

EVALUATION OF THE NATIONAL FUND FOR THE DEVELOPMENT OF AGRICULTURE AND RURAL ENVIRONMENT FOR THE YEARS 2017-2021

1. INTRODUCTION

The efficient allocation of subsidies to agricultural producers is a precondition for the sustainable development of agriculture and the technological modernization of entities in transition economies, as is the Republic of Moldova. Thus, increasing the efficiency of the allocation of subsidies is a key issue in the context of sustainable development of the agricultural sector. To this end, the state aims to develop agricultural policy by increasing financial allocations and subsidies to agricultural producers. Subsidies are an effective lever both for attracting investment in agriculture and for the development of this sector.

Subsidy policy is regulated by the National Strategy for Agricultural and Rural Development for the years 2014-2021 and Law no. 276/2016² which provides for the improvement of the subsidy system of agricultural producers in the Republic of Moldova, its adjustment to good European practices.

¹The National Strategy for Agricultural and Rural Development for the years 2014-2020, approved by Government Decision no. 409/2014

²Law no. 276/2016 on the principles of subsidization in the development of agriculture and rural environment

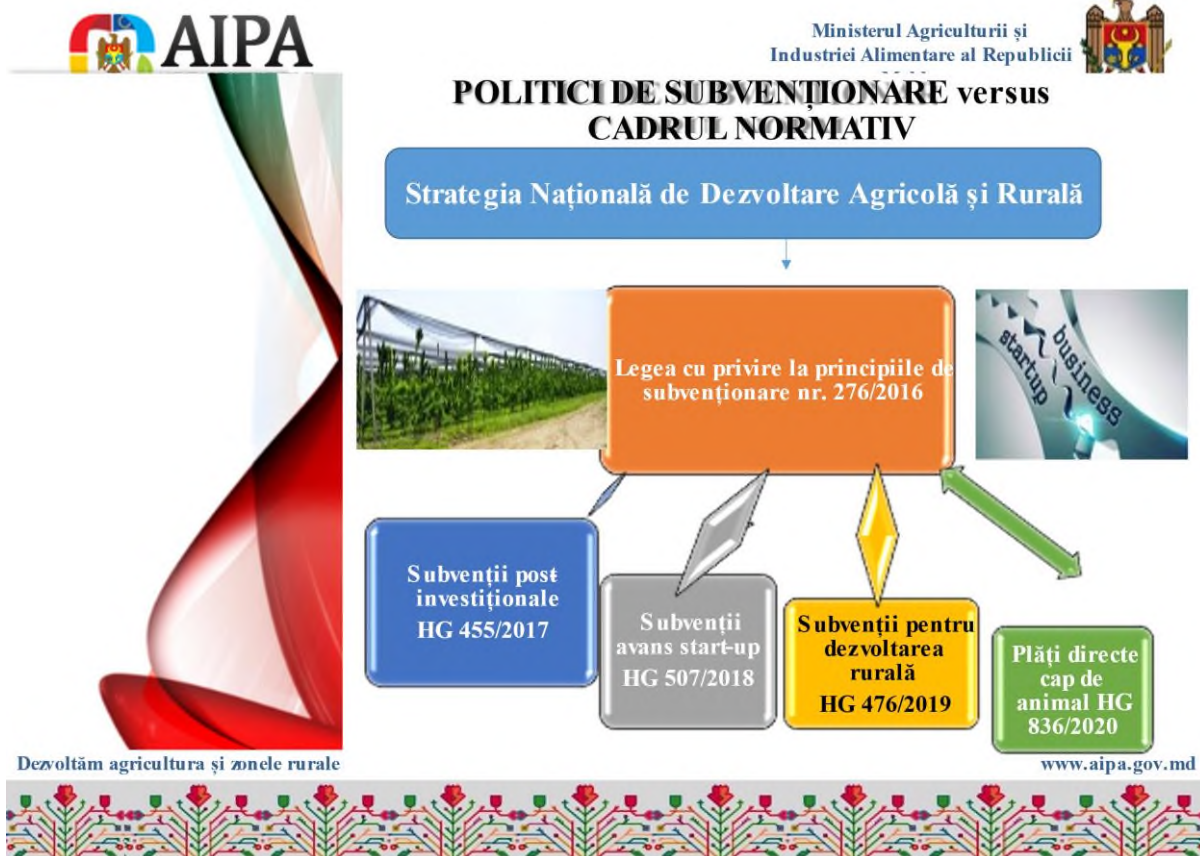


FIG. 1: Subsidy policies versus the regulatory framework

The modernization of the agro-industrial sector and the development of rural localities is ensured by setting the following priorities:

- I. increasing the competitiveness of the agro-industrial sector by modernizing and restructuring the market;
- II. ensuring the sustainable management of natural resources in agriculture;
- III. improving the standard of living in rural areas.

By allocating the financial means from the National Fund for the Development of Agriculture and Rural Environment, the following objectives are pursued:

- ✚ increasing the competitiveness and productivity of the agro-industrial sector;
- ✚ encouraging investment in the agri-industrial sector, by creating rural infrastructure and modernizing the material base of the agri-food sector;
- ✚ creating new jobs for the rural population;
- ✚ stimulating the growth of high value-added production;
- ✚ equipping agricultural entities with high-performance agricultural machinery and equipment;
- ✚ establishment of multi-annual plantations;
- ✚ developing the scope of services in agriculture.

The regulatory framework governing the subsidy policy is set out in Annex no.

1.

BYE3 is an administrative authority subordinated to the Ministry of Agriculture and Food Industry (hereinafter - MAFI) responsible for the efficient management of the National Fund for the Development of Agriculture and Rural Environment, including financial sources from development partners. Relevant information about AIPA is set out in Annex no. 2.

By 2021, AIPA will implement two grant modalities from the National Fund for Agriculture and Rural Development (hereinafter - FNDAMR), namely post-investment grants and advance grants for the development of start-up projects, advance grants to improve the level living and working in rural areas.

Starting with 2021, AIPA started the administration of financial resources for animal breeders through the mechanism of direct payments per capita.

Project	Beneficiary profile	Eligibility criteria	Facilities	Subsidy ceilings
Post-investment	<ul style="list-style-type: none"> ✓ Agricultural producer ✓ Manufacturer group ✓ Consulting companies ✓ Insurance companies ✓ saddle 	<ul style="list-style-type: none"> ✓ Business plan for projects <500 thousand lei ✓ Lack of overdue budget ✓ Purchases goods from authorized suppliers ✓ They belong to a profile association ✓ Legal owners of real estate 	<ul style="list-style-type: none"> + 15%- young people and women farmers + 20%- organic farming + 10%-when purchasing goods of local origin 	<ul style="list-style-type: none"> ✓ PA-max.5 million lei ✓ GdP + 50% of the authorized grant amount
Start-up	<ul style="list-style-type: none"> ✓ Woman farmer ✓ Returned migrant ✓ Young farmer > 40 years old 	<ul style="list-style-type: none"> ✓ Newly registered manufacturer ✓ Feasible business plan ✓ Investment located in rural areas ✓ Implementation period - 24 months ✓ They will create new jobs ✓ Lack of overdue budget ✓ They belong to a profile association ✓ Legal owners of real estate 	Advance grants	<ul style="list-style-type: none"> ✓ The value of the eligible investment = 1 million lei ✓ Grant amount = 65% ✓ Beneficiary's contribution - at least 35%
Rural development	<ul style="list-style-type: none"> ✓ Entities that carry out entrepreneurial activity 	<ul style="list-style-type: none"> ✓ Development of the project in a rural locality ✓ Implementation period - 24 months ✓ Investment project, expenditure estimate ✓ To ensure the sustainability of the project 	Subsidies in advance	<ul style="list-style-type: none"> ✓ The value of the eligible investment = 1 million lei ✓ Grant amount = 50%
	<ul style="list-style-type: none"> ✓ LPA level I 			<ul style="list-style-type: none"> ✓ The value of the eligible investment = 3 million lei ✓ Grant amount = 80%

Direct payments per animal	✓ Animal breeders	<ul style="list-style-type: none"> ✓ Owns and operates cattle, sheep, goats ✓ Animals registered in the RSA ✓ Lack of overdue budget ✓ Purchases goods from authorized suppliers ✓ They belong to a profile association 	+ 50% for livestock farms certified as breeding farms	<ul style="list-style-type: none"> ✓ cows - 7,000 lei ✓ junk over 12 months - 5000 lei ✓ and from specialized breeds - 500 lei ✓ sheep in 12 months - 300 lei ✓ goats - 500 lei ✓ goats over 12 months - 300 lei
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FIG. 2: Beneficiary beneficiary profile

2. NATIONAL FUND FOR THE DEVELOPMENT OF AGRICULTURE AND RURAL ENVIRONMENT

FNDAMR represents the totality of the budgetary means, as well as those coming from the development partners, destined to finance the support measures that are approved by the Government. Thus, the value of FNDAMR constitutes about 50% of the total expenditures allocated from the state budget to the agricultural sector. The source of budgetary funding is currently provided exclusively from the state budget.

It should be noted that the financial resources planned to subsidize agricultural producers were not sufficient because annually, AIPA honored commitments to agricultural producers and the subsidies remained to be paid into the financial sources planned for the following year.

The investments made by agricultural producers confirm to us that the financial support provided by the state, contributes substantially to the development of business by ensuring the income potential and increasing the competitiveness of the sector. The increase in the financial resources needed for the fund was preceded by an increase in the areas accepted for funding.

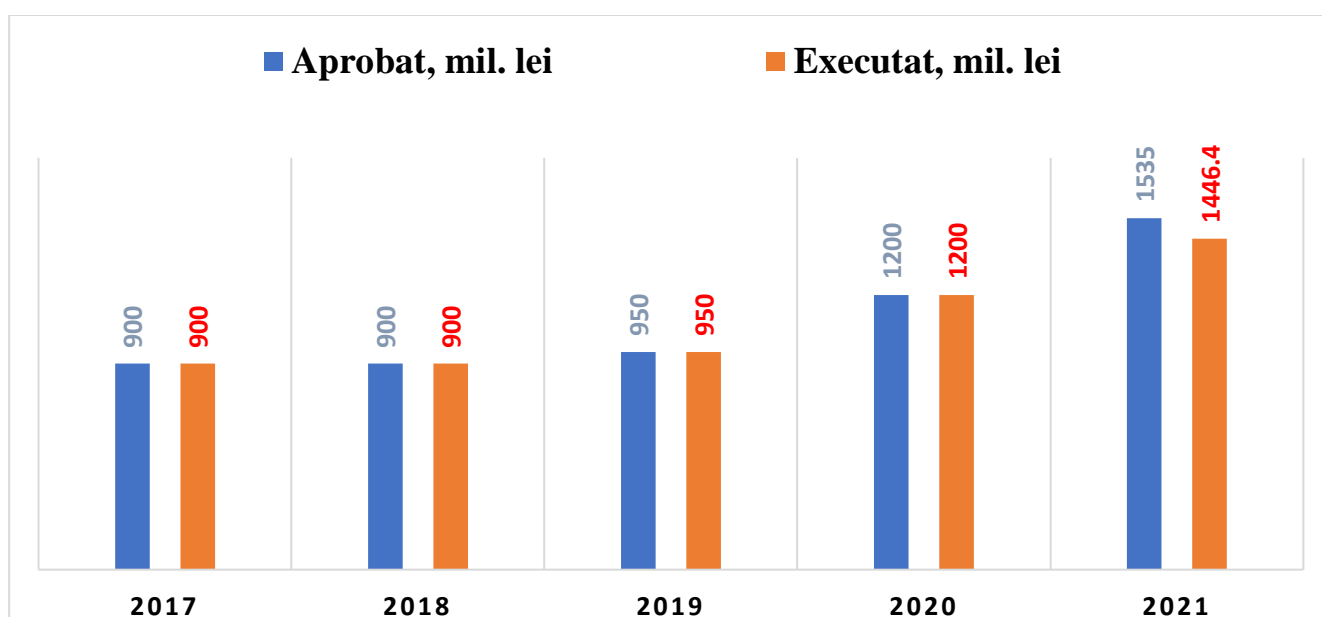


Fig.3: The evolution of FNDAMR for the years 2017-2021

In the budget year 2021, AIPA capitalized 94.2% of the entire fund that was allocated for management, ie 1446.4 million lei and 88.6 million lei being undervalued, namely:

- 1) **52.3 million lei**, financial sources allocated to the mechanism of payment of subsidies in advance to improve the standard of living and work in rural areas.
- 2) **36.3 million lei** financial sources allocated to the mechanism of payment of grants in advance for the development of start-up projects.

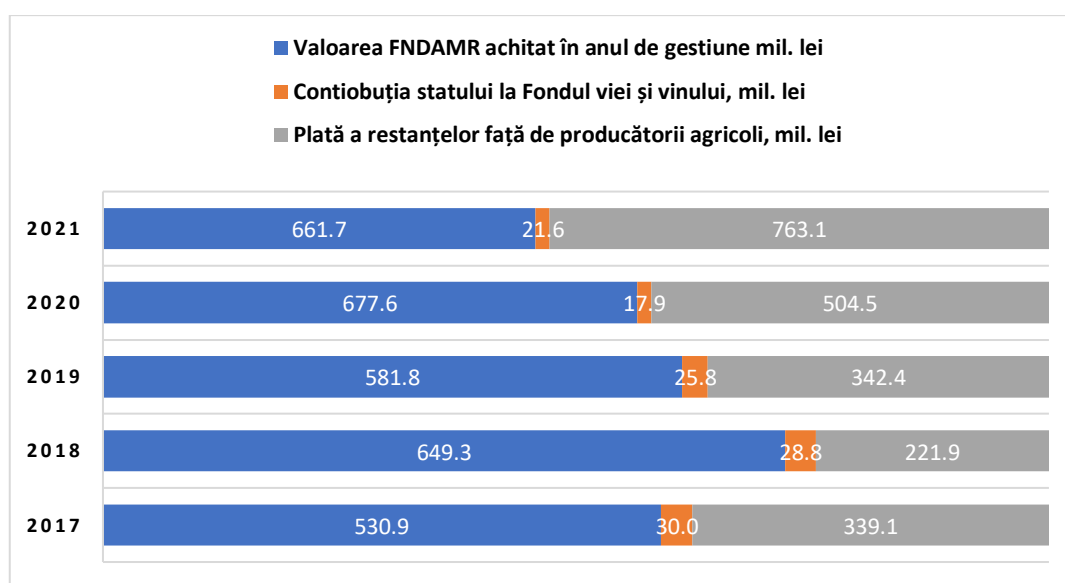


Fig.4: Capitalization of FNDAMR for the years 2017-2021

Table 1: Types of grants offered by AIPA according to the approved regulatory framework

Subsidy mechanisms	2017	2018	2019	2020	2021
Post-investment grants	V	V	V	V	V
Advance grants for the development of start-up projects		V	V	V	V
Advance grants for rural development				V	V
Direct payments per animal					V
LEADER approach	inactive				

At the same time, in order to maintain the highest possible level of income of agricultural producers, the partial compensation of the expenses incurred, from

FNDAMR in 2021 a new incentive mechanism was launched, namely direct payments per head of animal⁴. **Direct payments** per head consists of the granting of a fixed amount per head, allocated according to the species and the number of animals.

3. POST-INVESTMENT GRANTS

Regulation on the conditions, order and procedure for granting the means to the National Fund for the Development of Agriculture and Rural Environment (Hthe campGwinterno. 455/2017) was approved in 2017 and applies even in 2021.

Applicant for post-investment grants is the agricultural producer who has made an investment or in whose share capital assets (assets) have been deposited, in the established manner, for the purpose of carrying out the entrepreneurial activity, subject to financial support from FNDAMR and who has submitted an application to that effect, according to support measures / sub-measures. The amount of the subsidy is countervailable, with one agricultural producer being entitled to only one subsidy per year under a measure / sub-measure / area of support.

The size of the grant awarded for each support measure varies depending on the development objectives promoted in the agricultural and rural development policy documents. The maximum subsidy ceiling (as a percentage) is set by the central specialized body (MAFI) and will not exceed 50% of the investment value.

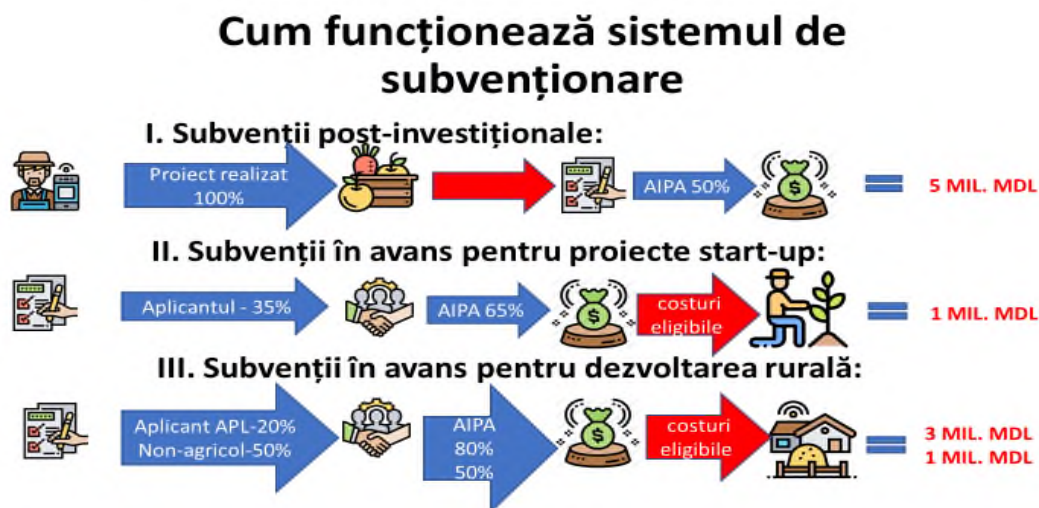


FIG. 5: Grant programs

Number of applications for financial support submitted by agricultural producer through the "post-investment grants" payment mechanism it is growing from

⁴ *direct payment*- non-reimbursable financial support, expressed in a fixed amount per unit area of cultivated land and / or head of animal, according to agricultural crops, cultivated land area, species and number of animals, and granted from the National Fund for Agricultural Development and the rural environment;

year to year, which shows the confidence of agricultural producers in supporting the state in business development.

As a result of the requested subsidies, according to the data presented by the agricultural producers, it was possible annually, to attract investments in the agro-industrial sector of about 4.0 billion lei and the investments made generate, annually over 2000 new jobs.

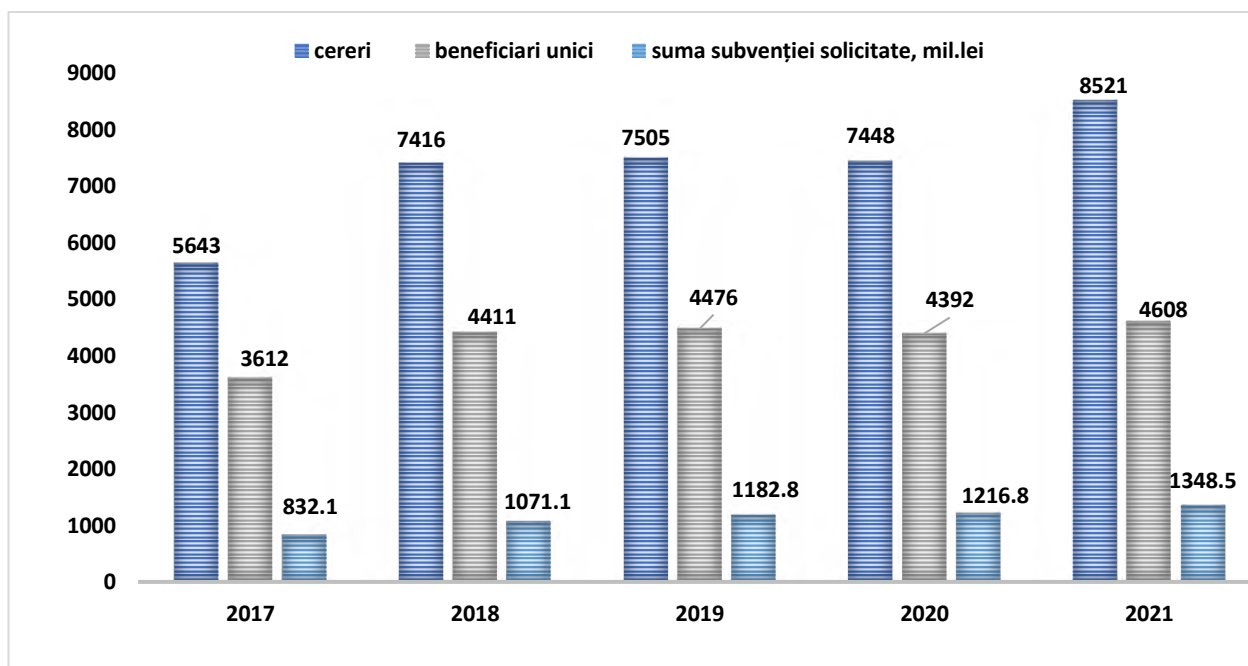


FIG. 6: Number of applications for financial support submitted by agricultural producers during the years 2017-2021

The economic entities but also the natural persons who carry out entrepreneurial activity are obliged to participate in the formation of the national public budget. The payment of taxes is the taxpayer's ability to pay its debts and obligations to the national public budget.

We are waiting for the details from SFS

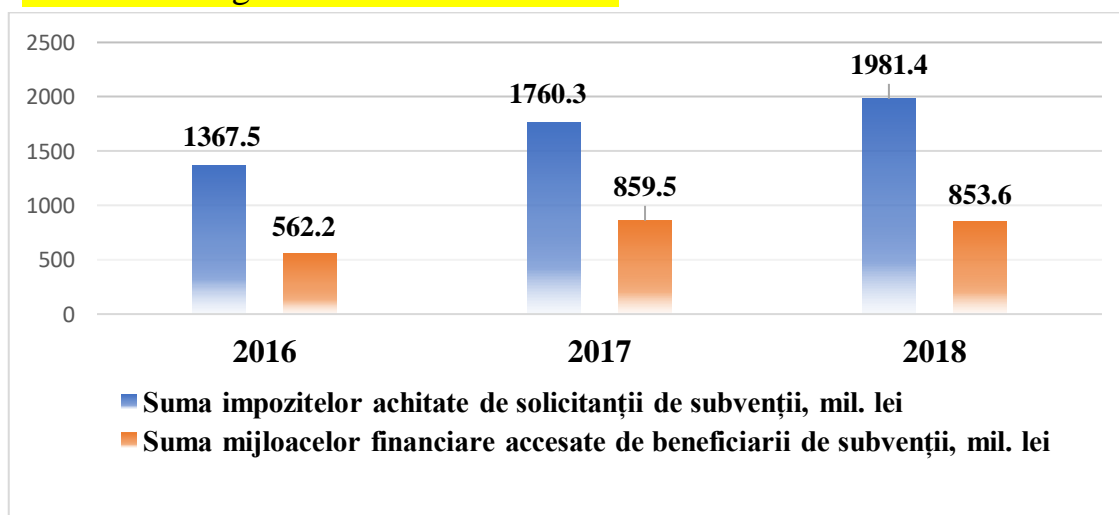


Fig.7: Financial means requested by agricultural producers in terms of taxes and fees paid by beneficiaries of subsidies

As a result of subsidies to agricultural producers, the taxes paid by applicants are increasing by 42% in 2019 compared to 2016. Moreover, at the time of requesting financial support from FNDAMR financial sources, the agricultural producer presents a certificate confirming the absence of debts. compared to the national public budget. Peasant households keep a simplistic record of their activity being stimulated by the subsidy policy, to assess the financial situation in the entity. Often the peasant households pay only the land tax.

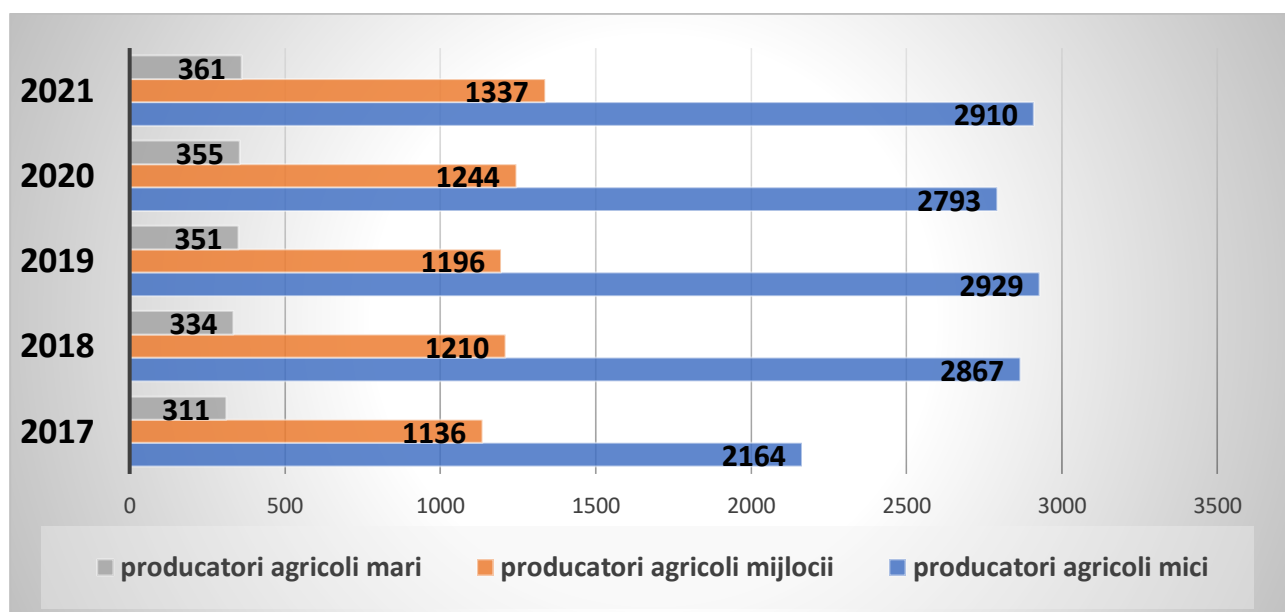


FIG. 8 Classification of grant beneficiaries (2017-2021)

Of the total grant applications, the number of small agricultural producers⁵it is rising. Thus, in 2021 the number of small agricultural producers who accessed subsidies is 63%, their number being increasing from year to year. If in 2017 AIPA registered 216 small agricultural producers then in 2021 they increased by 34% or 746 units compared to the reference year (2017). The 2910 small agricultural producers benefited from the subsidy, in increasing amounts, so that in 2021 they applied for subsidies amounting to 506 million lei, which is 38% of the total applications compared to 2017 when the amount of the subsidy granted the figure 216 million lei or 29% of the total allocated sources.

⁵The classification of producers according to the category of small, medium and small agricultural producer is set out in Annex no.5

Medium-sized agricultural producers play a secondary role, being analyzed by the number of those who have made investments, and their number increases annually. If in 2017 AIPA registered 1136 medium agricultural producers then in 2021 they increased by 18% or 201 units compared to the reference year. Medium agricultural producers, in 2017, benefited from a subsidy in the total amount of 334 million lei or 45% of the total amount of subsidies granted. Analyzing their progress, we can mention that in 2021, medium-sized agricultural producers requested subsidies amounting to 543 million lei, which is 40% of the total financial sources requested by the 4608 sole agricultural producers.

Small and medium agricultural producers have capitalized in 2017 - 74% from FNDAMR sources, and in 2021 they requested a subsidy in the amount of 1049 million lei or 78%.

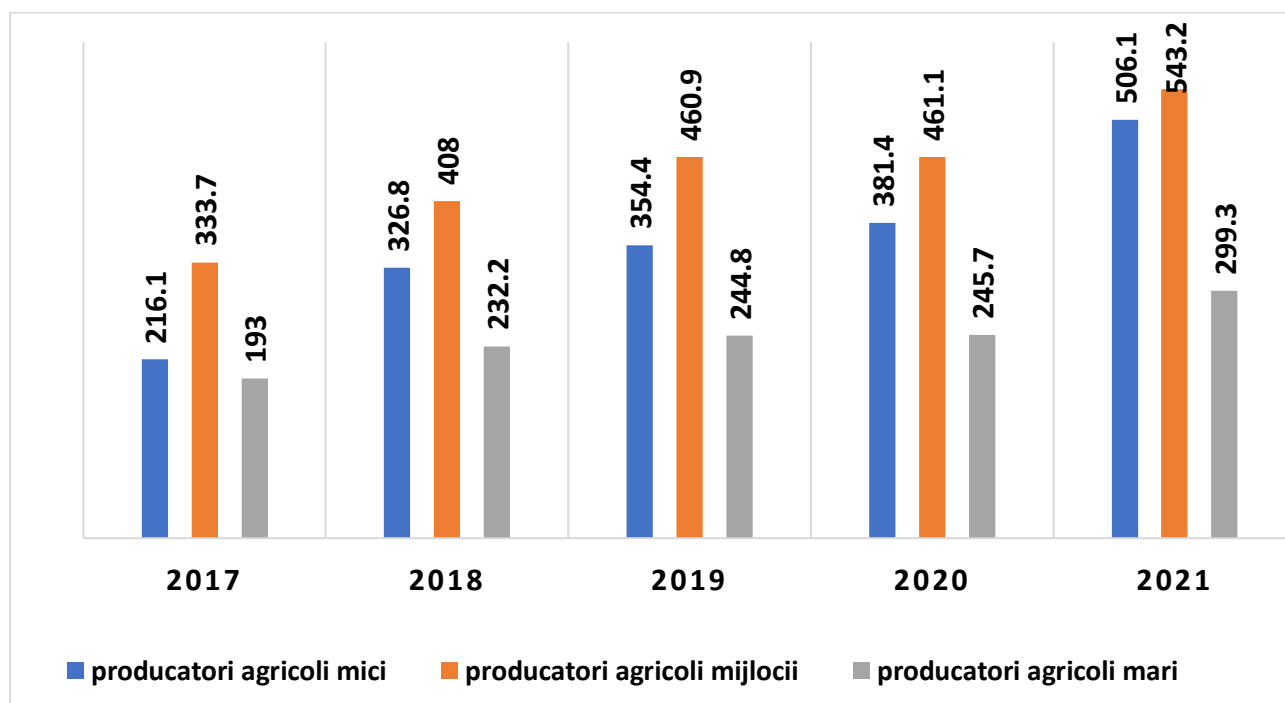


FIG. 9 Distribution of financial sources, million lei

Large agricultural producers play an important role in accessing subsidies because they declare major investments in the related branches of the national economy, which create more jobs but also disburse taxes higher than the national public budget. If in 2017 AIPA registered 311 large agricultural producers then in 2021 they increased by 16% or 50 units compared to the reference year. The 361 large agricultural producers benefited from the subsidy, in increasing amounts, so that in 2021 they applied for subsidies amounting to 299 million lei, which is 22% of the total applications compared to 2017 when the amount of the subsidy granted the figure 193 million lei or 26% of the total allocated sources.

Analyzing the grant applicants according to the organizational-legal form, we can see that the largest share of grants are accessed by the Limited Liability Company, which in 2021 applied for grants amounting to 857.5 million lei or 63.6% of the value of FNDAMR, followed by peasant households, which applied for subsidies amounting to 330.5 million lei or 24.5% of the value of FNDAMR. The analysis of grant applicants according to legal organizational forms - grant beneficiaries is set out in Annex no. 5.

The analysis of the subsidy directions shows us that the Government is focused on a series of support measures meant to increase the investments in the performing agricultural activities. However, it must be borne in mind that the granting of subsidies is an intervention in the competitive process, which is why they must be applied with particular care in order to limit the phenomenon of unfair competition between agricultural producers.

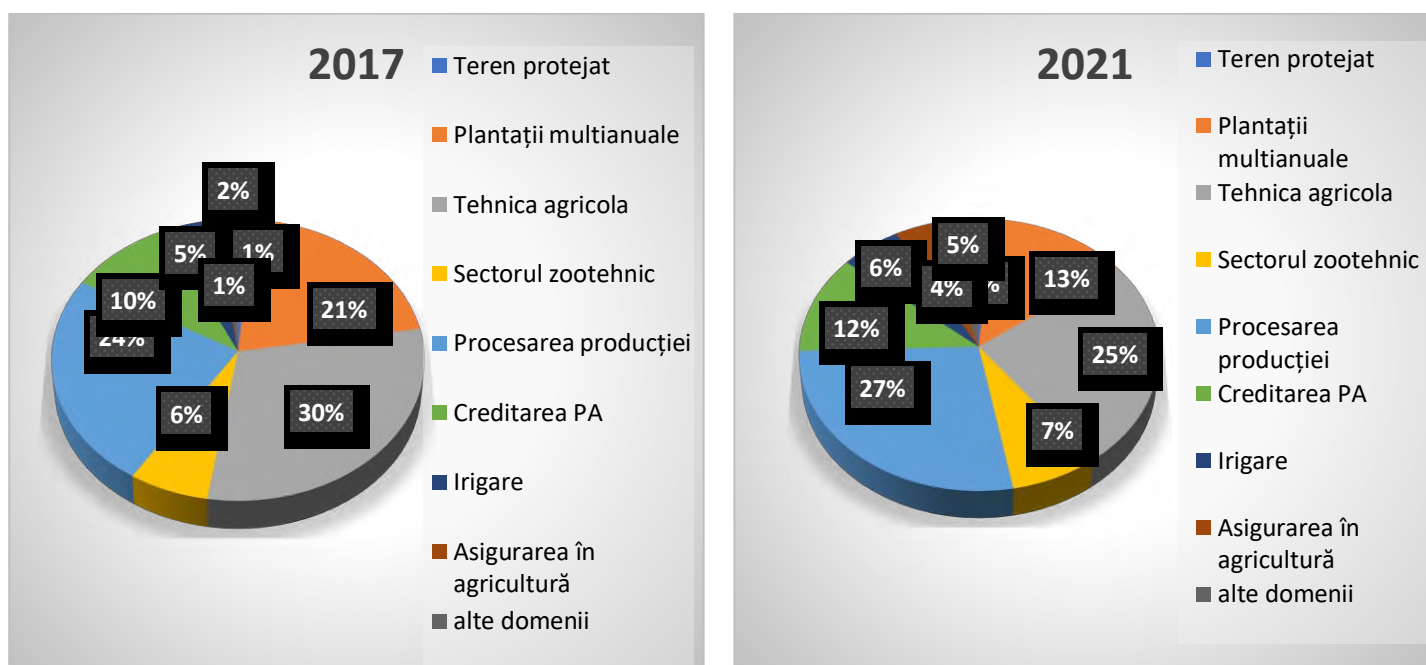


FIG. 10: Analysis of subsidy directions

Following the analysis of the subsidy measures for the years 2015-2021, it can be seen that the subsidy areas have a stable character and most financial sources are oriented towards the modernization of agricultural equipment and irrigation equipment, the development of the horticultural sector and the agricultural production processing infrastructure. and other areas (insurance risks in agriculture, repayment of interest rate on accessing loans, etc.).The degree of capitalization on each subsidized field is set out in Annex no. 6.

4. ADVANCE SUBSIDIES for the development of STRAT-UP projects

In 2018, for the first time, AIPA implemented the “advance subsidies” payment scheme, a measure that comes in support of young women and women farmers who

are launching for the first time in economic activity. The state support for the launch of new businesses is 65% or up to 650 thousand lei and the value of the investment project cannot exceed 1 million lei, and the payment of the subsidy in advance is made in two installments.

Since the launch of this program, seven calls have been made, following which 162 projects have been selected for payment and the amount of the advance grant would be 89.1 million lei.

Agricultural producers want to implement these programs because, being in the launch phase and not having financial resources for business development, they become applicants for subsidies in advance. In this case, too, the applicants will have to prove the co-financing of the project in a ratio of 35%.

The most requested subsidies in advance are directed to the establishment of multi-annual plantations (44%) and to the livestock sector - 22%.

Since the launch of advance grant modalities for the development of start-up projects, it has been possible to:

- conducting 7 calls to receive applications;
- receipt of an application for the subsidy in advance in the amount of about 120 million lei;
- selection for payment of 162 files in the amount of 89.1 million lei;
- payment of the first tranche for 93 files in the amount of 46.0 million lei;
- completion of the implementation process of 51 investment projects;
- creating over 300 new jobs;
- over 55% of businesses are run by women farmers.
- Undetected projects - 15 in the amount of 4.9 million lei.

In the process of implementing start-up projects, the beneficiaries faced several obstacles that lead to late start of investment projects, namely:

- the low quality of the elaborated business plans as well as the presentation of the defective data that were the basis for the elaboration of the business plan;
- increasing the purchase prices for the goods and services necessary for the implementation of the projects;
- reform of central public authorities;
- the lack of the AIPA subdivision responsible for examining applications for advance grants;
- insufficient and unstimulating staff, etc.

5. ADVANCED SUBSIDIES to improve living and working standards in rural areas

In the context of the implementation of the Government Decision no. 476/2019 for the approval of the Regulation on granting subsidies for improving living and

working in rural areas from the National Fund for Agriculture and Rural Development, annually, from the value of the National Fund for Agriculture and Environment rural, for each measure were directed up to 5% or 55 million lei for the granting of subsidies in advance. Thus, for the first time, in 2020, from FNDAMR sources, advance subsidies were allocated in order to improve the standard of living and work in rural areas.

So far, three calls have been launched to receive applications for the grant in advance to improve living and working in rural areas, which have included:

- selected for financing - 178 files in the amount of about 190 million lei;
- paid the first installment - 121 files in the amount of 53.1 million lei;
- paid the second installment - 74 files in the amount of 25.4 million lei;
- implemented projects - 61.

Cumulatively, following the implementation of projects in the Republic of Moldova will be:

- ✓ construction / rehabilitation / modernization of roads on a length of 26.3 km;
- ✓ construction of the 63.9 km long aqueduct system;
- ✓ extension of the sewerage system with a length of 13.4 km;
- ✓ street lighting on a length of 65.1 km;
- ✓ construction / reconstruction of public buildings (8 kindergartens; 12 houses of culture, other buildings - 13);
- ✓ purchase of vehicles for the maintenance of green spaces or snow removal - 58 projects;
- ✓ creating 27 new jobs;
- ✓ final beneficiaries who will benefit from the implemented projects - 263519 people.

In the process of implementing the LPA projects, they faced several impediments that lead to the delayed start of investment projects, namely:

- delaying the procurement procedure through which they purchase goods and services;
- increasing the purchase prices for the goods and services necessary for the implementation of the projects;
- cumbersome registration of procurement contracts with the State Treasury;
- opening the single treasury account by the end of the year 2021;
- reform of central public authorities;
- insufficient staff and non-stimulants, etc.

6. DIRECT PAYMENTS PER ANIMAL HEAD

For the first time, in 2021, animal breeders in the Republic of Moldova were able to benefit from direct payments that were regulated by Government Decision no. 836/2020. Thus, based on the Order of the Minister of Agriculture no. 27 of February 15, 2021, between April 1 and June 4, 2021, AIPA started the process of receiving applications for direct payments per capita.

The direct payment per head of animal is granted only once a year, for the owners of animals of the bovine, ovine and caprine species.

Animals registered and operated on zootechnical farms located outside the built-up area - females at least 12 months old, kept in a minimum herd:

- 10 heads of cows and heifers,
- 50 specialized sheep and sheep heads for milk production,
- 30 heads of sheep and sheep specialized in meat production,
- 30 heads of goats and goats.

In this respect, according to the processed data, AIPA received 416 applications for direct payments per head of animal, of which 197 - for keepers of cattle, 128 - for sheep and 91 - for keepers of goats. Direct payments per head of animal will benefit 322 sole owners who operate in accordance with the regulations in force and their holdings are located outside the built-up area.

Analyzing the requests for subsidies at territorial level we can see that most applications for direct payments were submitted by agricultural producers in Hincesti (45 applications), Orhei (27 applications), Glodeni (24 applications), Taraclia (23 applications) Soroca and Cahul (of 21 applications per district), etc.

In 2021, about 106 million lei were allocated as direct payments per animal, which contributed to the stimulation of growth and maintenance, of:



- *13,623 cattle*(of which 3,550 - heifers over 12 months, 9,046 cows of specialized breeds for milk and mixed production and 1,027 cows of specialized breeds for meat production) being paid as direct payments 90.2 million lei for 171 beneficiaries;

- 27,590 sheep (of which 3,640 - sheep over 12 months, 20,894 sheep of specialized breeds for milk and mixed production and 3,060 sheep of specialized breeds for meat production) being paid as direct payments 12 million lei for 119 beneficiaries;



Table 1: Regulatory framework governing subsidy policy:

Nr. do	The normative act	Its provisions
1	State budget law approved this year	art. 2 establishes the amount of the National Fund for the Development of Agriculture and Rural Environment. In 2021, FNDAMR constitutes 1535.0 million lei
2	Law no. 276/2016 on the principles of subsidizing the development of agriculture and rural environment	The law establishes the general principles of state policies on encouraging and stimulating agricultural activities and rural development, the directions for the use of financial means for the development of agriculture and the rural environment. Art. 24-25 establish the general and specific eligibility criteria.
3	Law no. 312/2013 regarding agricultural producer groups and their associations.	The law establishes the procedure for the organization, recognition and operation of agricultural producer groups. Art. 18 regulates the promotion and stimulation of producer groups.
4	Law on small and medium enterprises no. 179/2016	The law establishes the legal framework for the activity of micro, small and medium enterprises, as well as the support measures from the state for their creation and development.
5	Law no. 57/2006 vine and wine.	Art. 31 establishes the stimulation of the development of the wine sector from FNDAMR sources
6	Law on fruit growing no. 728/1996	Art. 12 establishes the support of fruit growing by the state
7	Law no. 115/2005 on organic agri-food production	Ar. 10 establishes stimulating organic farming from FNDAMR sources
8	Animal husbandry law no. 412/1999	Article 33 establishes the development of the livestock sector by the state through the subsidy policy.
9	Law no. 231/2006 on the identification and registration of animals	The law establishes the basic principles of organizing and carrying out the activity of identification and registration of animals on the territory of the Republic of Moldova.

10	Law no. 183/2020 on subsidized insurance in agriculture	The purpose of the law is to ensure stable production in the agricultural sector by subsidizing the risks of production in agriculture.
11	Government Decision no. 20/2019 on the establishment of the Public Institution "Agency for Intervention and Payments for Agriculture"	Regulation on the organization and functioning of the Agency for Intervention and Payments for Agriculture, the organizational structure of the Agency for Intervention and Payments for Agriculture and the list of territorial subdivisions (with the status of sections / services), according to the Organization Chart of Intervention and Payments for Agriculture
12	Government Decision no. 455/2017 on the distribution of the funds of the National Fund for the Development of Agriculture and Rural Environment	Regulation on the conditions, order and procedure for granting the means to the National Fund for the Development of Agriculture and Rural Environment
13	Government Decision no. 507/2018 for the approval of the Regulation on the conditions and procedure for granting advance grants for start-up projects of the National Fund for the Development of Agriculture and Rural Environment	Regulation on the conditions and procedure for awarding grants in advance for start-up projects
14	Government Decision no. 476/2019 for the approval of the Regulation on granting subsidies for improving the standard of living and working in rural areas from the National Fund for the Development of Agriculture and Rural Environment	Regulation on the granting of subsidies for the improvement of living and working in rural areas from the National Fund for the Development of Agriculture and Rural Environment
15	Government Decision no. 836/2020 for the approval of the Regulation on the granting of direct payments per animal	The act regulates the allocation of direct payments per head of animal, namely cattle, sheep and goats.
16	Government Decision no. 705/1995 on the method of registration of income, fruiting, scrapping and deforestation of perennial plantations	The cited act regulates the manner / procedure of registration of perennial plantations as well as the manner of their scrapping and deforestation.
17	Government Decision no. 607/1999 on the State Inspectorate for Technical Supervision "INTEHAGRO" of the Ministry of Agriculture and Manufacturing	Regulates the registration of equipment, agricultural equipment.
18	Order no. 195 of August 20, 2018 of the Minister of Agriculture, Regional Development and Environment on the approval of certain documents	The model documents underlying the submission of the grant dossier as well as the inspection documents of the investment projects are approved.
19	Order no. 21 of February 24, 2014 of the Ministry of Finance on the approval of the Regulation on the accounting of vineyards in the process of planting, exploitation and deforestation	Regulation on the accounting of vineyards in the process of planting, exploitation and deforestation

20	Order of the Minister of Agriculture and Food Industry no. 228 of December 10, 2015 on the approval of the procedures for drawing up and recording the Prohibition List of agricultural producers	Procedure for the introduction and registration of the Prohibited List of Agricultural Producers
21	Order of the Minister of Agriculture and Food Industry no. 79 of April 5, 2016 for the approval of the requirements regarding the application of the Competitive Agriculture System.	Requirements for the application of the Competitive Agriculture System (No-till, Mini-till).
	Order no. 77 of July 3, 2017 of the Agency for Intervention and Payments for Agriculture, on the approval of model acts with additions and amendments in force	AIPA internal documents (Notifications, minutes, findings, etc.)

Agricultural Intervention and Payments Agency is an administrative authority subordinated to the Ministry of Agriculture and Food Industry, responsible for the efficient management of the National Fund for the Development of Agriculture and Rural Environment, including financial sources from development partners. AIPA has the status of a legal entity under public law, has its own name, the stamp with the State Coat of Arms of the Republic of Moldova, treasury accounts, the right to manage assets transferred by the Ministry, as well as other specific attributes of public authorities, established in legislation. AIPA is headquartered in Chisinau, but also has territorial subdivisions with the status of sections or services, without legal personality.

In its activity, AIPA is governed by the Constitution of the Republic of Moldova, the laws of the Parliament, decrees of the President of the Republic of Moldova, ordinances, decisions and dispositions of the Government, other normative acts, international treaties to which the Republic of Moldova is a party, Ministry orders and this Regulation.

In its activity AIPA is based on the observance of the following principles:

- 1) predictability and stability of legal regulations;
- 2) decisional transparency;
- 3) equal treatment;
- 4) efficiency based on economic and financial arguments;
- 5) continuity of support processes for agricultural producers;
- 6) assuming responsibilities by grant beneficiaries;
- 7) reasonableness of costs.

AIPA's mission is to financially support agricultural producers and local communities for the development of the agro-industrial sector and the rural environment. The mission focuses on the following areas of activity:

- stimulating investments in agricultural holdings;
- stimulating investments in the processing and marketing of agricultural products;
- stimulating investments in physical infrastructure and rural services;
- granting direct payments.

In order to implement the subsidy policy, through MADRM, it supports:

- a) modernization of the agri-food chain in order to comply with European Union food safety and quality requirements;
- b) facilitating access to capital markets, inputs and outputs for farmers;
- c) reforming the education system, scientific research and rural extension services in the agro-industrial sector and creating the Integrated Agricultural Information System;
- d) implementation of modern agricultural land and water management practices;

- e) implementation of environmentally friendly production technologies, environmentally friendly products, as well as maintaining biodiversity;
- f) adapting to climate change and mitigating its effects on agricultural production;
- g) allocation of investments for the development of physical and service infrastructure in rural areas;
- h) increasing employment opportunities in non-agricultural fields and increasing rural incomes;
- i) involvement of the local community in rural development.

The organizational structure of AIPA includes two levels: the central apparatus and the territorial sections / services. The central apparatus consists of a director, two deputy directors, 5 departments, 1 section and 7 services. The territorial structure is represented by 4 sections and 6 territorial services. The AIPA organization chart is set out below.

AIPA has implemented and ensures the functionality of the quality management system, ISO 9001: 2015 "Quality Management" being certified by an external company on December 18, 2017. The ISO 9001: 2015 certificate provides compliance with the principles of the quality management system which includes - customer orientation , the commitment of top management, the process-based approach and continuous improvement to ensure that the needs of agricultural producers are met and that the expectations of stakeholders are met.

At the same time, AIPA has completed an external audit mission on the implementation of the international standard ISO 37001: 2016 - Anti-bribery management systems. As a result of the mission, it was found that AIPA successfully implements the provisions of the standard and was certified by an external company on March 6, 2019.

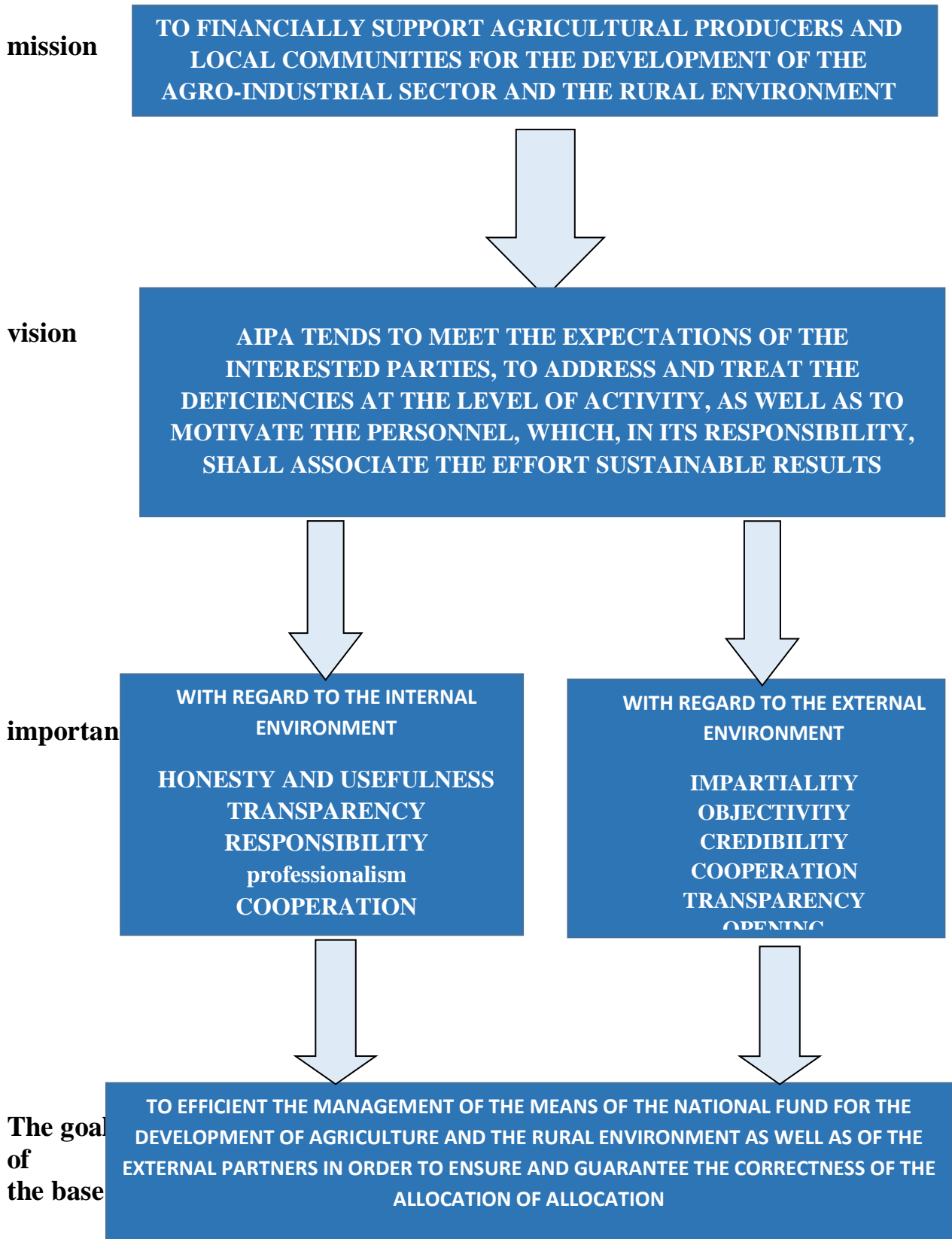


FIG. 11: AIPA's mission, vision and values

ORGANIGRAMA

Agenției de Intervenție și Plăți pentru Agricultură

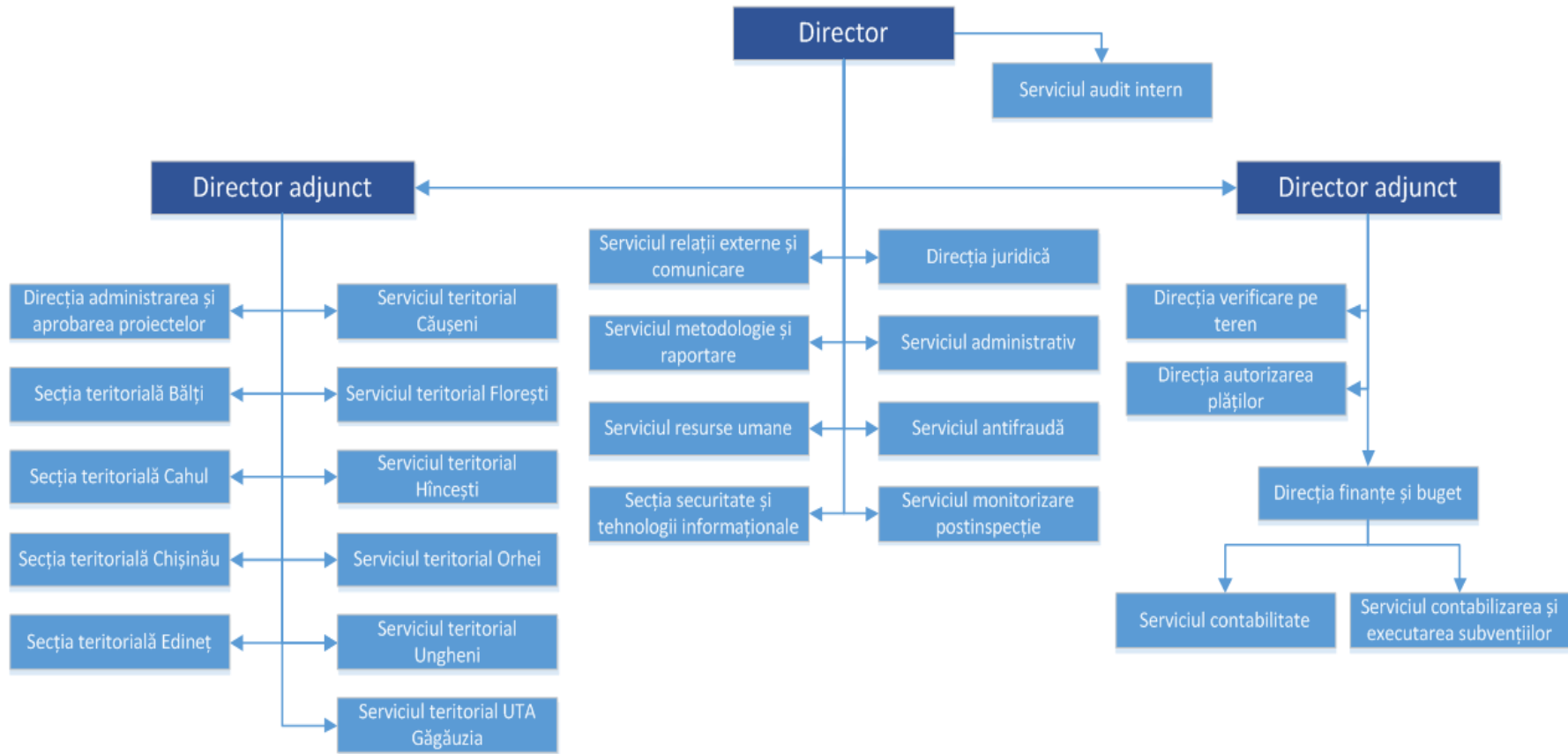


Table 3: Evolution of financial sources paid to grant beneficiaries

	2017 *		2018 **		2019 ***		2020 ****		2021 *****	
	Nr. authorized files	The amount of the subsidy paid, thousands of lei	Nr. authorized files	The amount of the subsidy paid, thousands of lei	Nr. authorized files	The amount of the authorized subsidy, thousand lei	Nr. authorized files	The amount of the authorized subsidy, thousand lei	Nr. authorized files	The amount of the authorized subsidy, thousand lei
Sub-measure 1.1	86	2098.0	68	8799.2	67	10176.8	64	5661.2	123	14829.7
Sub-measure 1.2-A	567	70082.3	8	3844.3	13	10499.8	14	11435.8	2. 3	17072.8
Sub-measure 1.2-D	822	126223.6	476	58654.1	451	64665.0	425	51540.2	417	45697.7
Sub-measure 1.2-P			451	55599.7	489	62661.1	267	39459.8	361	55742.3
Sub-Measure 1.2-S			64	13849.9	87	22342.5	70	16717.3	138	39225.9
Sub-measure 1.2-V			260	31367.0	174	25198.3	87	10847.2	124	21856.5
Submeasure 1.3	2228	195420.0	2044	203783.9	1707	169366.8	1659	173900,0	2391	264513.7
Sub-measure 1.4	161	45749.5	187	45197.3	185	57929.2	167	48916.9	262	73596.6
Submeasure 1.5	71	25047.4	56	10332.7	52	16101.7	50	17468.6	77	33389.4
Sub-Measure 1.6.1	405	165285.6	160	149551.9	161	178780.8	133	130445.1	206	176004.1
Sub-Measure 1.6.2			54	43045.0	50	43023.7	58	45202.2	87	67708.5
Sub-Measure 1.6.3			280	50862.1	246	59636.6	244	49726.6	296	56173.1
Sub-Measure 1.6.4			21	14314.7	27	10339.6	26	28691.2	32	24360.4
SubMeasure 1.7	1850	108497.3	1199	62379.7	1506	71180.6	2167	101160.5	2846	151936.8
Submeasure 1.7-A	116	6826.2	83	5627.9	78	5081.9	96	8817.5	447	42578.3
Submeasure 1.8	2	486.9	7	1092.7	9	1449.4	13	1959,1	11	1773.6
Sub-measure 1.9	0	0	0	0.0	4	125.3	3	68.2	5	68.3
Submeasure 2.1	1	13.8	1	20.6	2	48.2	1	39.4	1	28.9
Sub-measure 2.2	219	30115.8	150	25033.0	183	35325.7	194	38030.4	424	68717.6
Submeasure 2.3	43	4206.8	2	175.3	29	3745.0	31	4006.1	25	7492.3
Sub-measure 2.4	214	53361.6	182	50440.3	166	33956.9	146	23087.7	279	35708.4

Submeasure 2.5	22	867.2	32	1705.4	66	7563.7	46	6550.6	74	7466.8
Measure 4.	26	5533.7	69	12349.0	83	14194.1	74	15003.9	166	38213.9
Measure 5.	16	789.9	3	530.0	11	920.4	14	1154.7	13	762.7
<i>post-investment grants</i>	6849	859487.5	5871	853600.5	5849	904313.3	6049	829229.0	8828	1244918.4
<i>advance grants for start-up projects</i>	0	0	14	5044.7	61	19897.2	31	16273.9	21	11108.8
<i>advance grants for rural development</i>	0	0.0	0	0.0	0	0.0	67	25792.5	54	56459.6
<i>Direct payments per animal</i>	0	0.0	0	0.0	0	0.0	0	0.0	358	105812.7
<i>compensation</i>	0	0.0	0	0.0	0	0.0	1746	310777.1	3502	2000.0
<i>Contribution to the Vine and Wine Fund</i>	x	29289.5	x	28789.5	x	25789.5	x	17927.4	x	26102.0
<i>Maintenance IP "AIPA"</i>	x	11223.0	x	12565.3	0	0	x	0.0	x	0.0
TOTAL FNDAMR	6849	900000.0	5885	900000.0	5910	950000.0	9639	1200000.0	12763	1446397.7

Note:

* In 2017, the debts were paid to the agricultural producers who submitted applications for financial support in 2016 as a result of the exhaustion of the fund (both Law no. 276/2016 and GD no. 455/2017 regulate that for applications for the granting of subsidies, received beyond the limits of the funds granted to the National Fund for Agriculture and Rural Development for the current year, the payment of subsidies will be authorized within the limits of the funds granted to the fund for next year and they will have priority to pay). Thus, in 2017, 2722 requests were paid in the amount of 339.1 million lei.

** For the year 2018, the debts were paid to the agricultural producers who submitted applications for financial support in 2017 as a result of the exhaustion of the fund. Thus, from the FNDAMR sources for 2018, 1501 requests in the amount of 221.9 million lei were paid.

*** In 2019, debts were paid to agricultural producers who applied for financial support in 2018 as a result of the exhaustion of the fund. Thus, from the FNDAMR sources for 2019, 2845 requests were paid in the amount of 342.4 million lei.

**** In 2020, the debts were paid to the agricultural producers who submitted applications for financial support in 2019 as a result of the exhaustion of the fund. Thus, from the FNDAMR sources for the year 2020, 4237 requests were paid in the amount of 504.5 million lei.

***** In 2021, the debts were paid to the agricultural producers who submitted applications for financial support in 2020 as a result of the exhaustion of the fund. Thus, from the FNDAMR sources for the year 2021, 5473 requests were paid in the amount of 764.8 million lei.

**Classification of agricultural producers by category
small, medium and large agricultural producers**

Qstarting with 2017, the classification of agricultural producers according to the category of small, medium and large agricultural producers takes place. Thus, according to the notions presented in Law no. 276/2016 on the principles of subsidization in the development of agriculture and rural environment:

- *small agricultural producer* is an agricultural producer with ownership or possession and use of up to 20 hectares of arable agricultural land and / or up to 10 hectares of land occupied by fruit perennial crops, or from 21 to 40 head of cattle, or from 51 to 100 heads of pigs, sheep / goats;

- *medium agricultural producer* is an agricultural producer who owns with ownership or possession and use from 20 to 500 hectares of arable agricultural land and / or from 10 to 75 hectares of land occupied by fruit perennial crops, or from 41 to 100 head of cattle or 101 to 240 head of pigs, sheep / goats;

- *large agricultural producer* is an agricultural producer who owns or owns and owns more than 500 hectares of arable agricultural land and / or more than 75 hectares of land occupied by perennial fruit crops, or more than 100 head of cattle or 240 heads of pigs, sheep / goats.

The categories of agricultural producers may not exceed the criteria established for small and medium-sized enterprises specified in Law no. 179/2016 on small and medium enterprises. Thus, depending on the average annual number of employees, the annual turnover or the total assets they hold, the grant applicants are classified as micro and small enterprises. In this sense, a small enterprise has from 10 to 49 employees, achieves an annual turnover of up to 25 million lei or has total assets of up to 25 million lei.

Table 4: Beneficiaries of grants on legal organizational forms

Organizational-legal forms	2017		2018		2019		2020		2021	
	number of entities	the amount of the grant paid, million lei	number of entities	the amount of the grant paid, million lei	number of entities	the amount of the grant paid, million lei	number of entities	the amount of the grant paid, million lei	number of entities	the amount of the requested subsidy, million lei
Corporation	39	25.9	43	41.8	47	38.4	42	35.7	44	71.4
Cooperative	67	22.1	61	20.7	61	22.4	60	18.2	61	28.6
Entrepreneurial cooperatives	22	38.4	35	40.3	37	16.6	34	21.3	38	31.9
Limited liability company	1294	454.1	1511	588.3	1579	697.9	1680	718.3	1795	857.5
Peasant household	2081	178.5	2653	252.0	2642	264.9	2465	265.8	2567	330.5
Individual enterprise	62	12.6	64	12.9	67	12.7	64	15.1	55	13.2
State enterprise	3	0.2	2	0.2	1	0.1	1	0.2	4	1.1
Public association	2.3	2.7	24	2.8	24	3.0	29	5.6	27	2.7
Comfortable company	2	0.5	4	0.5	3	0.3	2	0.5	2	0.8
Production and trade company	16	7.9	14	8.2	15	9.9	15	9.8	15	10.7
TOTAL	3611	742.9	4411	967.6	4476	1066.2	4392	1090.5	4608	1348.4

- the largest share of subsidies are accessed by SRL (limited liability company) which, in 2021, requested subsidies in the amount of 857.5 million lei or 63.6% of the value of FNDAMR,
- being followed by GT (peasant households) which requested subsidies in the amount of 330.5 million lei or 24.5% of the value of FNDAMR.
- according to the number of entities receiving grants, it is clear that the GOs are among the top beneficiaries of grants, which in 2021 amounted to 2567 entities, increasing by 23.4% compared to the number of entities receiving grants in 2017.
- in 2021, the organizational-legal form “SRL”, constituted 1795 entities with 38.7% more than in 2017.

Subsidizing agricultural producers by fields

Priority I. Increasing the competitiveness of the agri-food sector through restructuring and modernization

Sub-measure 1.1. Subsidizing investments for the production of vegetables and fruits on protected land (winter greenhouses, solariums, tunnels):

The general objective of this sub-measure is to increase the productivity, quality and competitiveness of the vegetable and fruit growing sector on protected land.

Support is provided to partially offset the cost of new greenhouse, solarium, tunnel modules, equipment, machinery, construction and roofing materials for greenhouses, solariums and tunnels. The amount of support granted is calculated in the form of compensation:

1) 50% of the cost of greenhouse modules, equipment, machinery, roofing and construction materials for greenhouses, solariums, tunnels, as well as non-woven AGRYL material and mulching material used to cover plants, including in the open field;

2) 30% of the cost of construction materials, roofing used in the reconstruction of greenhouses, solariums and tunnels.

During the period 2017-2021, subsidies in the amount of over 40.0 million lei were allocated, which contributed to the construction and modernization of over 570 ha of land intended for the production of vegetables and fruits on protected land. Most investments are targeted **to keep vegetables in the open and to mulch.**

Table 5: Typesubsidized investment (units)

Goods	2017		2018		2019		2020		2021	
	Nr.	Ha	Nr.	Ha	Nr.	Ha	Nr.	Ha	Nr.	Ha
greenhouses	44	24.9	56	32.9	40	40.5	58	32.5	62	63.3
solariums	5	4.9	13	10.3	22	8.2	24	9.5	27	25.1
TUNNEL	5	5.6	6	1.1	3	9.3	6	3.1	3	2.3
Open field	7	21.6	14	46.4	10	45.4	14	57.3	25	102.5
mulching	0	0	3	21.9	9	135.3	27	221.0	46	377.3
Total	61	57.0	92	112.6	84	238.7	129	323.4	163	570.5

From year to year there is a growing trend of grant applications which in 2021 has increased 2.7 times and the area on which the investment is made has increased 10 times.

Sub-measure 1.2 *Stimulating investments for the establishment, modernization and deforestation of perennial plantations, including vineyards and orchards:*

Increasing the productivity and competitiveness of the fruit, grape, berry and aromatic production sectors by stimulating the deforestation rates of overdue plantations, implementing advanced plantation establishment and maintenance technologies and increasing production quality indicators at the level of international standards , as well as the endowment of multi-annual plantations with anti-freeze systems and anti-hail and anti-rain installations is the objective of this subsidy sub-measure.

For the establishment of fruit plantations, in the reporting period (2017-2021) subsidies in the amount of over 250 million lei were allocated. The financial sources were oriented as follows:

Table 6: Established multiannual plantations, ha

years	2017	2018	2019	2020	2021
<i>Total fruit plantations, established ha</i>	2428	2971	3291.4	2324.2	1800.5
walnut plantations	925	1262	1537.4	598.7	716.3
apple plantations	388	521	435.1	440.6	300.8
cherry plantations	284	334	368.1	185.8	155.2
plum plantations	484	448	412.0	714.5	227.2
cherry plantations	130	201	225.5	177.0	241.8
apricot plantations	188	149	256.7	170.5	93.5
peach plantations	12	45	48.8	33.5	49.4
hain plantations	14	11	16.3	3.6	14.4
quince plantations	3	0	1.5	0	1.9
<i>Fruit bushes</i>	117	174	65.9	107.5	44.0
sea buckthorn plantations	30	22	12.5	7.7	7.6
strawberry	69	135	47.7	97.1	25.1
black currant	11	2	0	0	1.0
blackberry	7	8	2.6	0.9	1.1
wax cherry	0	5	0	0	0
bilberry	0	0	0	0	4.6
aronia	0	0	0	0	0.8
raspberry	0	2	3.1	1.8	3.9
<i>Aromatic plantations</i>	15	115	118.5	39.4	87.5
lavender	15	75	66.0	39.4	64.5
sage	0	40	0	0	23.0
TOTAL	2560	3260	3475.8	2471.1	1932.0

Over the years, there has been a decrease in the number of areas established with fruit plantations. If in 2017 the agricultural producers set up classic fruit plantations then during the years they intensified the establishment of intensive or super-intensive fruit plantations. It should be noted that this sub-measure has revised both the subsidy ceilings per hectare and the maximum area eligible for subsidy.

For the establishment of vineyards, during the reporting period, 123 million lei were allocated, which were directed towards the establishment of 3942 ha of vineyards. From the evolution of the data we can mention that in the years 2017-2018 most of the established plantations were cultivated with table grape varieties and from 2019-2021 they were reduced 3 times.

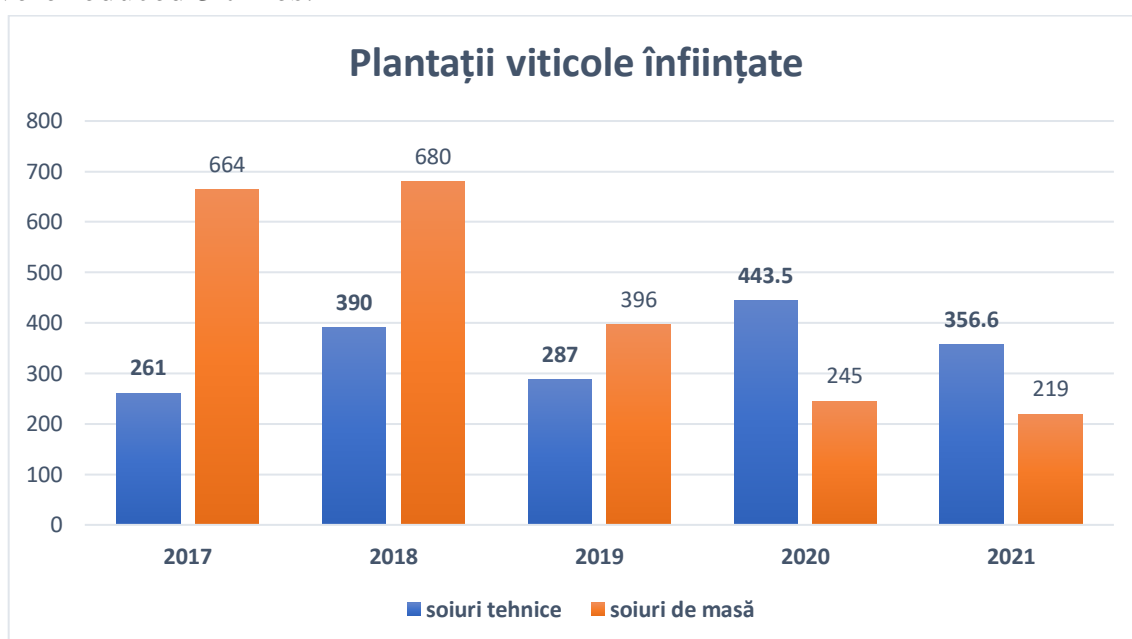


Fig.12: Establishment of vineyards

It should be mentioned that only the vineyards that are registered in the Wine Register which is managed by the National Office of Vine and Wine can be subsidized.

In accordance with the provisions of the Subsidy Regulation, the subsidy continues *anti-rain, anti-freeze, anti-hail equipment*. New anti-hail equipment is subsidized with 50% of the value of the equipment. The subsidy will be calculated after the payment of the equipment and its ownership but not more than 100 thousand lei / ha. At the same time, new rain equipment is subsidized with 40% of the value of the equipment but not more than 200 thousand lei / ha.

Table 7: Types of subsidized plantation protection equipment

Equipment type	2017		2018		2019		2020		2021	
	Nr.	Ha	Nr.	Ha	Nr.	Ha	Nr.	Ha	Nr.	Ha
hail	9	70.4	10	81	8	99.5	27	264.6	21	237.3

Combined nets	0	0	1	4	1	5.7			2	7.0
Rain nets							1	7.1	3	30.5
Rain system									2	14.0
Total	9	70.4	11	85	9	105.2	28	271.7	28	288.9

Thus, by stimulating this measure, currently, 821 ha of perennial plantations are protected with modern anti-rain, anti-freeze equipment. In this regard, the state provided subsidies amounting to 45.0 million lei during the years 2017-2021.

In 2017, for the first time, new fields were subsidized, such as the installation of modern support systems in multi-year plantations. Such as for the installation of modern support systems in young vineyards of all categories in terms of production directions (grapes, grafts and rootstocks) and the modernization of support systems in fruit / productive plantations, depending on the type of support systems:

- a) "Pergola / Tendon" type - 100 thousand lei / ha and, respectively, 120 thousand lei / ha;
- b) Gable type - 40 thousand lei / ha and, respectively, 50 thousand lei / ha;
- c) vertical trellis with metal alloy plastics, plastics and fixing and tensioning devices - 30 thousand lei / ha and, respectively, 35 thousand lei / ha;
- d) vertical trellis with made wooden poles, treated with antiseptics and fixing and tensioning devices - 25 thousand lei / ha and, respectively, 30 thousand lei / ha;
- e) ordinary vertical trellis with new reinforced concrete or wood poles - 20 thousand lei / ha.



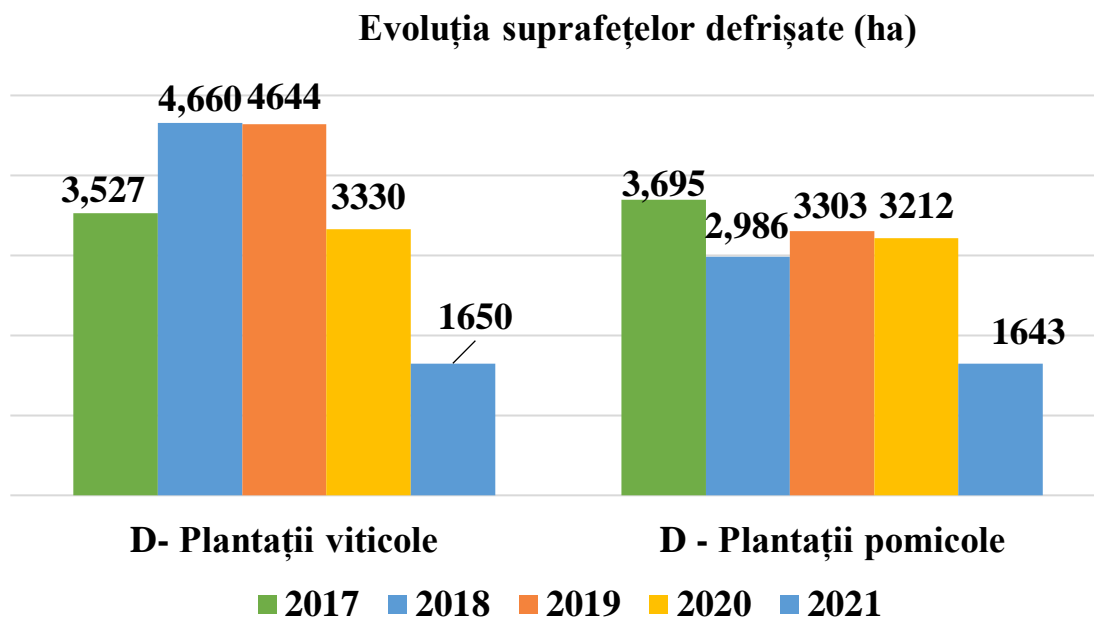
In this respect, during the reporting period, the following were subsidized with supports:

- 335.84 ha - in 2017;
- 354 ha - in 2018;
- 830.5 ha - in 2019;
- 939.5 ha - in 2020;
- 773.9 ha in 2021.

It should be noted that all investment projects were oriented towards the wine sector using vertical trellis:

- with alloys of metal, plastics, and fasteners and tensioners;
- with made wooden poles, treated with antiseptics and fixing and tensioning devices;
- with new reinforced concrete or wood poles.

For the deforestation of non-productive multi-annual plantations, the state allocates 10 thousand lei per ha for the deforestation of fruit and vineyards. The evolution of deforested areas is shown in the image below.



Overall, we can mention that the number of applications for subsidies for deforestation of non-productive annual plantations is increasing and deforested agricultural land is maintained according to good agricultural practices for the next 3 years and subsequently included in the agricultural circuit as arable land.

Sub-measure 1.3 *Stimulating investments for the purchase of conventional agricultural machinery and equipment:*

Increasing the productivity and competitiveness of the agricultural sector by facilitating producers' access to high-performance agricultural machinery and equipment is the general objective of these sub-measures.

The amount of support granted for conventional agricultural machinery and equipment is calculated as compensation in the proportion of 25% of the cost (per unit), but not more than 300 thousand lei per beneficiary, except for self-propelled grape harvesters, for which the amount the maximum is 750 thousand lei per beneficiary.

In this sense, during the reporting period, over 1006 million lei were allocated to:

Table 8: Subsidized agricultural machinery and equipment

Agricultural machinery / units	2017	2018	2019	2020	2021
tractor	981	1032	765	750	922
Combine	128	26	76	80	24
Trailed technique	1208	1283	967	909	1176
Worn technique	1604	1943	1733	1442	1659
Semitrailer	0	13	16	22	9
Trailers	0	45	31	15	29
Other self-propelled cars	0	6	3	1	6
Equipment and components	0	44	52	38	43
Total	3,921 units	4,392 units	3,628 units	2,507 units	3,938 units

This sub-measure of support is most requested by agricultural producers, so that annually, from FNDAMR over 30% of the financial sources are directed to stimulate investments for the purchase of conventional agricultural machinery and equipment. From 2017, the grant applicants who purchased combine / tractor can benefit from the subsidy according to the engine capacity (horsepower) related to the area of arable land held under the law, regarding the correlation of tractor and combine power with the farm area. For various agricultural machinery and equipment, the applicant must own at least 5 ha of agricultural land and tractor with the energy capacity required for its aggregation, with the exception of agricultural machinery intended for livestock farms.

It should be mentioned that the renewal of the park with agricultural equipment and machinery subject to subsidization has led to investments of over 6,000 million lei, sources that contribute to the development of the agricultural sector but also to the growth of gross domestic product because functional equipment requires human resources, circulating.

Sub-measure 1.4 *Stimulating investments for the use and technological renovation of livestock farms:*

Increasing productivity, competitiveness and ensuring food security by stimulating the organization and technological modernization of livestock farms is the general objective of stimulating investments for the equipment and technological renovation of livestock farms.

The amount of support granted is calculated in the form of compensation from the cost of new technological equipment, paid in full, for the endowment and modernization of livestock farms, including the construction / reconstruction of cattle, sheep and goat

farms, etc. Moreover, in order to stimulate the development of livestock farms, the construction materials and design works used are eligible for subsidy.

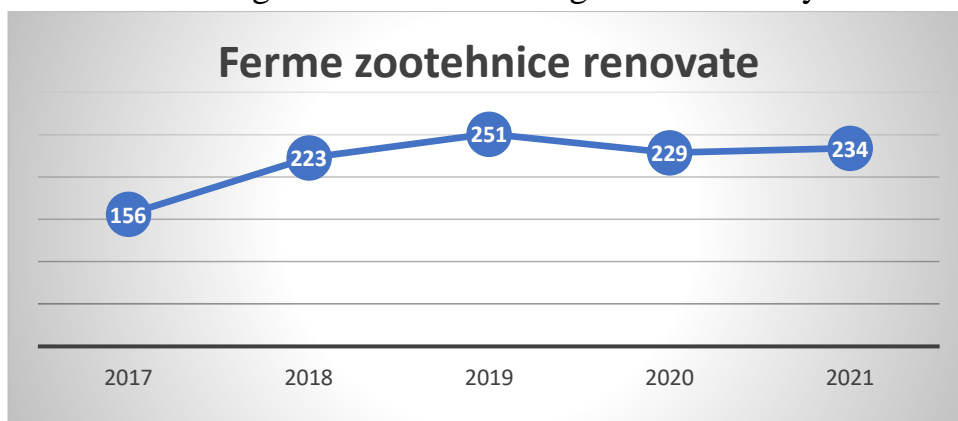


Fig.14: Re-equipped and modernized zootechnical farms during the years 2017-2021

For the renovation and modernization of the livestock farms in FNDAMR, grants were allocated in the amount of:

- 2017-38.5 million lei, which constitutes 5.2% of the value of FNDAMR;
- 2018- 45.0 million lei, which constitutes 4.7% of the value of FNDAMR;
- 2019 - 74.0 million lei, which constitutes 7.0% of the value of FNDAMR;
- 2020 - 77.3 million lei, which constitutes 7.1% of the value of FNDAMR;
- 2021 - 76.8 million lei, which constitutes 5.7% of the value of FNDAMR.

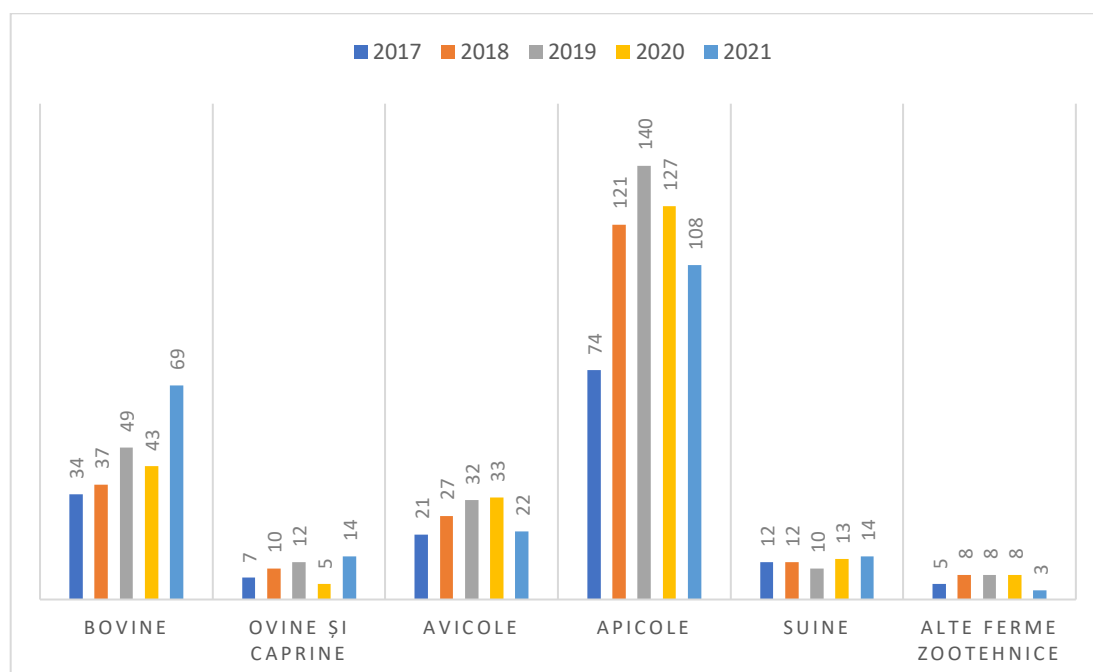
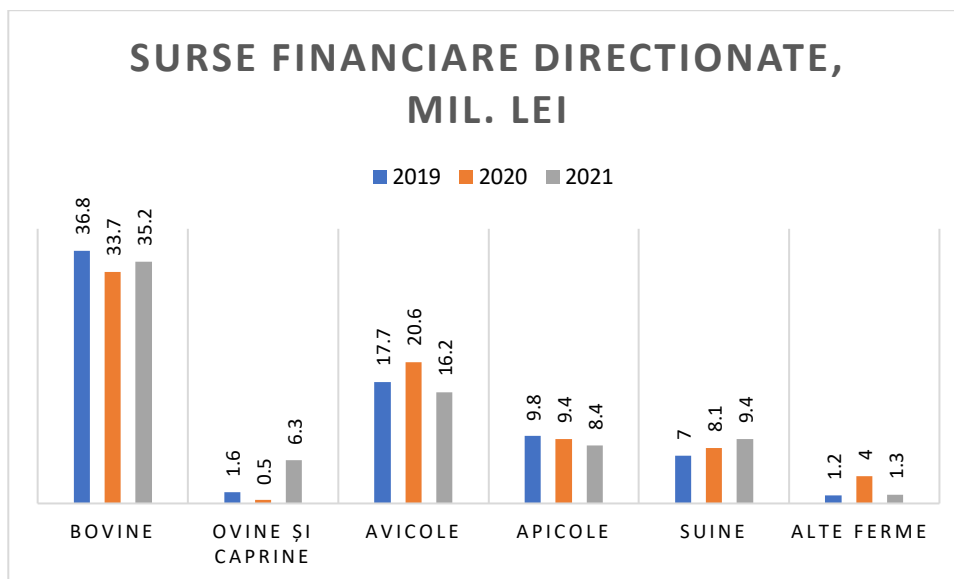


FIG. 15: Types of livestock farms subsidized by AIPA

- for livestock farms of cattle, sheep and goats, pigs, birds, rabbits and fur animals, for breeding and maintenance of animals - the state allocates 50% of the cost of

technological equipment, construction materials, according to estimates, including according to the technical project prepared by companies licensed in this field, but not more than 3.0 million lei per beneficiary, except for dairy cattle farms, for which the maximum ceiling is 5.0 million lei per beneficiary;



- for beekeeping farms - the subsidy constitutes 50% of the cost of the technological equipment, but not more than 500.0 thousand lei per beneficiary;
- for livestock farms of other species in the agricultural field - the subsidy is 30% of the cost of technological equipment (including construction materials and design works), but not more than 1.5 million lei per beneficiary.

Mostly, the largest investments are made by cattle breeders who get about 30 million lei a year, followed by poultry farmers who make investments and get over 15 million lei and beekeepers who get about 10.0 million lei annually.

Sub-measure 1.5. *Stimulating the procurement of breeding animals and maintaining their genetic background:*

Increasing productivity, competitiveness and ensuring food security by stimulating the improvement of livestock is the general objective of this measure. Support is granted for the partial compensation of the investment in the purchase of animals from breeding farms, included in the Nomenclature of breeds, types and crosses of animals, approved (reasoned) in the Republic of Moldova, including imports.

The amount of the grant shall be calculated as compensation for the cost of the animal:

- 1) 50% for primiparous cows, heifers and heifers aged at least 12 months, but not more than 2.5 million lei per beneficiary;

2) 30% for boars aged 4-8 months (purebred and biracial) and unseeded sows aged 5-8 months (purebred and biracial), but not more than 500.0 thousand lei per beneficiary;

3) 50% for rams and goats aged 6-20 months, but not more than 200.0 thousand lei per beneficiary;

4) 50% for sheep and goats aged 6-20 months, but not more than 500.0 thousand lei per beneficiary;

5) 50% for breeding domestic rabbits, but not more than 200.0 thousand lei per beneficiary;

6) 50% for bee queens up to 3 months old, but not more than 100.0 thousand lei per beneficiary;

7) 50% for swarms of bees with queens up to 3 months old, but not more than 200.0 thousand lei per beneficiary.

In order to stimulate the breeding animals, we can highlight the following results:

- in 2017, 52 economic entities accessed subsidies amounting to 10.1 million lei for 317 cattle, 557 sheep and goats, 1,212 pigs and 2,488 bee families;
- in 2018, 66 economic entities accessed subsidies in the amount of 12.4 million lei for 263 cattle, 1,011 sheep, 93 goats, 683 pigs and 4,283 bee families;
- in 2019, 62 economic entities accessed subsidies amounting to 19.3 million lei for 656 cattle, 946 sheep, 464 pigs and 3,335 bee families
- in 2020, 73 economic entities accessed subsidies in the amount of 27.8 million lei for 867 cattle, 444 sheep, 454 pigs 94448 birds of parental form and 16 652 bee families;
- In 2021, 57 economic entities accessed subsidies amounting to 22.8 million lei for 701 cattle, 671 sheep, 1,000 pigs, 1,228 rabbits, 51,664 parental birds and 1,826 bee families.

In the animal subsidy process a mandatory condition is the compulsory insurance of the subsidized animal.

Sub-measure 1.6 *Stimulating investment for post-harvest and processing infrastructure development:*

The objective of this sub-measure is to increase the productivity and competitiveness of the agricultural sector by modernizing the post-harvest and processing equipment and infrastructure.

By stimulating investments for the development of post-harvest and processing infrastructure, it is understood the subsidization of the packing houses; fruit, grape and vegetable storage refrigerators; fruit, grape, vegetable and potato processing, drying and freezing equipment; machinery for processing, drying and conditioning cereals,

oilseeds, sunflowers and soybeans; primary processing machinery, packaging, refrigeration, freezing and storage of meat, processing, packaging and storage of milk.

The amount of the subsidy granted to agricultural producers for the development of post-harvest and processing infrastructure is calculated as compensation in percentage installments, from the value of eligible investment according to the Regulation on the conditions, order and procedure for granting funds to the National Fund for Agriculture and Rural Development.

**Table 9: Areas of application for development
post-harvest and processing infrastructure**

Invest type/ție	Number of subsidized investment objects				
	2017	2018	2019	2020	2021
Created refrigerator set and modernized	94	180	129	149	123
Packing houses created and modernized	41	51	43	47	38
Fruit processing / drying	19	30	34	39	36
Grape processing	24	40	39	33	61
Vegetable processing	6	2	29	5	7
Processing / drying of cereals	229	237	159	171	269
Primary / finished milk processing	8	9	13	9	13
Primary / finished meat processing	0	10	15	14	14
Primary / finished honey processing	16	18	6	8	7
Total equipment	437	577	467	475	583

In order to stimulate the development of post-harvest and processing infrastructure, but also to support investments made by producer groups, subsidies are granted increased by 50% of the amount of subsidy authorized for producer groups, which invest in the development of post-harvest infrastructure. According to the data presented by the beneficiaries of the subsidies, the largest investments are made to develop the post-harvest and processing infrastructure of agricultural production. Annually, about 1000 million lei is the cost of investments made by agricultural producers according to the data presented in the file for requesting financial support.

- in 2017, 392 economic entities accessed subsidies in the amount of 181.3 million lei to stimulate investments for the development of post-harvest and processing infrastructure, which constitutes 24.4% of the total value of FNDAMR;

- in 2018, 569 economic entities accessed subsidies in the amount of 276.9 million lei for stimulating investments for the development of post-harvest and processing infrastructure, which constitutes 28.6% of the total value of FNDAMR;
- in 2019, 585 economic entities accessed subsidies in the amount of 350.9 million lei to stimulate investments for the development of post-harvest and processing infrastructure, which constitutes 33% of the total value of FNDAMR.
- in 2020, 535 economic entities accessed subsidies amounting to 320 million lei to stimulate investments for the development of post-harvest and processing infrastructure, which constitutes 29.4% of the total value of FNDAMR.
- in 2021, 666 economic entities requested subsidies in the amount of 370 million lei to stimulate investments for the development of post-harvest and processing infrastructure, which constitutes 27.4% of the total value of FNDAMR.

Sub-measure 1.7 *Stimulating lending to agricultural producers by commercial banks and non-bank financial institutions:*

Increasing the productivity and competitiveness of agriculture by ensuring that agricultural producers have access to financial resources is the aim of this sub-measure. Support is provided to agricultural producers who have obtained loans from commercial banks and non-bank financial institutions registered in the territory of the Republic of Moldova.

The increased subsidies were also obtained by the agricultural producers who accessed them *loans through investment projects and external assistance programs in the agricultural and rural sectors*, managed by the deployment units.

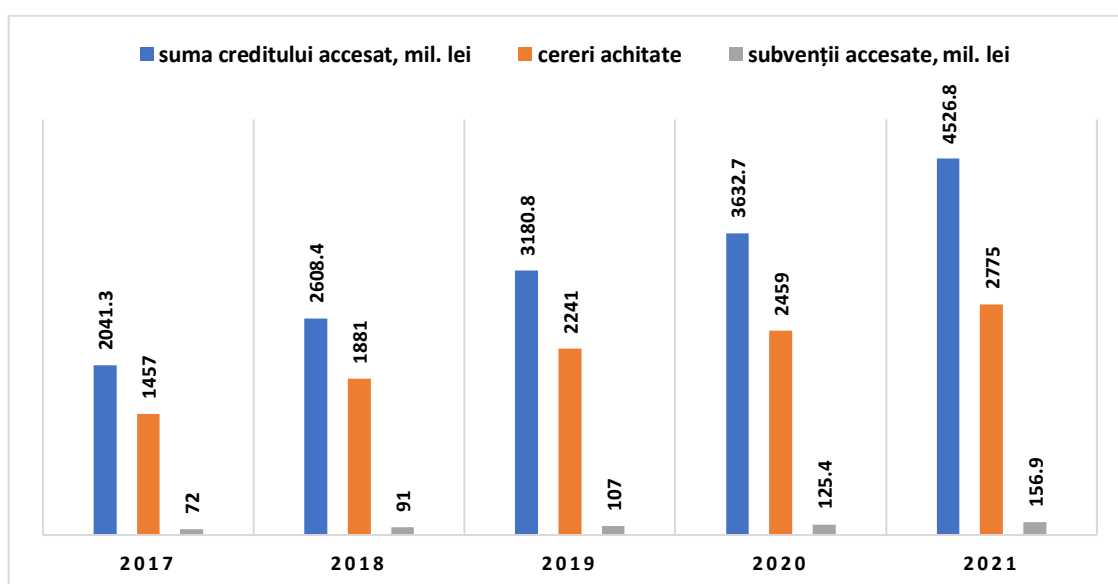
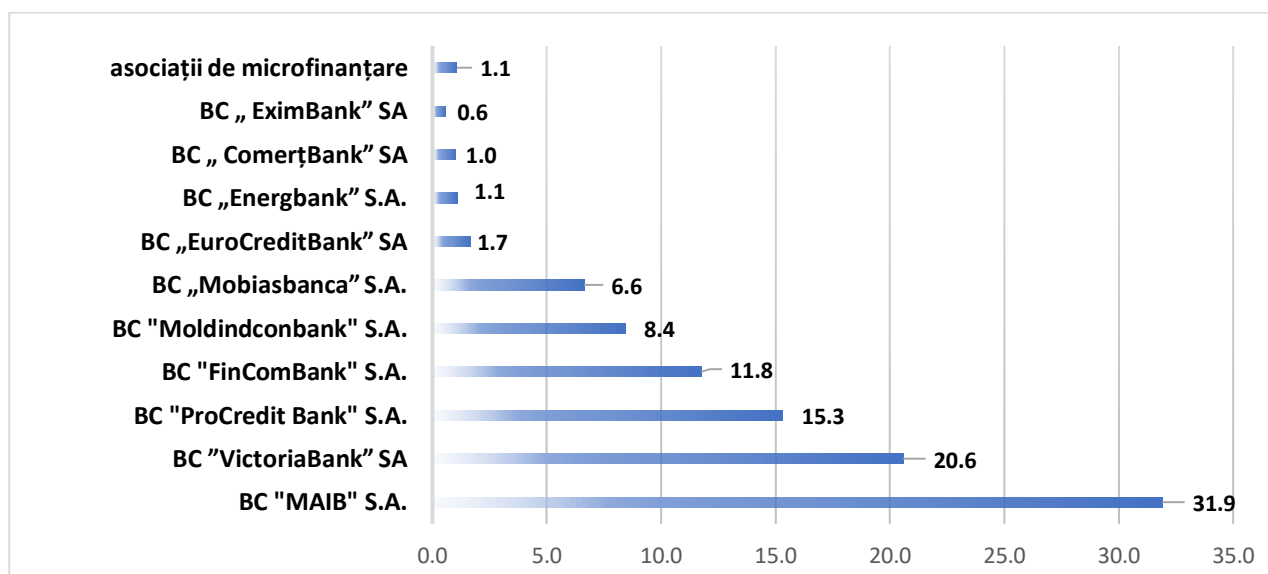


FIG. 16: Number of grant recipients versus amount grants accessed from FNDAMR

From the information presented, we observe a 2.2-fold increase in the financial sources accessed by agricultural producers in the form of loans from 2041 million lei in 2017 to 4527 million lei in 2021. The number of producers for which it was increased is also increasing. reimbursed the interest rate on loans accessed 1.9 times or from 1457 beneficiaries in 2017 to 2775 in 2021. The amount of subsidy offered to FNDAMR producers is also rising, which in 2017 amounted to 72 million lei to 2041 million lei loans accessed to 157 million lei for a turnover of 4527 million lei.

The accessed credits were used for:

- seeds, seedlings and support system;
- fuel and lubricants;
- fertilizers (mineral and organic), including plant and animal protection products;
- fodder;
- greenhouse modules, film and other materials for the construction / reconstruction of greenhouses, solariums and tunnels;
- agricultural machinery and equipment, equipment forming irrigation systems, anti-hail and anti-rain equipment;
- technological equipment, construction materials for the physical infrastructure, as well as for the equipment and renovation of the agricultural holding;
- breeding animals;
- construction and technological endowment of agritourism pensions;
- technological equipment and machinery for the development of post-harvest infrastructure and primary processing in rural localities.



Sub-measure 1.7A. Stimulating the risk insurance mechanism in agriculture:

The financial means provided for in this measure shall be used to subsidize insurance premiums for agricultural producers, on the basis of contracts for insurance of production risks in agriculture and on the basis of the List of risks for which insurance is subsidized and the List of agricultural crops and animal and bird species. for whose insurance is subsidized from the agricultural producers' subsidy fund.

The maximum amount of the subsidy is established taking into account the insurance premiums calculated according to the insurance tariffs provided in the special conditions for insuring the production risks in agriculture.

Table 10: Grant applications submitted by insurance companies during the years 2017-2019

The year	Files submitted	Files paid	The amount of the subsidy requested, lei	The amount of the authorized subsidy, lei
2017	83	80	4,532,941	4,474,949
2018	122	119	7 533 650	7 409 531
2019	84	79	5 640 599	5 438 750
2020	82	81	7 640 106	7,522,488
2021	463	420	47 410 232	41 673 995

During the years 2018-2019, there were trends in decreasing the number of agricultural producers who insured themselves against risks in agriculture. It turned out to be a problem of conception, of general culture regarding the management of one's own business and the assumption of risks through insurance. This explains the decrease in insurance quotas in the sector and the exaggerated expectations through the intervention of the state in reducing these risks.

Table 11: Land area provided by grant applicants, ha

Insured crops, ha	2017	2018	2019	2020	2021
sugar beet	264.0	130.0	229.0	80.0	110.0
Sunflower	425.0	731.3	213.0	1179.0	3749.8
maize	81.5	246.0	110.0	1669.9	3348
wheat	2924.0	2627.0	1886.6	244.0	2930.8
barley and rapeseed	951.0	2753.0	495.2	0.0	493.0
perennial plantations	1081.0	1248.7	542.1	726.0	2380.6
soy	160.0	0	0	0.0	276
vegetables and tobacco	24.0	16.2	15.0	5.0	0.0
Total land insured, ha	5910.5	7752.2	3490.9	3903.9	13 287.6

Table 12: Horses provided by agricultural producers

Insured animals	birds	cattle	pigs	sheep	goats
2017	193 060	568	1203	605	0
2018	0	512	557	2325	92
2019	0	918	497	1050	0
2020	881 080	965	357	481	0
2021	97 173	14 998	552	32 167	11 287

The maximum amount of the subsidy, after the changes operated to the normative framework, is established taking into account the insurance premiums calculated according to the insurance tariffs provided in the special conditions for insuring the production risks in agriculture. Starting with 2021, from FNDAMR the state covers 70% of the insurance premium that is paid to the insurance companies for the assumed insurances.

In 2021, subsidies to stimulate the mechanism of risk insurance in agriculture, insurance companies submitted 463 applications for financial support, 5.6 times more than the number of applications received in 2020. The amount of subsidy requested by the consulting companies is increasing by about 8 times amounting to 47.4 million she.

Sub-measure 1.8. *Stimulating the establishment and operation of agricultural producer groups:*

Strengthening cooperation / association between agricultural producers, increasing income from agricultural activities, sustainably increasing economic performance and competitiveness in agriculture, reducing production costs and stabilizing producer prices, increasing exports of agricultural and agri-food products are the objectives of this sub-measure.

Financial support is granted to the producer group recognized under Law no. 312/2013 on groups of agricultural producers and their associations and is calculated on the basis of the value of production marketed annually by the producer group, according to the confirmatory acts, as follows:

- 1) 5% - in the first year of activity;
- 2) 4% - in the second year of activity;
- 3) 3% - in the third year of activity;
- 4) 2% - in the fourth year of activity;
- 5) 1% - in the fifth and subsequent years of activity of the producer group.

From the related information we can see that it increases the confidence of members of producer groups and their activity is aimed at capitalizing on the production

of group members, improving the efficiency of their activity, production planning, concentrating supply, organizing sales of agricultural products.

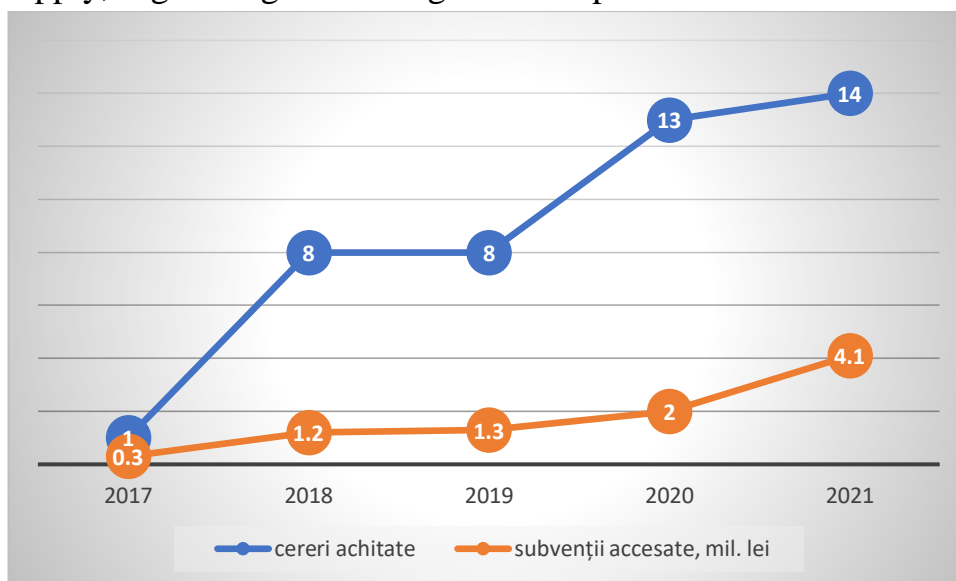


FIG. 18: Degree of stimulation of producer groups

Sub-measure 1.9. Stimulating promotion activities in foreign markets:

Through this incentive, financial means are allocated to support agricultural producers, producer groups, including through professional associations in the field of agriculture, for participation and organization of exhibitions, fairs, competitions, agri-food profile, including in foreign trade networks. , in order to increase the competitiveness and promotion of local agricultural and agri-food products for:

1) compensation of 50% of the expenses for participation and organization in exhibitions, fairs, competitions with agri-food profile, including in the marketing networks on the foreign market, but not more than 100 thousand lei per beneficiary;

2) compensation of the expenses for the registration of the products with protected geographical indication, designation of origin of the products and traditional specialty guaranteed with 30.0 thousand lei per beneficiary;

3) compensation of certification expenses at HACCP, GlobalGap, GMP, ISO standards with 30.0 thousand lei per beneficiary.

In this regard:

- in 2018, a single file was paid in the amount of 78 thousand lei for the participation of the association "Moldova Fruct" in the exhibition in Moscow (World FOOD);

- in 2019, 5 applications were granted for financial support in the amount of 110 thousand lei for the participation of the association "Moldova Fruct" in the Moscow

exhibition (World FOOD) certification of 4 economic entities with international standards ISO and GlobalGap;

- in 2020, 4 applications were granted for granting financial support in the amount of 47 thousand lei for the certification of 4 economic entities with international standards ISO and GlobalGap;

- in 2021, 7 applications were granted for granting financial support in the amount of 400 thousand lei for the participation of the association "Moldova Fruct" in the Moscow exhibition (World FOOD) certification of 6 economic entities with international standards ISO and GlobalGap;

Priority II. Ensuring sustainable management of natural resources

Sub-measure 2.1. Stimulating investments to consolidate agricultural land:

The process of consolidation of agricultural lands is regulated by several normative acts, the two main being the Land Code and the Regulation on the consolidation of agricultural lands approved by Government Decision no. 1075 from 01.10.2007.

Art. 701 - 705 of the Land Code defines the consolidation of agricultural lands, provides the consolidation modalities, establishing that these activities are carried out on the initiative of landowners, the principles and stages of consolidation, as well as the role of local public administration in this process.

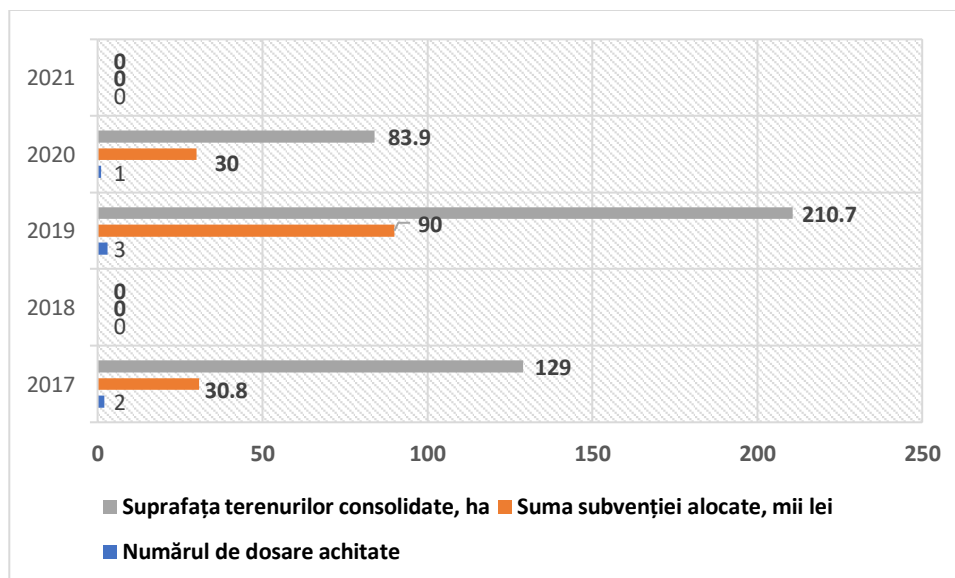


Fig.19: Consolidation of agricultural land

- Solving the problem of the optimal sizing of agricultural entities is today a prerequisite for the successful development of agriculture as a whole and, in particular,

land improvement, environmental protection, soil conservation, combating land erosion and other types of degradation.

Sub-measure 2.2. Stimulating investment in the procurement of irrigation equipment: and Submeasure

The general objective of this sub-measure is to increase the area of irrigated agricultural land and increase its productivity.

Table 13: Subsidized irrigation systems

Irrigation systems	2017	2018	2019	2020	2021	2017	2018	2019	2020	2021
	unity					irrigated area, ha				
By drip / micro-spray	172	178	187	248	256	2258	2128	2114.5	3170	2911
By sprinkler / mobile irrigation systems	38	35	24	43	58	3019	2015	753.9	2475	3520
Fertilization station / geomembrane	9	9	9	9	10	231	183	202.2	498	310
Adduction / distribution networks	7	3	7	20	21	313	38	118.3	772	5519
Water pumping station	0	0	3	8	8	0	0	178.4	112	152
Total	226	225	230	328	353	6230	4364	3367.3	7027	12413

- from year to year, the interest of agricultural producers to invest in the endowment of agricultural lands with modern irrigation installations increases. If in 2017 30.8 million lei were allocated to this sub-measure then in 2021, the financial requests increased 2.5 times amounting to 75.4 million lei;

- Hydromelioration is the only modern methodology for maintaining and increasing the quantity and quality of agricultural products. Surface water was used through local and regional hydrotechnical systems. At present, these systems do not work and practically cannot be restored due to the decentralization of the legal ownership of agricultural land.

- the most important source of water is aquifers or groundwater. The benefits of using groundwater are as follows:

- 1) the water source is everywhere or where it is needed,
- 2) no costly hydrotechnical improvement systems are required,
- 3) the conventional price of groundwater is lower compared to that of surface water and the ratio profitability - economic efficiency is positive.

Sub-measure 2.3 Stimulating agricultural producers to offset irrigation costs:

The general objective of this sub-measure is to increase the area of irrigated agricultural land and increase its productivity. In this sense, in 2017, for the first time it was provided that the grant requested to be awarded to applicants who will demonstrate, by 29-agr reporting form, that they obtained the increase of the production yield on the irrigated lands, except for the young multiannual plantations and the agricultural crops destined for the production of seeds.

Table 14: Use of electricity for compensation for irrigation costs

Use of electricity to compensate for irrigation costs	2017		2018		2019		2020		2021	
	water pumping	Area (ha)	water pumping	Area (ha)	water pumping	Area (ha)	water pumping	Area (ha)	water pumping	Area (ha)
Electricity when pumping water from centralized irrigation systems	26	1467	26	1212	11	629.2	14	4022	5	486
Electricity when pumping water	11	686	15	951	3	511.02	3	551	3	358
Electricity for irrigation through irrigation systems other than pumping / re-pumping	21	3285	14	735.0	18	487.7	13	262	13	162
Total:	58	5439	55	2898	32	1627.9	30	5198	21	1006

Analyzing the data on the files received by AIPA for the compensation of energy expenses for the compensation of expenses for irrigation of agricultural crops we can mention:

- during the reporting period, the number of applications for subsidies to offset the energy costs of pumping water is declining;

- the area declared by agricultural producers to be irrigated is decreasing, constituting only 20% compared to the land area declared by agricultural producers to be irrigated in 2017;

- the deadline for receipt of grant applications has been extended to 15 November.

Sub-measure 2.4.*Stimulating investments for the purchase of no-till and mini-till equipment*

Increasing the productivity and competitiveness of the agricultural sector by facilitating producers' access to high-performance agricultural machinery and equipment is the general objective of these sub-measures.

For no-till and mini-till equipment, the amount of support granted is calculated in the form of compensation in the proportion of 30% of the cost per unit, but not more than 500 thousand lei per beneficiary.

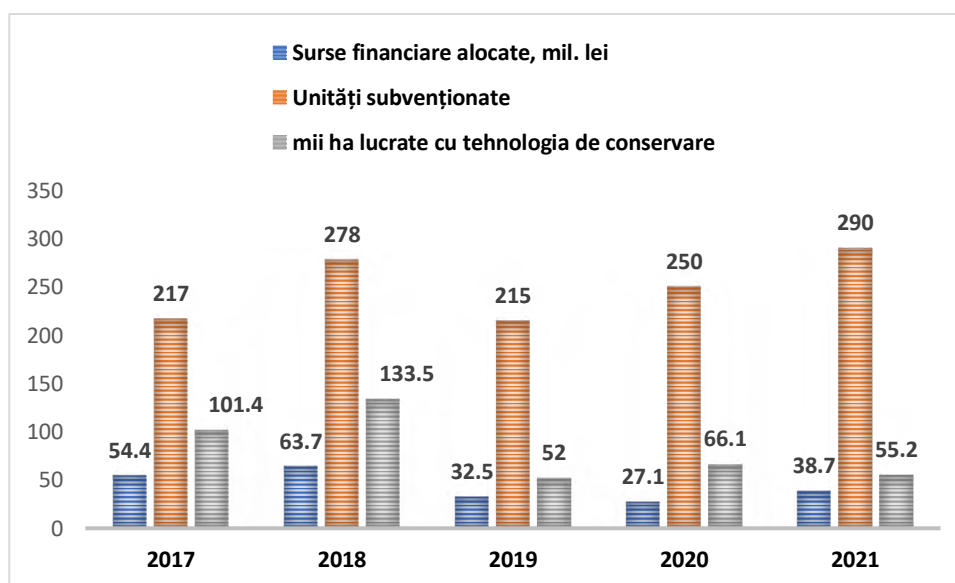


FIG. 20: Subsidy for No-till and Mini-till equipment

- the interest of agricultural producers to maintain the areas worked with no-till and mini-till technology is attested. In 2021, the 290 subsidized equipment contributes to the work of 55 thousand ha of agricultural land subject to technology, decreasing 2 times compared to 2017.
- In 2021, agricultural producers benefited from subsidies amounting to 38.7 million lei for 290 equipment relevant to this technology, increasing by 19% or 6.2 million lei compared to 2019.

Sub-measure 2.5.*Supporting the promotion and development of organic farming:*

The general objective of this sub-measure is the efficient use of natural resources and the conservation of the environment through the development of the ecological agricultural sector.

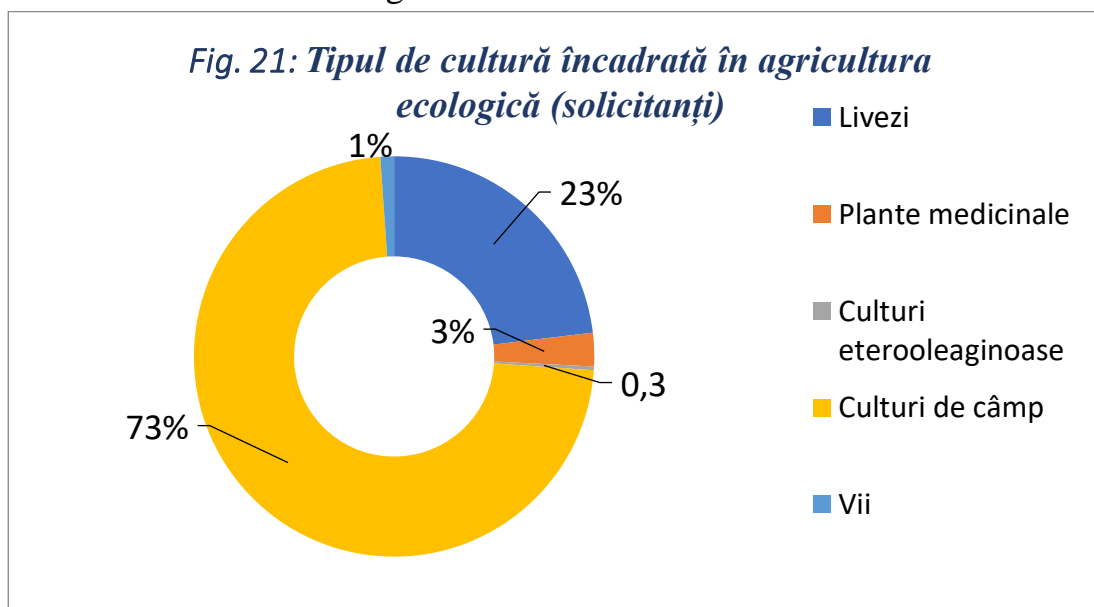
- financial support is granted to producers who are registered in the organic farming system as compensation for loss of income and additional costs incurred by beneficiaries

who enter into voluntary commitments and undertake to remain in this farming system for a period of 5 years.

- Beneficiaries of the grant are required to repay the amounts received only if they do not remain in the organic farming system for 5 years.
- will not benefit from subsidies, agricultural producers, who repeat the conversion period for one and the same area of land, a condition that applies from 2017.

years	Table 15: Area under organic farming, ha		
	I an conversion	II an conversion	III an conversion
2017	1,074.0	209.0	156.0
2018	1,849.3	884.34	289.5
2019	1,265.5	1 153.5	147.9
2020	731.4	1,207.6	164.8
2021	81.9	438.0	180.5

It should be noted that, out of the total number of applicants for subsidies for land in organic farming, the largest share is occupied by field crops, followed by orchards and later land cultivated with vegetables.



Priority III. Increasing investment in physical infrastructure and services in rural areas, including in infrastructure related to out-of-town agricultural enterprises
Measure 4. Improving and developing rural infrastructure

The objectives of this measure are to create optimal conditions for increasing the quantity and quality of agricultural production, increasing access to infrastructure, natural and technical resources, and improving the sanitary conditions associated with agricultural production and contributing to the production of increased value-added production throughout the value chain. Thus, the state allocates, through the prism of FNDAMR financial means for:

- a) construction and rehabilitation of roads and access bridges to agricultural holdings;
- b) construction and rehabilitation of gas, water supply and sewerage systems for agricultural holdings;
- c) power lines and equipment;
- d) construction and rehabilitation of water storage basins for irrigation, as well as their related hydrotechnical constructions (dams, drainage systems);
- e) investments made in the construction of renewable energy production systems (list of machinery, equipment and installations);
- f) construction / reconstruction and renovation of rural agritourism pensions;
- g) creation or extension of handicraft units - woodworking workshops, handicraft making, pottery making, tailoring, embroidery, knitting, weaving, blacksmithing, leather processing, rush and wicker etc.

Table 16: Drural infrastructure development

Field of action	2017	2018	2019	2020	2021
<i>1. Construction / reconstruction / renovation of infrastructure related to agricultural holdings</i>	54	96	107	139	165
<i>2. Construction / reconstruction and renovation of rural agritourism pensions</i>	6	4	7	9	4
<i>3. Construction / reconstruction and renovation of craft units</i>	5	1	1	1	1
Total investment objects subject to subsidy	65	101	115	149	170
Financial sources allocated from FNDAMR, million lei	8.9	13.1	18.7	29.1	48.3

- The demand for agricultural producers to obtain subsidies to develop farm infrastructure is growing.

- in 2021, 165 agricultural producers applied for subsidies, 3.4 times more than in 2017. The value of accessed subsidies increased 5.4 times.

Measure 5. Consulting and training services:

The financial means for the provision of consultancy services shall be allocated to agricultural producers through consultancy firms and profile associations for:

- 1) specialized training for agricultural producers working in the agro-industrial sector;
- 2) elaboration of the business plan, including consultative assistance in submitting the application for financial support to the territorial offices of the Agency, in order to submit all documents for the grant application;
- 3) providing support for the development of the package of documents in order to attract additional financial sources from external projects operating in the agricultural field.

Applicants for consultancy and training services are consultancy and training companies, as well as profile associations that consult and defend the interests of agricultural producers selected through MAFI competition. If in 2017 10 companies were selected to provide services to agricultural producers then in 2021 their number has expanded to 18 companies. Their list can be accessed on the Agency's website.

Table 17: Services of consulting firms

Services provided by the companies selected by MAFI	2017	2018	2019	2020	2021
Elaboration of the package of documents in order to attract additional financial sources from external projects	64	57	216	384	426
Specialized training for agricultural producers	1318	714	526	361	346
Development of the business plan, including advisory assistance	42	117	136	183	55
TOTAL	1424	888	878	928	827

During the reporting period, there is a decrease in the number of agricultural producers who use the services of consulting companies, so that in 2021 compared to 2017 their number decreased by 42%. The basis of this decrease is the improvement of the normative framework that allowed the replacement of specialized training with proof of having higher education in agriculture, law or agricultural sciences.

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