PIU has prepared an informative article concerning the activity of the program, conditions of applying and eligible beneficiaries. The article has been published in March in Italian language.

PIU team has participated to wine related exhibitions in Moldova at Expovin Moldova 2013 held on 20-23th of February, event which is held every spring in Moldova. PIU has distributed promotion leaflets and materials and has discussed with the traditional wine industry representatives, in order to inform Potential Beneficiaries with the scope, objectives and financial instruments of the Program, with eligible and ineligible activities / beneficiaries of the Program. PIU has participated and made a

presentation about the project at “Investment International Forum” that took place on first march 2013. PIU has started to update the design and the text from the informative leaflets and all the promotion materials.

On the 14<sup>TH</sup> of March PIU had a short meeting with Jaani Pietikainen, EIB representative. The first part of the meeting was dedicated to the discussions with MoAFI representative’s with regard to the technical assistance TOR’s definition and the rest of the time was discussed the current situation of beneficiaries, leasing and also the possibility of performing an audit on Filiere du Vin activity.

PIU along with the “BRV ISTCOM” LLC, the company that elaborated the program website has started the updating and restructured some sections, including adding a new section “Educational Institutions”. The PIU continues to constantly update and improve, the website content with events and news.

**Table 12. Program consolidated PR actions for 2013**

	Type of Activity	Participant, Representatives	Location	Period
1	<b>Seminars</b>			
	Informative seminar Associations of vine producers	MoAFI, Associations of vine producers	MoAFI,	18 of February
	Informative seminar about possibilities SACE can invest in wine production sector in Moldova	SACE, wine makers and vine growers	PIU office	17 of May
	Closing Seminar of Technical Assistance conducted by consulting Spain company	ECCYSA, MoAFI, Rioja Government	La PIU office	30 of May
	Seminar presenting Study Visits results conducted in Geisenheim, Germany	German Expert, wine makers and vine growers	PIU office	2 <sup>nd</sup> of July
	Consolidating seminar of the needs for the next TA assistance identified by the profile associations.	Regional Associations, MoAFI, CEED II project	PIU office	25 of July
	Informative seminar about the Second Financial Instrument to the Ministry of Finance, CLD and MoAFI bodies	MF, MoAFI, CLD	PIU office	5 <sup>th</sup> December

	Working Group regarding the evaluation of investment projects presented by the Research and Educational Institutions	MoAFI, Ministry of Education, Science Academy, Educational Institutions	MoAFI office	7of December
	Informative seminar about the Program to the potential Beneficiaries	Wine sector and auxiliary companies	PIU office	12 of Dec.
<b>2</b>	<b>National Magazines/Newspaper</b>	<b>Title of the article</b>	<b>Edition</b>	<b>Date</b>
	“Logospress”	“On the way to the Filiere du Vin”	№2 (930)	20 January
	“Logospress”	“Wine Industry through the eyes of the Spanish experts”	№ 25 (953)	13 July
	“Logospress”	“Second Tranche of Filiere du Vin”	№ 30 (958)	17 August
	“Profit”	“Quality Wines made with BEI sources”	№ 6/2012	June
	“Profit”	“Satisfied Beneficiaries”	№ 9/2012	September
	“Punkt”	“Nobody cuts the chicken that does eggs”	№ 48-49	November
	“Punkt”	“Climbing on the Wine Road”	№ 50	December
<b>3</b>	<b>Exhibition</b>	<b>Location</b>	<b>Period</b>	<b>Participant</b>
	ExpoVin Moldova 2012	Chisinau, Republic of Moldova	22-25 of February	Credit Specialist, Administrative Officer
	Moldovan Wine Festival	Chisinau, Republic of Moldova	October 06 - 07 <sup>th</sup>	PIU
	Vernisajul Vinului	Chisinau, Republic of Moldova	December 14 <sup>th</sup>	Administrative Officer
	MoldAgroTech	Chisinau, MD	October 19 <sup>th</sup>	PIU
	Farmer	Chisinau, MD	October 19 <sup>th</sup>	PIU
<b>4</b>	<b>Forum</b>			
	Expert Forum “The Convergence of Republic of Moldova to the EU” Study Visit of Technologies of wine productions and wine quality control	Geisenheim, Germany	26-30 <sup>th</sup> of March	PED, Credit and Leasing Officer

Annual Procurement Conference organized by Ontario Procurement Association of Canada	Ontario, Canada	October 2012	Procurement Officer
Study Roundtable “Technological Normative documents in the wine sector” organized by CEED II project	Chisinau, Republic of Moldova	November 8 <sup>th</sup>	Administrative Officer
Study Roundtable ”Production of wines from local varieties: opportunities and particularities” organized by CEED II project	Chisinau, Republic of Moldova	December 4 <sup>th</sup>	Administrative Officer

## 5. Procurement activities

During the 1st quarter of 2013 the PIU procurement operations were oriented towards the following main directions:

- 1) Reviewing procurement documentation of Credit Line Final Beneficiaries, monitor implementation of procurement contracts under Credit Line. Providing support (as requested) to Credit Line Final Beneficiaries in organizing their procurements according to EIB requirements.
- 2) Organizing procurements related to PIU; monitor implementation of PIU signed contracts with suppliers/consultants.

### a) Consultancy and monitoring provided by PIU Procurement Officer on procurement aspects to Project Final Beneficiaries in organizing their procurements under Credit Line Component:\*

Date	Final Beneficiary	Consultancy/Reviewing undertaken by PIU on procurements organized by FB:
<b>Q1 ↓ 23 January 2013</b>	Tomai Vinex	PIU received drafts of 2 Evaluation Reports for procurement of winemaking equipment. Based on received information PIU has contacted the FB and provided in-depth explanations on the best procurement strategy that could be used for described situation. Also have been provided consultancy to FB on the way procurements should be organized as per established procurement rules under Credit Line Component.
<b>04 February 2013</b>	Papfin SRL	PIU has received via email from this related industry FB, procurement documentation and copies of contracts with winemaking companies that should show that Papfin’s main area of activity is manufacturing stickers for wine bottles.  The FB intends to procure from EIB loan 1 offset printing machine (for production of bottle stickers) and 1 print roll inspection machine – both to be

used for production of bottle stickers.

The procurements were made by FB based on EIB agreed procurement requirements under Credit Line Component and the PIU elaborated Guide on Procurements for Credit Line Component. For procurements that went above 100 thousand euros per one contract, the FB has provided for PIU review: invitations to bid, received price quotations, evaluation report. The following procurements were reviewed by PIU:

- 1) Contract for procurement of one Offset Printing machine. Three price quotations have been received: CHAMPION CREATION INDUSTRIES CO., LTD, Taiwan – 660,888 USD; INTERNATIONAL TRADING CONSALTING ITRACO, Germany - 2,025,780 Eur; ADVANCED PRINTING MACHINERY ROTATEK, Spain - 1,199,000 Eur. FB has selected the price offer from CHAMPION CREATION INDUSTRIES CO., LTD and provided for PIU review a copy of signed contract.

Other contract, small by its size, for procurement of one print roll inspection machine was signed via direct contracting with company “Valton International Inc.” from Canada, in the amount of 42,605.00 pound sterling. FB provided for PIU review a copy of signed contract.

<b>19 February 2013</b>	SA Vinaria din Vale&Co	PIU has received from FB, via email, requested procurement documentation and copies of contracts – to be financed from EIB Credit Line.
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The FB intends to use EIB Credit Funds for procurement of a freezing chamber; winemaking equipment; construction of a warehouse for finite products.

In addition, the FB has requested retroactive financing for procurement of existing production buildings – the FB has procured via direct contracting an entire production zone from local commercial bank “Moldindconbank”. The production zone is composed from buildings formerly belonging to State Enterprise “Food Factory from Balti” which was in the process of bankruptcy. The total contract amount was ~3.2mln Euros, of which ~ 1mln Euros were requested from EIB Credit Line. EIB retroactive financing is requested for 19 production/admin buildings.

At this stage the new procurements are still in the process of implementation (collecting price quotations, finalizing contracts with suppliers etc.).

<b>13 March 2013</b>	Vinaria Tiganca	The FB intends to request and use the EIB loan in 2 tranches for procurement of the following: winemaking equipment; construction materials for building a warehouse for finite products; and procurement of working capital.
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In order to be able to request the first tranche, the FB has provided PIU via email copies of contracts to be financed. Within the 1<sup>st</sup> tranche only one contract exceeded the amount of 100 thsnd Eur. Other contracts within the 1<sup>st</sup> tranche were small (up to 100 thsnd Euros per contract) and such suppliers have been selected by the FB via direct contracting. The 2<sup>nd</sup> tranche will be requested by the FB at a later stage and the FB undertakes to organize and present to PIU respective procurement documentation beforehand.

For the 1<sup>st</sup> tranche the following procurement exceeded 100 thsnd Euros per

contract:

- Contract for procurement of Pneumatic Press. Three price quotations have been received: Enogrup SRL, Moldova – 177100 Eur; Bucher Vaslin SA, France – 164123 Eur; Siprem SA, Italy – 150000 Eur. FB has selected the price offer from Siprem SA, Italy and provided for PIU review a copy of contract of intentions, copies of price quotations and signed minutes of price quotations' evaluation.

Other contracts for the 1<sup>st</sup> tranche, due to their small size, were signed via direct contracting with the following companies (these contracts will be reviewed/monitored ad hoc during post review):

Winemaking equipment

- Contract with SC "TM INOX" LTD (Bulgaria) in the amount of 67692 Eur for procurement of 10 fermentators and 4 vertical tanks (10992 Eur requested for the 1<sup>st</sup> tranche).
- Contract with Ciancaglini Snc (Italy) in the amount of 14500 Eur for procurement of 3 technological tanks (8800 Eur requested for the 1st tranche).

Construction of a warehouse for finite products

- Several contracts have been signed for procurement of construction materials, in the total amount of 92966.97 Eur (only 17510.08 Eur requested for the 1<sup>st</sup> tranche). Contracts were signed with Moldovan companies: Macon S.A., Vlasalux SRL, Ergocasa SRL, Tapet-Con SRL, Supraten S. A., "Tronex-Com", Supraten S. A., Керамический дом Стралджа, Cariera Soroca S.A.

Procurement of working capital

- Several contracts have been signed for procurement of wine bottles, corks, technical grapes and carton boxes, in the total amount of 75000.97 Eur (only 13747 Eur requested for the 1st tranche). Contracts were signed with the following companies:

Glass Container Company S.A. (Moldova), Colombin (corks - Italy), Combinatul de articole din carton S.A. (Moldova). Contracts with local grape growers will be signed at a later stage.

In conclusion, it is stated that procurements were made by FB based on EIB agreed procurement requirements under Credit Line Component and the PIU elaborated Guide on Procurements for Credit Line Component.

**26 March  
2013**

Tomai Vinex

As requested, PIU has received via email from the FB, copies of contracts to be financed from EIB Credit Line. Due to the small contract amounts (up to 100thsnd Euros per contract), all suppliers have been selected by the FB via direct contracting. The FB intends to refurbish existing concrete tanks for wine storage (dress the interior of existing concrete tanks with stainless steel sheets); procure equipment for primary treatment of wine (crushers, grinder pump); equipment for removal of sediments from wine (screw pump with mechanical speed variator); procure machines for working in vines; and procure auxiliary materials necessary for planting 20 ha of vines.

The FB intends to procure from EIB loan the following:

Refurbishing of existing concrete tanks for wine storage:

- 1) Contract with Aldea SRL (Moldova) in the amount of 66,300 EUR for



procurement of a refrigeration unit for refurbished wine storage tanks and plate filter for filtering the wine.

- 2) Contract with Bemas-Grup SRL (Romania) in the amount of 74,829 EUR for procurement of materials necessary for capital refurbishment of existing wine storage tanks and procurement of 3 centrifugal pumps for winemaking.
- 3) Contract with OSM Engineering SRL (Moldova) in the amount of 44,436 EUR for procurement of wine storage tanks refurbishing services (includes complete renovation of tanks cellar № 5 (refurbishing 18 tanks and related infrastructure with automation process for fermentation processes)
- 4) Contract with Raccorderie Inox Munaretto SRL (Italy) in the amount of 74,515.20 EUR, for procurement of other accessories necessary for tanks refurbishment.

Note: The PIU team has performed an inspection visit (on 02/04/2013) within the production premises of Tomai Vinex in order to get acquainted with the reasons why the FB decided to keep the old, concrete tanks and use them as exterior walls while the interior will be dressed with stainless steel sheets. As the director of Tomai Vinex explained (Mr. Sibov) – the main reason to keep the old tanks (18 pcs) is because it is almost impossible to destroy them without using explosives, which is irrelevant because the respective production hall is situated in the middle of the production zone (this same problem with destroying the old concrete tanks was identified in 2012 by PIU during a previous visit at another potential Beneficiary – company Fabso from Sofia village, Hincesti raion).

On the other hand, as the FB informed the PIU - the concrete tanks can act as support for the new tanks thus allowing Tomai Vinex to build new tanks using thinner (and thus cheaper) stainless steel sheets. The concrete walls will also act as additional thermal insulation – this contributing to energy efficiency.





#### winemaking equipment

- 1) Contract with Enoveneta Spa (Italy) in the amount of 51,600 EUR, for procurement of equipment for primary treatment of wine (crushers, grinder pump); and equipment for removal of sediments from wine (screw pump with mechanical speed variator).
- 2) Contract with Crystalman International LLC (China) in the amount of 31,303 Eur for procurement of a kit form for making 1 litre bottle.

#### Equipment for working in vineyards

Several contracts signed:

- 1) Agro Maschien & Tehnologie Handels GmbH (Germany) - 70,726 Eur
- 2) Carvidon Service SRL (Moldova) - 2,827 USD
- 3) Mecagro (Moldova) - 7,028 USD

#### Auxiliary materials necessary for planting 20 ha of vines

Several contracts were signed for procurement of vine seedlings, wiring, fertilizers, pillars etc. in total amount of ~180,000 Eur. Contracts were signed with Moldovan companies: Vitpom Consult SRL; Spades-Plus SRL; Elvitis-Com SRL; AMPELOS-PLUS SRL

Metalex-Kin SRL; "ÎNTREPRINDEREA PENTRU SILVICULTURĂ COMRAT" ÎS; AMPELOS-PLUS SRL.

The procurements were made by FB based on EIB agreed procurement requirements under Credit Line Component and the PIU elaborated Guide on Procurements for Credit Line Component.

\*Final Beneficiaries listed above were receiving continuous support/communication with PIU on procurement issues by means of e-mail/phone/meetings.

#### **b) Procurements organized by PIU; monitoring implementation of signed contracts with suppliers/consultants.**

During the reported period PIU did not have any staffing activities. The PIU has organized a series of procurements/tenders and signed the following contracts/amendments to existing contracts:

Activity start date	Procurement method & subject of the contract	Contracted company	Contract implementation status	Contract value (~ converted in Euro)
<b>01 Jan. 2013</b>	Additional Amendment to Contract no. 01/C6 from 03 Oct. 2011 for procurement of PIU office rent/utilities services	Centrul de Perfecționare în Domeniul Mecanizării Agriculturii	Will be implemented throughout 2013	9300 Eur
<b>04 March 2013</b>	Direct contracting for PIU ICT maintenance services/ minor procurement of ICT equipment. Contract #3 Comp.6C2013A from March 04, 2013	"NOI TI and Service" SRL	Will be implemented throughout 2013	1400 Eur
<b>13 Jan, 2013</b>	Shopping (#31 C62013) for procurement of office supplies	Birovits SRL	Will be implemented throughout 2013	3120 Eur
<b>01 Jan. 2013</b>	Additional Amendment to Contract no. 82 from 02 August, 2011, for procurement of Cell phone communication services for PIU staff	I.M. MOLDCCELL S.A.	Will be implemented throughout 2013	3750 Eur
<b>01 Jan. 2013</b>	Additional Amendment to Contract no. CN/5117/OMD from 18 July, 2011, for procurement of Internet connection services for PIU office	I.M. Orange Moldova S.A.	Will be implemented throughout 2013	750 Eur
<b>27 March 2013</b>	Direct contracting for elaborating the Guide "Vineyards maintenance and protection" (Contract nr. #28C62013B from 27/03/2013)	Association of Producers and Exporters of Grapes	Will be implemented by 01 August, 2013	2000 Eur
<b>08 Febr. 2013</b>	Direct contracting for provision of supplies (office cleaning / for meetings etc.) to PIU (contract #53 from 08 Febr. 2013)	I.C.S. METRO CASH & CARRY MOLDOVA S.R.L.	Will be implemented throughout 2013	2500 Eur
<b>18 March 2013</b>	Direct contracting for procurement of wine accessories (glasses) for PIU representation needs. Contract #31 Comp.6A2013 from March 18, 2013	"SRL Vinoteca & Co"	Contract implementation finalized	1980 Eur
<b>15 Jan. 2013</b>	Direct contracting for procurement of international flight tickets for PIU needs / insurance services. Contract #31 Comp.6E2013 from Jan 15 2013	"Dedal Business Travel" SRL	Will be implemented throughout 2013	9375 Eur
<b>13 Febr. 2013</b>	Direct contracting for procurement of PIU web page updating services. Contract #31 C6H2013 from Febr 13, 2013	„BRV ISTCOM” SRL	Contract implementation finalized	214 Eur
<b>22 Jan. 2013</b>	Direct contracting for procurement of creation of an audio spot and its broadcasting – for Credit Line Component. Contract #31 C6N2013 from January 22, 2013	OWH TV Studio	Contract implementation finalized	1886 Eur

<b>28 March 2013</b>	Direct contracting for procurement of insurance services of PIU assets. Contract 286/13 from March 28, 2013	„EUROASIG GRUP“ SA	Contract paid	354 Eur
<b>22 March 2012</b>	Direct contracting for procurement of CASCO insurance services for PIU vehicle (Skoda 2012). Contract ACA/2013 – 464 from March 22, 2013	Moldasig SA	Contract paid	1094 Eur

**c) During the reported period was undertaken a monitoring visit at a Credit Line potential Final Beneficiary site – company SA Vinaria din Vale.**

The purpose of the visit that took place on Febr 28 2013 by PIU staff: FB has requested retroactive financing from EIB Credit Line for procurement of a total of 19 buildings (production /administrative/energy units/storage/mechanic repair workshops etc.) in the amount of ~ 1mln Eur. PIU has decided to verify existence and inspect the actual condition of respective buildings and verify if the buildings future use will be in compliance with Program eligibility requirements.

(for the detailed Visit Monitoring Report please see ***Annex6 M&E visit reports*** )

In total, during the reported period (January 01 – April 01, 2013) the PIU spent **68,762.77 EUR** for goods, services, and consulting services (including salaries of PIU staff). This amount came as contribution of RM Government.

**During 2013, the following PIU staffing activities took place:**

- 1) Two PIU previously hired experts: Local Winemaking Expert and Administrative Officer decided to resign the PIU. During 2012 PIU has managed to fill the vacant Admin Officer position but still did not manage to find a qualified Winemaking Expert. The search will continue in 2013.
- 2) During 2012 the PIU contracted the following individual consultants:
  - a. A part-time Legal Expert to help PIU with legal aspects of in developing the Leasing Component.
  - b. A part-time Winemaking Sector Advisor that will provide wine sector expertise / advice and general coordination to PIU during the implementation of the EIB hired TA mission activities to Moldova.
  - c. A full time Administrative Specialist was contacted starting with 01/Aug/2012. This position is responsible for PR, procurement and M&E support.
- 3) Based on additional internal estimations and analysis, the PIU decided to add accounting/finance management functions to former Credit Lease Officer thus, transferring this Consultant to Finance Officer Position, starting with 01/Aug/2012. Respectively – a new contract was signed.
- 4) Based on the above point, it was decided to exclude accounting responsibilities and re-hire the former Finance Officer as Project Finance Specialist, starting with 14/July/2012. Respectively – a new contract was signed.
- 5) In 2012 have been prepared contract extensions amendments with the following PIU staff:
  - Credit Specialist;*
  - Project Driver/Courier;*
  - M&E Expert;*
  - Procurement Officer;*
  - Finance Specialist;*
  - Finance/ Households Assistant (Accountant).*
- 6) In addition, there have been prepared contract amendments to all PIU staff by introducing salary adjustment clause (based on the official increase rate of the average salary in the year previous to the year the adjustment is being done). These amendments will come into force starting with 01/01/2013.

In total during the reported period of 2013, the PIU spent **68,762.77 EUR** for goods, services (including salaries for PIU staff); most of resources coming from RM Government and a small part from Italian Grant.

**Annex 1. Total Project Costs for the Project - Cumulative Data (in EUR)**

Project component/Activity	Current quarter			Cumulative to date from the beginning of 2013		
	Planned	Actual	Variance	Planned	Actual	Variance
<b>EIB SOURCES:</b>	<b>7,107,500.00</b>	<b>-</b>	<b>(7,107,500.00)</b>	<b>7,107,500.00</b>	<b>-</b>	<b>(7,107,500.00)</b>
<b>CREDIT LINE</b>						
<i>Component 1:</i> Winemaking enterprises development	4,450,000.00	-	(4,450,000.00)	4,450,000.00	-	(4,450,000.00)
<i>Component 2:</i> Viticulture enterprises development	607,500.00	-	(607,500.00)	607,500.00	-	(607,500.00)
<i>Component 3:</i> Associated industries enterprises development	1,125,000.00	-	(1,125,000.00)	1,125,000.00	-	(1,125,000.00)
<i>Component 4:</i> For laboratories, training, education and development of food security	925,000.00	-	(925,000.00)	925,000.00	-	(925,000.00)
<b>TOTAL FOR CREDIT LINE</b>	<b>7,107,500.00</b>	<b>-</b>	<b>(7,107,500.00)</b>	<b>7,107,500.00</b>	<b>-</b>	<b>(7,107,500.00)</b>
<b>LEASING</b>						
<i>Component 1:</i> Winemaking enterprises development	-	-	-	-	-	-
<i>Component 2:</i> Viticulture enterprises development	-	-	-	-	-	-
<i>Component 3:</i> Associated industries enterprises development	-	-	-	-	-	-
<b>TOTAL FOR LEASING</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>GOVERNMENT OF MOLDOVA SOURCES:</b>						
Operational costs of PIU from GRM * (according to Working plan approved by BoD)	92,976.62	68,762.77	(24,213.85)	92,976.62	68,762.77	(24,213.85)



<b>TOTAL GRM</b>	<b>92,976.62</b>	<b>68,762.77</b>	<b>(24,213.85)</b>	<b>92,976.62</b>	<b>68,762.77</b>	<b>(24,213.85)</b>
<b>ITALIAN GRANT</b>						
Operational costs of PIU Italian Grant * (according to Memorandum signed by Italian association )	-			-	-	-
<b>TOTAL IG</b>	-	-	-	-	-	-
<b>Total Project Expenditure</b>	<b>7,200,476.62</b>	<b>68,762.77</b>	<b>(7,131,713.85)</b>	<b>7,200,476.62</b>	<b>68,762.77</b>	<b>(7,131,713.85)</b>

## Annex 2 Sub-sector distribution of EIB Allocations

under Filiere-du-Vin Upgrading Finance Contract dated 23 November 2010 (FI No25.853)

Sub-sector	maximum amount	Allocations data								Total approved/allocated under Allocation letter	Total Received from EIB on PIU bank account	Total transferred by PIU to FB through PFI	Difference from allocated and transferred by EIB	Balance by sub-sector
		I tranche		II tranche		III tranche		IV tranche						
		approved/allocated under I Allocation letter	received from EIB	approved/allocated under II Allocation letter	received from EIB	approved/allocated under III Allocation letter	received from EIB	approved/allocated under IV Allocation letter	received from EIB					
<i>Winemaking</i>	<b>37,500,000</b>	3,721,680	3,721,680	2,517,395	2,517,395	5,526,791	2,169,970	-	-	11,765,866	7,883,885	7,883,885	<b>3,881,981</b>	<b>25,734,134</b>
<i>Vineyards</i>	<b>26,250,000</b>	1,150,667	1,150,667	-	-	-	-	-	-	1,150,667	1,150,667	1,150,667	-	<b>25,099,333</b>
<i>Support industries</i>	<b>15,000,000</b>	-	-	-	-	760,000	760,000	-	-	760,000	760,000	760,000	-	<b>14,240,000</b>
<i>Loan guarantees, mezzanine and equity activities</i>	<b>15,000,000</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>15,000,000</b>
<i>For laboratories, training, education and development of food security</i>	<b>3,750,000</b>	-	-	-	-	-	-	-	-	-	-	-	-	<b>3,750,000</b>
Total	<b>75,000,000</b>	<b>4,872,347</b>	<b>4,872,347</b>	<b>2,517,395</b>	<b>2,517,395</b>	<b>6,286,791</b>	<b>2,929,970</b>	-	-	<b>13,676,533</b>	<b>9,794,552</b>	<b>9,794,552</b>	<b>3,881,981</b>	61,323,467

**Annex 3. Total Allocated amount by EIB for the Project - Cumulative Data in 2013**

	Budget control	Total planned amount for 2013	Total allocated amount during 2013	including			
				I quarter	II quarter	III quarter	IV quarter
<b>EIB SOURCES: TOTAL FOR 2013</b>	<b>(7,107,500)</b>	<b>7,107,500</b>	-	-	-	-	-
<b>CREDIT LINE</b>	(7,107,500)	7,107,500	-	-	-	-	-
<b>Component 1:</b> Winemaking enterprises development	(4,450,000)	4,450,000	-	-	-	-	-
<b>Component 2:</b> Viticulture enterprises development	(607,500)	607,500	-	-	-	-	-
<b>Component 3:</b> Associated industries enterprises development	(1,125,000)	1,125,000	-	-	-	-	-
<b>Component 4:</b> For laboratories, training, education and development of food security	(925,000)	925,000	-	-	-	-	-
<b>LEASING</b>	-	-	-	-	-	-	-
<b>Component 1:</b> Winemaking enterprises development	-	-	-	-	-	-	-
<b>Component 2:</b> Viticulture enterprises development	-	-	-	-	-	-	-
<b>Component 3:</b> Associated industries enterprises development	-	-	-	-	-	-	-

#### Annex 4 . Planned activities for the II quarter 2013

No	Activities	II quarter		
		April	May	June
<b>I</b>	<b>CREDIT LINE</b>			
1	To organize informative meetings with potential beneficiaries through: regional agricultural divisions, professional associations from the sector, NAF Agroinform, ACSA and other relevant institutions			
2	To identify potential beneficiaries of the Program and inform them about the way to access EIB funds, terms and conditions for on-lending, procurement rules			
3	To consult potential beneficiaries in filling in the “Questionnaire of the Program applicant” and Business plan elaboration.			
4	To consult potential beneficiaries on eligibility issues of the investment projects			
5	Continuous review of Procurement documentation of the Final Beneficiaries. Continuous consulting of potential beneficiaries on procurement rules/practices to be followed			
6	To finance sub-projects through participating commercial banks based on request of payment from CLD			
7	To analyse and review Business Plans of potential beneficiaries			
9	To submit to the MoF the disbursement request from EIB loan.			
10	To consolidate statistic and financial data on final beneficiaries.			
<b>II</b>	<b>LEASING</b>			
1	To continue monitoring of updates in the Moldovan regulations on leasing activities, legal and fiscal aspects of the finance leasing			
2	To submit to the EIB the PIU concept of leasing,			
3	To finalize design of Attachment D to Program Operations Manual regarding the Leasing instrument			
4	To submit to the EIB the PIU concept of leasing			

5	To submit to MoF to approval the PIU concept of leasing			
6	To submit to PIU Counsel of Observers to approval the Operational Manual for Leasing activity			
7	To develop Leasing Policy and Client Evaluation Procedures			
8	To complete design of the Beneficiary Leasing Guide and Business Plan.			
9	To elaborate the Accounting Policy and Financial Reporting procedures on Leasing operations in accordance with NAS and IFRS principles and rules			
10	To elaborate the Risk Management Manual			
11	To elaborate the Management Information System (MIS) for leasing activities			
12	To elaborate the Internal Audit and Monitoring Policy for leasing activities			
13	To elaborate the Internal Security Policy			
14	To organize several informative meetings with potential beneficiaries in order to inform on lease terms and conditions, provide consultancy to potential beneficiaries and support them to fill in the leasing documents			
13	To identify local insurance companies in order to establish partnership contacts			
14	To organize abroad study visit to a leasing company specialized in finance leasing of wine equipment, machinery and viticulture vehicles			
15	To attend relevant training courses such as:			
a)	<i>Client's Business and Lease application Analysis. Credit scoring of lessee;</i>			
b)	<i>Business planning and financial modeling for leasing activities. Financial Analysis of leasing activity;</i>			
c)	<i>Delinquency management. Analysis of reimbursement risk. Nonperforming lease financing recovery.</i>			
d)	<i>Risk management of Leasing transactions</i>			
16	To translate part of Operations Manual and other relevant documents on leasing instrument			
	To collaborate with external consultancy offered within Study on the framework for the development of the "Filière du Vin Upgrading and other consultancy offered by EIB on development of these financial			

	instruments			
1	To work with MoAFI and decision making bodies in order to identify the delegated persons and establish the creation of working group			
2	Operational Working Group, perform study visits to the education institution, in order to identify their necessities related to wine and vine departments			
3	Evaluate the institutions' sub-projects in order to determine the necessities that need implementation and to identify sources for co-financing the sub-projects.			
4	To attract external technical assistance for specific identified necessities of education institution and research			
<b>III</b>	<b>Procuraments activities</b>			
1	Competitively select a local individual consultant on wine making/viticulture			
2	Continuously monitor implementation of goods/consulting contracts. Sign/extend new contracts for supply of goods and services (including individual consulting services)			
3	To execute monthly payments of PIU staff and individually contracted consultants salaries, payments being made on the date of calculation and payment, not later than the last day of the current month.			
<b>iv</b>	<b>PR activities</b>			
1	To select and contract the Designer developer for Program' website			
2	To maintain and update the website's content			
3	To contract the production company for the development of Program's Radio spot and broadcasting on the three main radio channels.			
4	To contract the production company for the development and broadcasting of the Program's video spot.			
5	To participate at radio shows ( <i>radio show Cadran Economic, of the RadioMoldova post</i> )			
6	To participate at wine/agricultural TV shows ( <i>TV show Bastina, of the Moldova1 channel, wine related programs</i> )			
7	To write, edit and place several articles in national newspapers and magazines targeting the agriculture and wine industry ( <i>Agricultura Moldovei, Curierul Agricol, Viticultura și Vinificația, Business Class, Punkt, etc.</i> )			
8	To write, edit and place several articles on different internet portals in the economic section ( <i>unimedia.md,</i>			

	<i>interlic.md, azi.md, businessportal.md, arena.md, vesti.md, vinmoldova.md</i>		
9	To develop and design of promotional and customized materials (brochures, maps, posters, banners, pens, informative panels etc.)		
10	To participate at following expositions: “EXPO VIN Moldova 2013”, “Chisinau Wines and Spirits Contest”, which will be held during 16 -17 February 2013 “EXPO VIN Moldova 2013”, which will be held during 20 -23 February 2013 ”MOLDAGROTECH” spring edition, which will be held during 13-16.03.2013 “PACKAGING DEPOT”, ”FOOD AND DRINKS” which will be held during 22-26.05.2013 “MOLDOVAN NATIONAL DAY OF WINE 2013” which will be held on 06-07.October 2013 ”MOLDAGROTECH”/ “FARMER”, which will be held during 24- 27.10.2013 ”Agriculture Worker’s Day ” which will be held in November 2013		
<b>V</b>	<b><i>MIS elaboration and implementation</i></b>		
1	To organize meetings between PIU and <i>Noi TI &amp; Service</i> in order to achieve the MIS development plan		
2	To develop system for recording and reporting the credit application and documents within Credit Line		
3	To test and adjust documents and reports developed for Credit Line instrument		
4	To develop database of the clients which will benefit from financing through Leasing instrument		
5	To elaborate the form of request for payment, for finance contract, payment schedule for leasing, minutes – decisions of financing committee, etc.		
6	To develop database of suppliers of equipment and machinery, which will be procured for leasing operations, and to develop reporting system per suppliers		
7	To develop reporting system for Leasing instrument		
8	To test and adjust documents and reports developed for Leasing instrument		
9	To develop reporting system on performance indicators (second level indicators)		
<b>VI</b>	<b><i>Budgeting and Reporting</i></b>		
1	To prepare all quarterly reports for 2013 and annual reports for 2013 for relevant institutions (MoF, Fiscal Authority, social insurance authority, etc.)		

2	To elaborate Program Progress report for the IV quarter of 2012			
3	To develop and submit to MoAFI for approval and MoF for coordination annual financial plans and detailed Program budget for 2013 per components, according to MoF requirements			
4	To develop detailed quarterly plan of activities for PIU for 2013			
5	To elaborate and submit quarterly progress reports as required by Finance Contract signed with EIB			
7	To elaborate 2014 Annual Work Plan and Budget of the Program, including detailed budget of Program costs			
<b>VII</b>	<b><i>Monitoring and Evaluation</i></b>			
1	To continue performing regular monitoring visits and collect information regarding BF Sub-projects implementation			
2	To define and develop the Monitoring Report, establish the monitoring graphic per BF			
3	To prepare Monitoring Visit reports for sub-projects implemented by FB			
4	Collaborating with EIB In Finalising The M&E system			
1	PIU Collaborating with selected TA			



## Annex 5. Annexes: M&E Monitoring visit “Vinaria din Vale”

### Pre-financing Inspection Visit Report at FB site

#### Project Component: Filiere du Vin, Credit Line Component

<b>Final Beneficiary Name (FB):</b>	SA “Vinaria din Vale&Co”
<b>Date of Visit:</b>	28/02/2013
<b>Monitoring Place Visit:</b>	Balti city. The recently procured by FB site – formerly belonging to State Enterprise “Food Factory from Balti”.
<b>Monitoring Visit Participants:</b>	Oleg LIPCEAN – PIU Procurement Officer Valeriu MORARU – PIU Credit Specialist Radu COJOCARU – PIU Driver/Courier
<b>Purpose of Visit:</b>	FB has requested retroactive financing from EIB Credit Line for procurement of a total of 19 buildings (production/administrative/energy units/storage/mechanic repair workshops etc.) in the amount of ~ 1mln Eur. PIU has decided to verify existence and inspect the actual condition of respective buildings.
<b>Partners, Beneficiaries and other stakeholders met:</b>	Ivan Shubernetki – Manager of the entire site. FB representative at Balti.
<b>Future Actions:</b>	<ul style="list-style-type: none"> <li>It is understood that the PIU will request from the potential FB an official statement on the following: what exact technological processes and what goods will be produced in the buildings EIB financing is requested for (information to be delivered to PIU per each building separately).</li> </ul>
<b>Report prepared by:</b>	<ul style="list-style-type: none"> <li>Oleg LIPCEAN</li> <li>Valeriu Moraru</li> </ul>

### Part 1. Beneficiary Presentation

<b>Beneficiary short Description:</b>	SA “Vinaria din Vale&Co” intends to develop a project in the total amount of 7,631,207 Euros. From EIB it plans to request 3,800,000 Euros. The amount of 3,800,000 euros will be demanded in 3 tranches: I tranche – 1,000,000 euros – for procurement of production buildings; II tranche – 1,342,192 euro – for procurement of refrigerator and construction of warehouse; III tranche – 1,457,808 euros – for procurement of equipment.
<b>Project short Description:</b>	SA “Vinaria din Vale&Co” has recently procured an entire production site (covering ~ 20 ha of land located within Balti city), from local commercial bank “Moldindconbank” (buildings formerly belonging to State Enterprise “Food Factory from Balti” which is in the process of bankruptcy). Procurement was done via direct contracting. Contract total amount is ~3.2mln Euros. The production buildings that are to be financed from EIB funds are in the amount of ~1 mln Euro. FB intends to refurbish, re-equip and use the site for production of wine.

<b>Project Amount, including :</b>	<b>Total Amount: 7,631,207 EUR</b>
	<b>EIB Fund: 3,800,000 EUR</b>
	<b>Own Contribution: 3,831,207 EUR</b>

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## Part 2. Visit details

PIU met with site Manager - Ivan Shubernetki who guided the team through the entire production site. PIU has inspected the buildings EIB retroactive financing is requested for. Formerly, the respective site was used for production of mayonnaise, mineral water, vodka, spirit etc.





Buildings that are intended to be used by the FB for bottling, wine storage, maturation – have old (USSR time) equipment, part of which was used for vodka production and now is supposed to be refurbished and re-used for wine production (painted stainless steel tanks, refrigerator, bottling line warehouses, mechanical repair shop, laboratory etc.).





As per information received from the FB site manager, several buildings that are to be financed by EIB are intended to be used for production of mineral water, spirit – which is not eligible for EIB financing:





For a number of buildings the FB representative could not inform PIU about the exact technological processes that are planned to take place in the future (for instance – the 2 large mechanical repair shops, old gas/fuel station, large administrative building – that presently offers offices for rent, etc).





2 large repair shops, including auto repair shop and gas station:





Buildings, future use destination of which could not be explained:



This large production building was used for spirit production (old technological equipment is still inside):



This is a repair shop, future destination of which could not be explained:







Other buildings, future destination of which could not be explained:



Large administrative building with unfinished annex (on the left):



### Part 3. Conclusion

As a result of the monitoring visit, PIU will request from the potential FB an official statement on the following: what exact technological processes and what goods will be produced in the buildings EIB financing is requested for (information to be delivered to PIU per each building separately).

## Annex: 6. M&E Firstline implementation status of the project

**Monitoring note:** Monitoring of the implementation of the project made on 25 February 2013

- Via Call to Firstline to monitor the implementation
- Schedule Monitoring visit

Detailed information on each category of “Firstline” Investment Cost for financing from EIB sources per type of expenditures:

	Description	Supplier	Quantity	Price per unit based on signed Contract, eur	Eligibil amount to be financed, eur
<b>Procurement of equipment for package production:</b>				<b>610,000</b>	
1	Flexographic machine RELEX GEARLESS C.I. 800/8c, model of year 2012	BONARDI Service S.R.L., Italy	1	540,000	510,000
2	Automatic Bag Packing and Marking machine doy-pack, model FTSC-600DZC	HCI Converting Equipment Co., Ltd , Taiwan	1	152,830 Euro	100,000
<b>Increase of the permanent working capital:</b>				<b>150,000</b>	
3	Polyethylene film for Flexographic machine RELEX GEARLESS	Technologia PJSC	120 tonnes		30,000
4	PVC for Automatic Bag Packing and Marking machine doy-pack,	Bilcare Research GmbH	250 tonnes		120,000
<b>Total</b>					<b>760,000</b>
Description	Monitor Visit Comments				
<p><b>During the call, it was found out that not all the equipment’s have been bought in 2012 as scheduled in the implementation scheme. All the rest contracts have been implemented. This will have to be verified during our monitoring visit scheduled in march-april when the rest of the contract will be implemented.</b></p>					
1	Flexographic machine RELEX GEARLESS C.I. 800/8c, model of year 2012	<p><b>This equipment has not been delivered, due to new change in contract. An amendment was created, new items added. Currently Firstline still negotiates this contract. Implementation of the contract was estimated in march-april.</b></p>			
2	Automatic Bag Packing and Marking machine doy-pack, model FTSC-600DZC	<p><b>Equipment delivered as scheduled and installed.</b></p>			
<b>Increase of the permanent working capital</b>					
3	Polyethylene film for Flexographic machine RELEX GEARLESS	<p><b>Contract implemented 100% confirmed verbally</b></p>			
4	PVC for Automatic Bag Packing and Marking machine doy-pack,	<p><b>Contract implemented 100% confirmed verbally</b></p>			

