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ACED ANNUAL REPORT

March 23, 2011 through March 31, 2012

**AGRICULTURAL COMPETITIVENESS AND ENTERPRISE DEVELOPMENT
PROJECT (ACED)**

APRIL 2012

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Introduction

The Agricultural Competitiveness and Enterprise Development (ACED) Project implementation team is proud to present this first Annual Report on its progress to date. As stated in the project contract: “The first purpose [of ACED] is to increase incomes and generate jobs in rural Moldova by addressing the most critical impediments to the development of a competitive High Value Agriculture (HVA) sector.”¹ “The second purpose of ACED is to help micro-, small and medium-sized enterprises (MSMEs) in the Transnistrian region to grow and become more sustainable.”²

This Annual Report of the ACED project in Moldova is intended to provide the reader with a comprehensive understanding of how the objectives of the project are being addressed by the team from Development Alternatives, Inc. (DAI) that has been contracted by USAID to implement the project. It is intended to be more than a compilation of the four quarterly reports that have preceded it. It goes further in offering additional detail on how the activities and accomplishments to date relate to the important goals of increasing the profitable participation of small and medium scale commercial farmers throughout Moldova in high value agriculture activities, and ii) supporting the development of small and medium enterprises and the service providers that support them in Transnistria.

Readers will note that, in some cases, the specific indicators reported in Chapter III may not agree with those that have been reported earlier in the report for the quarter ending March 31st, 2012. This is because DAI is required to submit its quarterly reports at least 10 days prior to the end of the quarter. The practical impact of this requirement is that the cut-off for reporting against the indicator targets is March 15th. The figures reported here are comprehensive through the true end of the quarter on March 31st 2012.

In the first Chapter we provide the reader with some background information about rationale for the project design and its implementation structure. We briefly present the value chain approach to agriculture development, which has been the fundamental principle in ACED’s design and implementation, as well as the causal model that has guided the selection and design of specific program elements. In this section we also discuss the two components of the project, and how they are being implemented and integrated, and how the program has been affected by being jointly funded by two USG agencies, USAID and MCC.

Chapter II highlights what have been some of the principle achievements of Year 1 of this 5 year program.

¹ Contract between USAID and DAI regarding implementation of the ACED project, page 7.

² Ibid.

In Chapter III we present the specifics about how ACED is performing with regard to the numerous indicators that have been assigned to it. This section will include the project's results tracking table as well as some explanation of specific indicator outcomes.

Chapter IV is devoted to a brief discussion of several key cross-cutting issues that are being addressed as the project develops.

Budgeting, both financial and level of effort (LOE) is the topic of Chapter V.

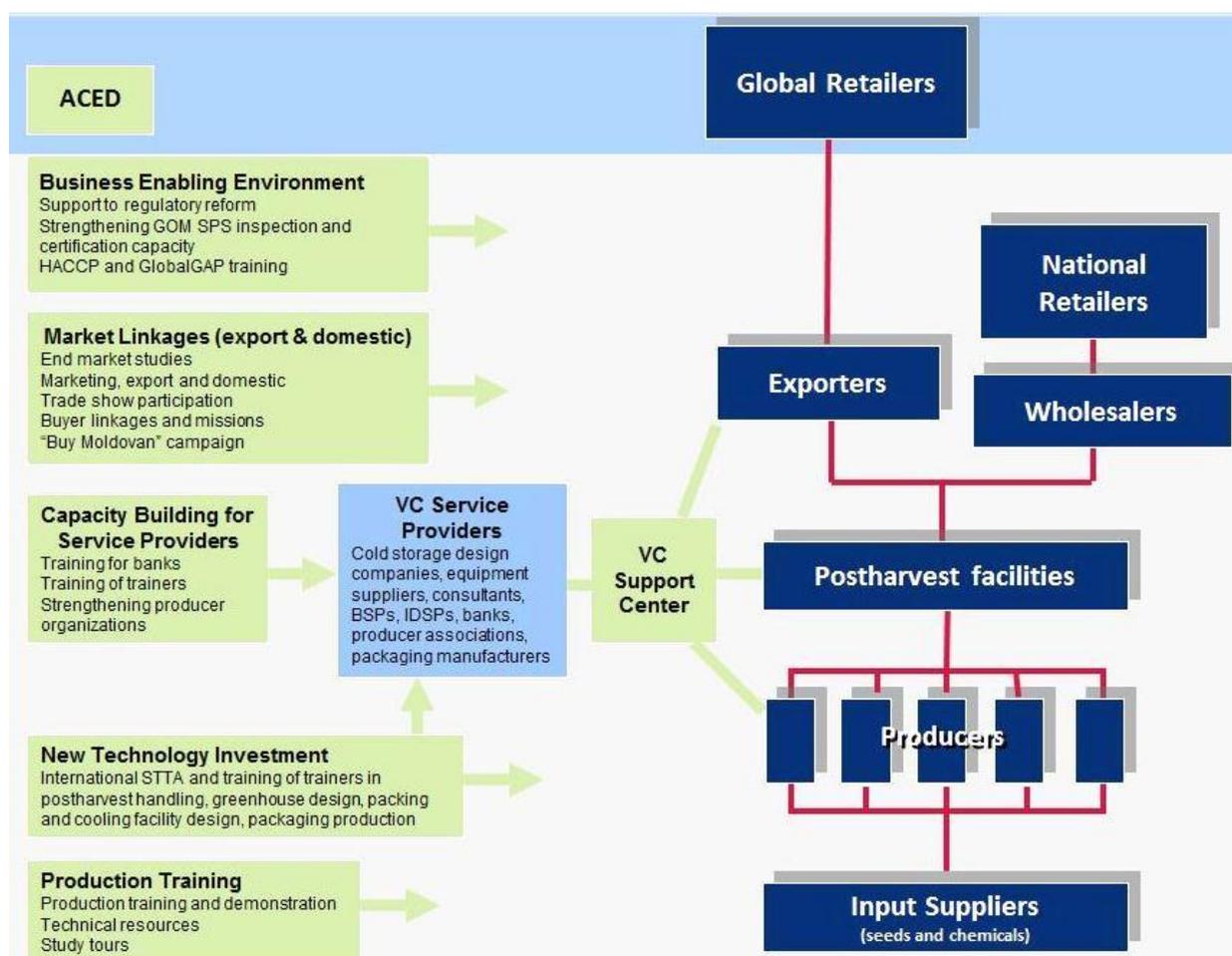
Any questions or comments about this report can be addressed to the ACED implementation team by telephone (022-595265), through its website (info@aced.md) or in person at the project office in the Kentford Building (3rd Floor, 202 Blvd Stefan cel Mare, Chisinau).

I. Background

The opening chapter of this report provides theoretical and organizational background about the ACED project.

A. The Value Chain Approach

ACED designers decided early-on that a value chain approach to project implementation would be the most effective way to address the ambitious objectives set out for Component 1 of the project (Growing High Value Sales). The value chain approach is based on specific products and markets. It requires a comprehensive description and analysis of what happens to a product throughout its production and marketing cycle. It examines the production process itself, as well as the external factors such as government policy, credit availability, input supplies, etc. that are necessary to support and sustain the production process. In the case of agriculture projects like ACED, it also includes an analysis of post-harvest practices and infrastructure availability (cold chain, grading and packaging, transportation, etc.). An examination of target markets is also a part of the process to identify specific governmental and market requirements that producers will have to meet to be successful in those markets.



Generic HVA Value Chain Map

All of this information is then mapped and analyzed to identify constraining factors that must be mitigated in order to improve the overall efficiency of the value chain. A deeper analysis of those constraints, involving value chain participants in the process, serves as the basis for developing specific action plans prioritizing key constraints that, when effectively mitigated through value chain interventions, can release the power of the value chain to generate increased incomes for a large number of participants throughout the value chain.

The value chain approach is based on products, not on geographic localities. Interventions on behalf of a particular value chain might take place in many places at the same time. They might include direct assistance to producers in the identification of new buyers and understanding the technical and commercial requirements of those buyers as well as any regulatory and quality certification barriers that must be crossed to supply them. Assistance might be provided to input suppliers to help them register planting material or agrochemicals that are new to Moldova but necessary to satisfy end market requirements. Direct assistance is provided to producers to improve both the quality and the efficiency of their production processes. Government is assisted with advice on adjustment of the regulatory environment and enhancing its field inspection and food safety testing capabilities. Banks are assisted to develop appropriate loan products and increasing the amount of business they do with value chain participants. Consolidators of various types (producer associations, cooperatives or individual traders) are assisted to develop effective systems for accessing the product they need and then grading, storing, packing and delivering that produce to their buyers. Agro-processors are assisted to develop effective relationships with primary producers and obtain the raw material they need on a production schedule that maximizes their effective operating season.

All of these types of assistance and others are provided on a timely basis, and often consecutively, to provide maximum overall impact on the targeted value chain. Value chain interventions might address the needs of small scale producers of a certain crop in a community, while not directly assisting their neighbors who are engaged in the production of other crops, though it is hoped that many of the improvements made will benefit participants in other value chains as well.

In utilizing this methodology the team analyzes, prioritizes and addresses the critical factors that affect producers and other value chain participants' efforts to maximize incomes from agriculture activities. By beginning with an examination of market potential, we avoid the possibility of encouraging farmers to become bigger and more efficient producers of a certain crop for which there is no good market or for which required downstream packaging or processing capability does not exist.

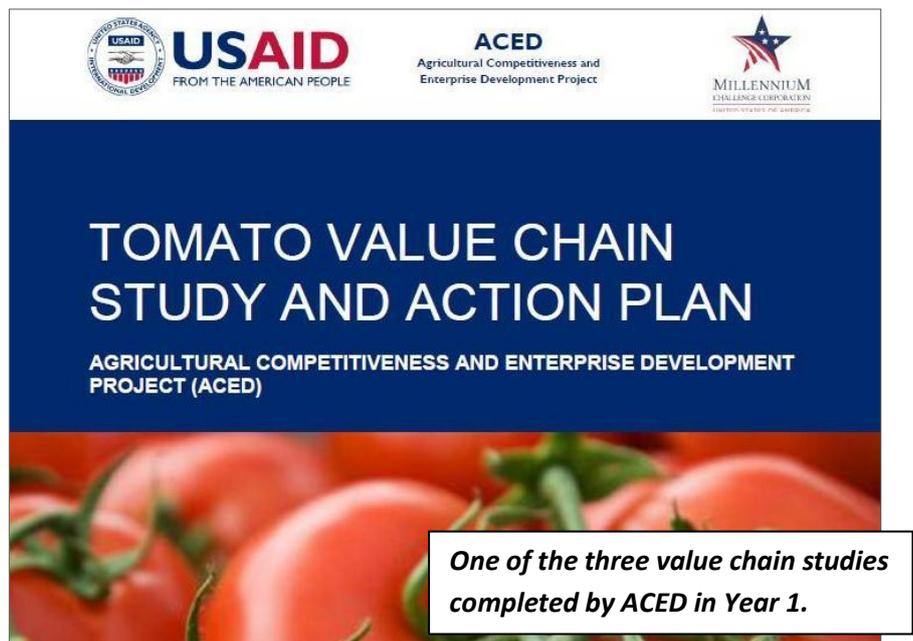
The general approach taken by ACED was to begin with a quick assessment of HVA value chains currently active in Moldova and to select the three that best satisfied the following criteria:

- They should have a strong current production base and a potential for increasing the volume and quality of production.
- They should involve a large number of farmers, including women.
- There should be a strong potential international or domestic demand for increased production of those products.
- Increased production should not present unmanageable environmental risk to the natural environment or to farm workers or others.

Apples, table grapes and tomatoes were selected to be the focus of development activities initially, with stone fruits (sweet cherries, peaches and plums) and other greenhouse vegetables to be added later on.

The second step was to conduct end market studies in high priority markets to identify any commercial, technical or regulatory barriers to entering, or expanding the presence in, those markets and make concrete recommendations about what would need to be done to address those markets successfully. Russia, Romania and the Moldovan market itself were the initial markets researched, followed by the Baltic States and Germany.

The results of these end market studies were then integrated with other information gathered from value chain participants and key informants in Moldova to prepare a comprehensive value chain study for each targeted crop. These studies were then discussed with farmers and other value chain participants to develop a strategic action plan for each value chain. The action plans are currently being implemented by the ACED team. Copies of the end market studies and value chain studies mentioned above are available from ACED.



B. The ACED Causal Model

The Causal Model on the following page (Figure 1) illustrates the logical flow from the activities identified for ACED in the RFP through the “output”, “outcome”, “impact” stages to the final objective of increasing long term economic growth in Moldova. The original causal model for ACED has been considerably refined and sharpened as the project has evolved over the first

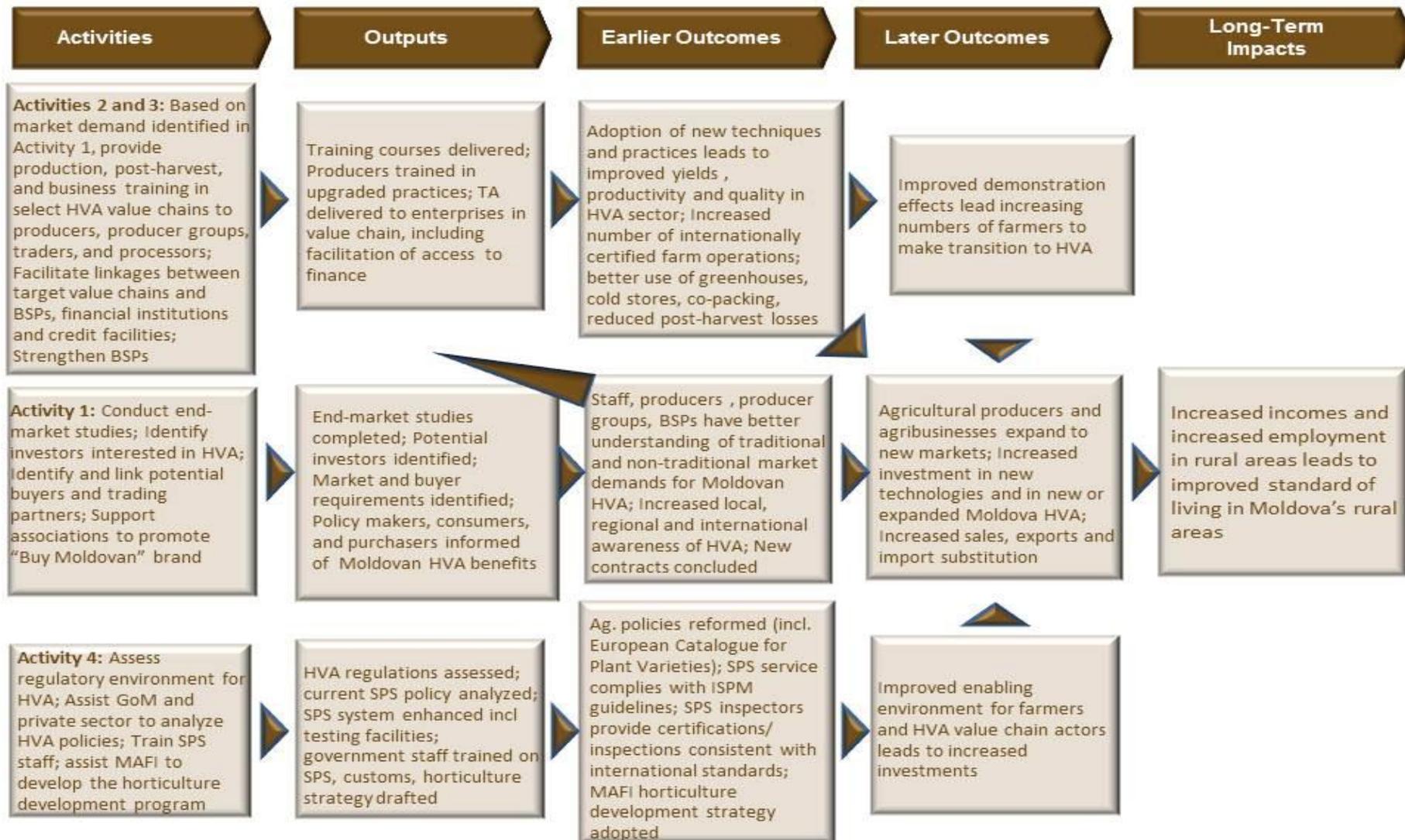
year of implementation. The basic logic and assumptions remain, however, even though some of the language in individual boxes has been modified in light of experience gained.

Carrying out end market studies, identifying investors and potential buyers interested in HVA and rolling out a “Buy Moldova” program (Component 1, Activity 1) leads to the definition of end market requirements that are included in comprehensive end market studies that can be shared with local stakeholders. The result is that all parties have a better understanding of the requirements of specific markets and are able to adjust their operations accordingly. These adjustments make it possible for Moldovan producers and traders to expand into new markets at home and abroad and thereby increase incomes along the value chain and strengthen Moldova'. These outputs lead to a better understanding of traditional and new markets among value chain participants and potential buyers (Outcome level) as well as increased purchasing of local produce in Moldovan supermarkets.

The above activities and outcomes form a feedback loop so that market requirements inform the producer training (Component 1, Activity 2) and technical assistance for value chain enterprise activities (Component 1, Activity 3) and lead to the training of at least 4300 producers in improved production practices, new technologies being introduced and demonstrated and value chain enterprises upgrading their facilities (or building new ones) based on increased access to finance and increased awareness of post-harvest best practices. At the “outcome” level these generate increased production and improved quality products coming off the farms and higher value products moving into the markets as a result of better post-harvest handling and storage and marketing practices. The “impact” of these changes is that new investments are made, sales of HVA products both within Moldova and abroad are generated, and that local incomes increase.

Component 1, Activity 4 is aimed at improving the regulatory environment for the development of HVA activities. Improving the ability of government agencies and private sector groups to analyze the potential or actual impact of government policies, regulations and procedures will

Fig. 1: ACED COMPONENT I PERFORMANCE-BASED MANAGEMENT SYSTEM CAUSAL MODEL



lead to positive policy reforms and a closer partnership between government and the private sector and increased farmer incomes. Providing new equipment and supplies for the Central Phytosanitary Laboratory and the Phytosanitary Inspection Service as well as the preparation of new reference material and associated training for phytosanitary inspectors will facilitate the process of harmonizing GOM policies with those of the European Union and increasing exports into that market, and others who are also moving towards the adoption of EU standards, while enhancing food safety in the home market.

The development hypothesis is that in addition to raising farmer incomes, these four sets of activities being implemented under ACED's Component 1, will lead to increased employment in Moldova's rural areas and contribute to continued growth of the Moldovan economy.

Component 2 activities are aimed at strengthening MSME's in Transnistria. This work starts off with an analysis of MSME activities in Transnistria and an assessment of the capacity of local business service providers (BSPs) to assist them. Following completion of this assessment a targeted set of enterprise development and BSP support training and technical assistance activities will be formulated aimed at increasing production capacity and cross-bank B2B linkages and, at the "outcome" level, increasing sales and commercial interaction with the greater Moldovan market. The final result ("long-term economic growth impact") will be that Transnistrian businesses are more competitive and sustainable, as well as better integrated with the Moldovan private sector.

C. The Two Components of ACED

The original design of the ACED project established two separate components with very little connection between them other than a shared management structure and operational infrastructure.

Component 1 (Growing High Value Sales) was aimed at increasing the production and sale of high value agriculture products by small and medium scale commercial farmers on the so-called "right bank" of the Nistru River – that part of Moldova that is integrated under the full control of the Moldovan government. The set of activities to be carried out under

Component 1 would be based on a thorough analysis of selected value chains and include training of producers to improve production practices, developing and facilitating the improvement in post-harvest practices through technical assistance to enterprises related to



Larisa Kolomichenko, leader of the Small Farmers Association "Beliy Most", checks root quality at a greenhouse in Chitcani village.

and supportive of the selected value chains, the improvement of the regulatory environment within which HVA activities must be carried out and the linkage of those producers and value chain enterprises with valuable new market opportunities. This is the technical approach that has been discussed in more detail above.

Component 2 was designed to improve the operations of micro, small and medium private enterprises in Transnistria, in any productive industrial sector, by providing direct training and technical support to those enterprises and enhancing the capacity of local business service providers to provide the technical support required for those MSMEs to grow. It was foreseen that, while agriculture enterprises might be included in the mix of MSMEs assisted, the program would have no particular focus on that sector. In fact, the design of activities in Transnistria was left purposely flexible, which was logical, given the dearth of real knowledge about private sector business activities in the region. A late start in implementation of Component 2, for reasons beyond the control of the contractor, led to the necessary assessment of need in the targeted program areas only getting underway in February of 2011.

The preliminary results of the assessment indicate that a greater than anticipated portion of ACED's work in the region can be dedicated to the same sort of HVA development work that is being carried out under Component 1 with a focus on increasing cross-river trade and other economic interaction. A smaller part of the program will still focus on MSME and business service provider (BSP) development in other sectors as planned. The precise nature of these activities is being fully developed early in Year 2 based on the identification of specific needs of MSMEs (e.g. marketing assistance) and the capacity of local BSPs to meet those needs.

The first pilot training for farmers inside Transnistria has already been carried out. This program will gradually be rolled out throughout the region using the same trainers and materials being used elsewhere while working to enhance technical support capabilities within the region. Some value chain participants from Transnistria are already participating in producer training and other Component One activities (e.g. training in GlobalG.A.P certification requirements). This joint participation will be encouraged in Year 2 and beyond as well.

D. Two Supporting Organizations

ACED implementation is based on an implementation contract between USAID and DAI, the implementing partner. The program is, however, jointly funded by USAID (75%) and the Millennium Challenge Corporation (25%). The objective of the Millennium Challenge Corporation (MCC) participation in co-funding the project is to ensure the provision of ACED support to farmers who will benefit from the large-scale MCC program to rehabilitate eleven Central Irrigation Systems (CIS) along both the Nistru and Prut rivers. There is no direct contractual relationship between DAI and MCC or its Moldovan government implementation unit, the Millennium Challenge Account (MCA). There is, however, a Memorandum of

Understanding among USAID, MCC and MCA that results in certain obligations for the ACED implementation team with regard to programming within the targeted CIS areas and impact evaluation requirements that constrain the implementation team's ability to operate Component 1 activities for maximum overall impact throughout Moldova.

ACED has included several MCC-specific progress indicators in its quarterly indicator tracking tables and is developing a special training program to encourage small farmers within the CIS areas to take advantage of rehabilitated irrigation systems by entering into high value commercial agriculture production. Farmer groups that are formed as a result of this training will then be assisted through targeted training and technical assistance activities, to enter into the ACED targeted HVA value chains or others that might be feasible in specific situations.

On an operational level, ACED is cooperating closely with MCA at the program level, especially in the technical support that is being provided to the MCA's Access to Agriculture Finance activity as well as in general information sharing, public relations, and coordination and training activities.

II. Highlights of Year One

There are several activities that are worthy of note as highlights of ACED's first year of operation including the following:

A. Rapid Start-up

The ACED team was committed from the start to a very rapid start-up process with technical activities and productive client contact beginning as early as the second month of the contract (May 2011) even before the team was fully staffed or accommodated in its own office space. The COP arrived in country within two weeks of signing the implementation contract and participated in an MCA workshop on his first day in country. The recruitment process began immediately as did the search for appropriate office space and the procurement of necessary furniture and equipment.

Initial assessments of the regulatory environment, phytosanitary inspection and testing capacity and the preparation of necessary environmental protection documentation were initiated in April, which was the first full month of project implementation. The first formal farmer training activity took place in May in response to a direct request from farmers. At the same time, the marketing team began the value chain study process by prioritizing potential value chains for initial focus, the producer training team began the design of initial training activities in response to direct farmer requests and the technical assistance team made direct contact with value chain enterprises to assess their needs and begin offering initial technical assistance on a one-on-one basis. By the end of April, not only was most of the long-term technical team in place but four short-term international specialists were also in-country



Minister of Agriculture Vasile Bumacov addressing the ACED launch conference in June 2011.

working on value chain selection, SPS assessment, regulatory assessment and the drafting of environmental protection procedures and documentation. Administrative start-up was facilitated by home office specialists in project administration and procurement.

A formal launch event was presented on June 10 involving 120 invited guests and the press. The event was addressed by U.S. Ambassador Asif J. Chaudhry and Minister of Agriculture Vasile Bumacov. For the second half of the event, participants divided themselves into three round table groups, one for each of the value chains targeted for initial ACED focus. Those discussions have served as an important basis upon which ACED activities have been planned and implemented.

The first few months were extraordinarily busy for the ACED team but such an effort is necessary to win the confidence of targeted project beneficiaries and avoid losing months devoted to “studies” before assistance activities can be launched. Expectations are high when a major project like ACED is launched. Background studies are important but delays in implementation can result in a loss of participant enthusiasm before they see any real assistance going out.

ACED benefitted greatly by the presence of the BIZTAR project (also implemented by DAI) being in its wind-down phase prior to closure and having excess space available for the skeleton ACED team before permanent space could be occupied in the same building. The ability to tap into existing DAI computer systems and other operational facilities greatly mitigated the difficulties of a very rapid start-up.

B. Assessments and Surveys

A number of critical surveys and assessments were carried out during the early months of ACED implementation. Some were contract deliverables, required by USAID. Others were necessary to provide key information upon which appropriate program planning activities could be based. Besides those mentioned earlier, teams carried out technical assessments of cold chain infrastructure and greenhouse technologies, the role of women in Moldovan agriculture, constraints in access to finance for agriculture and agribusiness and detailed end market studies for Russia, Romania



and Moldova. Additional end market studies were nearing completion in the Baltic States and Germany as Year 1 drew to a close.

The culmination of all of these research and writing activities was the preparation of detailed value chain analyses for the selected three priority value chains: tomatoes (greenhouse), apples and table grapes. In these analyses all aspects of the each value chain are closely examined to identify factors that may be constraining the efficiency of the value chain as a whole. Those constraints may be found within the production process (e.g. outmoded production techniques), among the non-production enterprises that are required to support targeted value chains (e.g. input suppliers, post-harvest infrastructure operators or banks) or in the public sector where inappropriate policies or shortage of technical capacity within the government can make it more difficult for private sector operators to achieve their goals. Once these constraints are identified, a strategic action plan for each of the three sectors was developed to identify and prioritize needed interventions to mitigate the impact of those constraints or eliminate them altogether.

C. Market Linkage Development

The end market studies referred to above identified what changes Moldovan producers would have to make to be successful in those markets. They also served as a means of meeting many potential new customers on their own ground. As a result, at least two new buyers have visited Moldova to assess local produce offerings, initial trial shipments have been made to new buyers in Russia and Estonia, and

Moldovan supermarket chains have engaged in discussions about how they might source more of their produce requirements from within Moldova. A major market opportunity was identified late in the year that would place Moldovan products (apples and table grapes at first) in one of the largest supermarket chains in Russia. This opportunity is serving as pole around with to organize efforts to help Moldovan producers cooperate to meet this market demand with quality high-value products. The development of these, and other new market linkages and the realization of increased shipments to new buyers both in Moldova and abroad is a major priority for the ACED team in Year 2 and beyond. This was purposely not a major priority in Year One since it was necessary to first learn what product regulatory adjustments would need to be made to be successful in new markets.

ACED food safety specialist Andrei Cumpanici explaining the ACED program to visitors at the Farmer Expo in October 2011.



D. Producer Training

Producer training has been a particular highlight of ACED's work in Year 1. The first formal producer training program was carried out only two months after signing of the implementation contract. This training, in sweet cherry production techniques, was planned and implemented in direct response to producer requests. The principle of basing training activities on needs identified in conversation with farmers has continued and the intensity of training activities has grown steadily. Through the end of Year 1 (31st March, 2012), 1,132 individuals have participated in at least one producer training activity including 323 women (28.5%). A total of 39 training activities have been implemented in all. The majority of these training activities took place in the final three months of the year (January through March).

The vast majority of training activities are part of a longer term multi-module program that has been developed for each of the three initially targeted value chains. The first round of training has now been completed in all three value chains. Five or six modules, depending on the value chain, have already been identified or developed for individual producers in the three value chains. Most of the

participants in this first round of training are expected to also take part in the sessions to follow. We therefore expect that the number of first time participants will gradually decline even as training participation grows.

Each training module includes several specific improved production techniques that participants are recommended to adopt. In the early trainings these included such topics as the use of treated tomato seeds, testing acidity and salt concentrations in irrigation water, the use of pallets and peat in establishing tomato seedlings, pruning of grapes and apples and others all timed to be presented at specific points in the production cycle when the information will be most useful. Follow-up with participants in the early training sessions indicate that a significant percentage have already adopted one or more of the recommended techniques and that many more are planning to do so. This adoption rate will become more clear towards the end of Year 2 after a full production cycle has been completed.

Specially designed training programs have also been implemented in response to needs identified in the field. For example, special programs have been developed and presented to



cherries, peaches, nectarines and plum producers, at their request, even though they are not part of the three targeted value chains. These may be presented to a single, specialized group of participants or repeated in multiple locations to give all interested producers a chance to participate. We have also developed special programs for producers within our targeted value chains. For example, a special program outside of the six module program identified was developed on short notice to train apple growers on the benefits of using weather station data to plan and minimize the use of agrochemicals. This program was requested by the MoldovaFruct Association and presented in partnership with them. A follow-up program for those same producers is being planned for May 2012.

An innovative training tool has also been introduced in the form of a specialized Technical Bulletin for tomato producers. To date, three issues of this Bulletin have been produced and delivered to over 1,300 interested tomato producers in six communities. Like the field training activities, the technical issues addressed in these Bulletins are timed to coincide with the tomato production cycle so that producers will be able to immediately try out what they learn on their own farms. These Bulletins have received very positive reviews from the producers. Similar publications are being planned for the table grape and apple value chains in Year 2.

One of the ACED mandates is to increase the capacity of local service providers and to work in partnership with them to accomplish project objectives wherever possible. ACED is addressing both of these objectives by contracting local consulting firms, NGOs and other service providers in the regions to provide logistic and technical follow up support to the value chain training program. Umbrella contracts are being signed with 15 of these organizations who will receive necessary training and technical support while undertaking support of the ACED producer training program on a contract basis. The program is hitting full stride as Year 2 begins.

E. Market Driven Technical Assistance

The first major activities in this activity area were the employment of international experts to assess the technologies being used in Moldovan greenhouses and cold chain facilities. The findings of these assessments were presented to interested value chain participants and



ACED
Proiectul Competitivitatea Agricolă și Dezvoltarea Intreprinderilor



Buletin informativ pentru producătorii de tomate pe teren protejată

Pregătirea răsadului pentru plantare

Călirea răsadului

Călirea răsadurilor de tomate se efectuează prin alternanța temperaturii și umidității. Mulți specialiști străini sunt împotriva acestor procedee agrotehnice, motivând prin stresul cauzat plantei. În serele cu asigurarea tuturor parametrilor vitali, aceasta, într-adevăr, nu e necesar. Pentru serele și solarile din Moldova, unde, în perioadele reci, factorul de temperatură este unul determinant, călirea este obligatorie. Pentru aceasta, temperatura în seră este redusă până la +14...15 °C ziua și +10...12°C noaptea, timp de 6-8 zile. În această perioadă, se reduce esențial irigația și se exclude fertilizarea. O confirmare a călirii răsadului este schimbarea culorii frunzelor din verde aprins în verde închis, și înăsprirea lor, iar plantele au un miros pronunțat de tomate.



Figura 1.
Răsad de tomate care corespunde cerințelor de calitate

Calitatea răsadului de tomate

Răsadurile produse pentru culturile protejate trebuie să fie viguroase și sănătoase (Figura 1). Cerințele de calitate pentru răsadurile de tomate, în momentul plantării, sunt următoarele:

- Înălțimea: 14-20 cm;
- Numărul de frunze: 8-10 buci;
- Diametrul coletului (tulpina la nivelul solului): 6-8 mm;
- Mușuri floriferi: 1;
- Grad de acoperire cu rădăcini a substratului nutritiv: 80-90%;
- Vârsta optimă: 45-65 zile.

(continuare în pagina 2)

**Buletin nr. 3,
Martie 2012**

Acest buletin este destinat producătorilor de tomate din Republica Moldova și este editat de către Proiectul Competitivitatea Agricolă și Dezvoltarea Intreprinderilor (ACED), finanțat de Agenția SUA pentru Asistență Internațională (USAID) și Corporația Promovării Mileniului (MCC). Conținutul acestui buletin nu reflectă în mod obligatoriu poziția oficială a Guvernului SUA, USAID sau MCC.

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Contacte:

Coordonator:
Specialist Instruire, ACED
Oleg Stîlpuș, Dr.
(+373) 22-952565
oleg.stilpuca@doi.com

Specialist producere legume,
Alexandru Bejan
(+373) 60-433001

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***One of the monthly technical bulletins
being published for tomato producers.***

provided the basis for planning follow-on activities that were included in the Year 1 Workplan and continue to be a major focus of ACED attention. For example, the development of alternative greenhouse designs, the study tour for cold chain equipment providers to Turkey, and ongoing technical advice being provided to operators by the ACED team all draw on the technology assessments carried out earlier.

ACED supports MCA's Access to Agriculture Finance (AAF) activity by fostering the linkage of potential borrowers with pre-qualified (by ACED) business service providers for the preparation of business plans and then sharing the cost of those assignments in certain cases. ACED supports the assignments with monitoring and mentoring assistance to ensure the completion of high quality business plans. Ten companies have already been assisted in this way as the AAF lending program gets underway. The first AAF loan facilitated by ACED, which will be used to finance the construction of a modern fruit cold storage and pack house facility, was approved as the year ended. Several more are in various stages of the preparation and approval process.



ACED hosts a landmark round table discussion with table grape producers, exporters and government officials to address marketing constraints and opportunities for the Moldovan table grape value chain.

This cooperation with AAF was the first step in developing the Value Chain Support Center (VCSC), which will take the form of an interactive web site to provide HVA producers and other value chain participants with the technical information, and consulting expertise, they need to conduct their businesses successfully. Development of the VCSC website is getting underway in the early weeks of Year 2.

We have also enjoyed some significant early success in the area of association development. In the course of developing a strong working relationship with the Association of Table Grape Producers and Exporters, ACED specialists organized round table discussions with table grape producers around the country to present the value chain study and action plan for grapes and our conclusions about international market opportunities for Moldovan table grapes following

the initial end market studies. Growers in seven of these areas immediately saw the need to take collective action if they are to be successful and took the decision to establish themselves as regional producer associations for the purpose of joint ownership and operation of cold chain and packing facilities and joint marketing of their product. As of March 31, four of those had taken the steps necessary to be registered and begun the process of developing their capacity to operate successfully. Producers in the other value chains are also being encouraged to find ways in which they can join their efforts in the storage, packing and marketing of their produce. This type of joint action in strategically important areas of activity will be key to the success of any of these three value chains.

F. Strengthening the Enabling Environment

There were several highlights for this set of activities during ACED's first year in two very different areas.

A Regulatory Environment Assessment and Action Plan prepared during the first weeks of the project's life led to the development of two important resources for government and private sector industry associations. First, is a manual for those charged with carrying out government mandated Regulatory Impact Assessments (RIAs) on all proposed new laws and regulations to assess the impact such new measures might have on industry competitiveness. The manual was prepared for the Ministry of Agriculture and Food Industry (MAFI) but can be used by specialists in any government office. It provides guidelines and detailed instructions for carrying out RIA economic analysis. Officials from MAFI and the State Phytosanitary Agency were trained in the use of the RIA Manual.

The second major work product of this group in Year 1 was an Investor Road Map for potential HVA investors. This comprehensive document outlines the steps that must be taken to register and operate a business in Moldova, spells out the officially established fees for required government services and provides very comprehensive information about how to contact necessary officials and private sector advisors when necessary.



The Activity 4 team also kicked off another major initiative in the form of the Competitiveness Impact Business Environment Reform analysis process by conducting a training in its use for

business service providers and value chain participants and by contracting a local service provider to carry it out in ACED's targeted value chains. This analytical tool is primarily useful to industry associations and others wishing to conduct an economic analysis of the cost of specific governmental policies and restrictions. These findings can then be used to help construct arguments to be used in advocating necessary change to government officials. A first round of CIBER analysis will be led by ACED contractor Alternatives in International Development (AID) early in year 2. It should be noted that this organization has no link to either USAID or DAI.

The other major area of progress for this team was in the area of improving the capacity of Moldovan agencies – the Central Phytosanitary Laboratory and the Phytosanitary Inspection Service – to identify and test for pests and diseases in plant products being grown in, or imported into, Moldova. A quick but thorough reassessment of needs in this area led to a long process of working with government representatives to develop a final set of equipment to be procured that would provide the best overall value for the amount of funding available. That procurement process was underway as the year ended and it is expected to be wrapped up early in Year 2.

In addition to the provision of necessary supplies and equipment, ACED is helping to prepare a new set of up-to-date reference material and public information to support the work of sanitary inspectors and will be conducting tightly focused technical training for these inspectors in Year Two.

G. Transnistria

ACED's progress in developing Component 2 of its program, SME Development in Transnistria, has been less than expected in the first year as we waited for US Government clearance to begin our work in that region. Once that clearance was received, at the end of January 2012, the team quickly launched a rapid assessment of needs and opportunities in the region. The first HVA training activity (on growing tomato seedlings in greenhouses) was mounted there (in Kitskani) on February 21st. The assessment and strategic planning process will be wrapped up in May. Those findings will provide the planning basis for activities in the region. Early results of the assessment find that there is good opportunity to expand HVA activities developed under Component 1 into the region while maintaining select targeted activities to support MSME and business service provider training and support more broadly.



Manziuc Valeriu, an ACED national expert training cherry producers in Transnistria.

III. Progress Toward Indicator Targets

Table 1 below shows the progress ACED has made towards achievement of its targeted performance indicators in Year 1. A review of that table will show that all major indicator targets have been met or exceeded in the first year. All indicators are supported by clear definitions and documentation of the reported achievements. A brief discussion of some of the most significant indicators is offered in the following paragraphs.

Indicators 1.1.1. through 1.1.3. --

Develop and Expand Market

Opportunities: ACED was not expected to generate quantitatively significant sales in Year 1. It was more important to develop a sound basis on which intensive marketing efforts could be based in Year 2 and beyond. Nevertheless, modest sales were realized with new buyers. These will pave the way for both extension and expansion in the future.



USAID officials meeting with table grape producers on a field visit to Costesti.

For Indicator 1.1.3. it was clearly an error to establish a target of 10 producers reporting new sales transactions when no new sales transactions were projected. We are confident in projecting that both the total value of new export and domestic sales and the number of producers reporting such sales will grow very significantly in Year 2 to meet or exceed targets for the year (\$1.2 million in new sales reported by 200 producers).

Indicators 1.2.1 through 1.2.3. – Upgrade Production in the HVA Value Chain: The producer training activity took off at a much faster pace than had been projected resulting in our exceeding the target for producers trained (Indicator 1.2.1) by 450%, the number of producers reporting the adoption of new practices (Indicator 1.2.2.) by 300% and the number of additional hectares under improved technologies (Indicator 1.2.3.) by a factor of 10. Women represented 28.5% of total discrete training participants nearly equaling our long term target of 30%.

The growth rate in these numbers will decrease in Year 2 as many of the same people return for the subsequent training sessions related to the value chains in which they are engaged. These numbers are based on actual documentation and great care has been taken to avoid double counting of individuals who may have participated in more than one activity. The higher than expected number of training participants adopting improved practices was based on follow-up interviews by ACED team members. This number is especially heartening since the follow-up could not reach 100% of the participants and was done soon after completion of the respective trainings. Those numbers are expected to rise overtime as lessons are reinforced and the success of early adopters is seen.

Indicators 1.3.1. through 1.3.5. – Upgrade Support for Development of the HVA Value Chains:

We were able to exceed the target for new investment (Indicator 1.3.2.) thanks to the approval of one key loan by the AAF program. The value of this new investment will be nearly doubled by the borrower's investment of his own funds. We are expecting several more investments of this type to be made in Year 2. Perhaps more significant in a development sense is the smaller number. Seven apple farmers invested around \$7,000 each of their own funds to procure and install weather station equipment as a result of the training that was provided by ACED and MoldovaFruict on the use of weather data to plan and minimize agro-chemical usage.



Natalia Stan, a participant in the ACED-led two-day training on food safety, receiving a certificate of completion.

A total of 49 HVA enterprises received direct or indirect (through the VCSC mechanism described earlier) in Year 1, which was much higher than had been projected. This is a testament to the respect for ACED's technical experts working in this area from the agribusiness community, which has been proactive in reaching out to ACED for expert assistance. This number will continue to grow but at a reduced pace as existing assistance relationships will also be continued.

Indicators 1.4.1. through 1.4.4. – Improving the Enabling Environment: Much of the work in this area is difficult to quantify but it is important to note that significant accomplishments have been made in terms of completion of the RIA Manual and Investor Road Map as discussed earlier. We have also been able to include government representatives in many of our round table discussions with producers and other value chain enterprise participants leading to lively discussion in several instances. Four of these have been recognized as more or less “formal” public private consultations but a great deal more informal interaction of national and local level government officials with private value chain participants has also be stimulated.

Work on improving the phytosanitary inspection and testing capacity of the relevant government agencies is proceeding according to plan and we will, at the request of MAFI, assist in the development of its long-term Horticulture Development Plan in Year 2. We have also launched a CIBER analysis process to assist producer association analyze the competitive impact

of specific government regulations on their business and develop effective materials for lobbying government for change where required.

Indicators for work in Transnistria: Indicators for this work are not included in this annual report because we were not able to begin our work there until Month 11 of Year 1. Nevertheless, considerable effort was made throughout the year to catalog and assess other development program efforts already operating in the region and to identify likely areas in which ACED resources would be best utilized. Our rapid assessment of development needs in the region as well as a proposed ACED Action Plan for responding to those needs is being completed as this report is drafted.



Officials from the U.S. Agency for International Development meet with cold storage operator in Manta during a field visit trip to southern Moldova.

Table 1

ACED PMEP INDICATORS TRACKER - Year 1 (April 1, 2011- March 31, 2012)

Nr.	Performance Indicator	Disaggregation	Project Data /Year 1/	Annual Target /Year 1/	Life of Project Target
1.0.1	Increase in annual profits among ACED-assisted producers and agribusinesses located outside of areas targeted in the CIS Rehabilitation Project funded under the MCC Compact	TOTAL	^	N/A	20%
		<i>Women owned or managed farms/firms</i>			
		<i>Value Chain</i>			
1.0.2	Percent change in high-value agriculture exports	TOTAL	*	0%	35%
		<i>HS Codes</i>			
1.0.3	NEW: Percent change in high-value agriculture exports in our selected target value chains	TOTAL	*	0%	50%
		<i>Value Chain by HS Code</i>			
1.0.4	Change in dollar value of high value agricultural exports to non-traditional export markets	TOTAL	*	0%	25%
		<i>Value Chain</i>			
1.0.5	NEW: Number of visitors to ACED-sponsored web resources	TOTAL	0	0	50000
		<i>Web Site</i>			
Data for Indicators 1.0.2, 1.0.3 and 1.0.4 is captured from Uncomtrade.					
Component 1, Activity 1: Develop and Expand Market Opportunities for Moldovan HVA					
1.1.1	Value of annual HVA sales facilitated by ACED on behalf of Moldovan producers or producer groups (domestic and exports)	TOTAL	\$43,440	\$US 0 mln	\$US 21 mln
		<i>Women owned or managed farms/firms</i>	0		
		<i>Value Chain</i>			
		<i>Apples</i>	\$1,140		
		<i>Stone fruits</i>	\$10,800		
		<i>Table grapes</i>	\$31,500		
1.1.2	Value of HVA exports facilitated by ACED on behalf of Moldovan producers and producer groups	TOTAL	\$28,400	\$US 0 mln	\$US 15 mln
		<i>Women owned or managed farms/firms</i>	0		
		<i>Value Chain</i>			
		<i>Table grapes</i>	\$28,400		

Nr.	Performance Indicator	Disaggregation	Project Data /Year 1/	Annual Target /Year 1/	Life of Project Target
1.1.3	Number of producers reporting transactions facilitated by ACED*	TOTAL*	5	10	1500
		Women owned or managed farms/firms	0		
		Value Chain			
		<i>Apples</i>	<i>1</i>		
		<i>Stone fruits</i>	<i>3</i>		
		<i>Table grapes</i>	<i>3</i>		
*The total represents discrete producers. We do, however, break out results by value chain (non-discrete) to provide more information about sales.					
Component 1, Activity 2: Upgrade Production in the HVA Value Chain					
1.2.1	Number of producers trained as a result of ACED (Milestone)	TOTAL	1132	250	4300
		Women	323		
		Value Chain			
		<i>Apples</i>	<i>264</i>		
		<i>Stone fruits</i>	<i>209</i>		
		<i>Table grapes</i>	<i>313</i>		
		<i>Vegetables</i>	<i>346</i>		
1.2.2	Number of producers adopting improved practices (or applying improved techniques) as a result of ACED	TOTAL	119	40	2800
		Women	41		
		Value Chain			
		<i>Apples</i>	<i>74</i>		
		<i>Table grapes</i>	<i>9</i>		
		<i>Vegetables</i>	<i>36</i>		
1.2.3	Number of additional hectares under improved technologies or management practices as a result of ACED**	TOTAL	1216	120	8400
		Sex of the adopter: Male	1115		
		Female	101		
		Association-applied	0		

Nr.	Performance Indicator	Disaggregation	Project Data /Year 1/	Annual Target /Year 1/	Life of Project Target
Component 1, Activity 3: Upgrade Support for Development of the HVA Value Chain					
1.3.1	Number of ACED-supported VC entities adopting international food safety and quality standards	TOTAL	0	0	20
		<i>Women owned or managed farms/firms</i>			
		<i>Value Chain</i>			
1.3.2	Value of new investment in Moldovan HVA farms and value-chain businesses assisted by ACED	TOTAL	\$628,775	\$US 0.5 mln	\$US 15 mln
		<i>Women owned or managed farms/firms</i>	0		
		<i>Value Chain</i>			
		<i>Apples</i>	<i>\$28,775</i>		
		<i>Multiple</i>	<i>\$600,000</i>		
1.3.3	Number of clients benefiting from assistance leading to HVA investments including farmers, farmer groups and enterprises	TOTAL	15	5	150
		<i>Women owned or managed farms/firms</i>	0		
		<i>Value Chain</i>			
		<i>Apples</i>	<i>15</i>		
		<i>Multiple</i>	<i>1</i>		
1.3.4	NEW TO TABLE: Number of HVA enterprises assisted by ACED (excluding Transnistria)	TOTAL**	49	8	120
		<i>Women owned or managed farms/firms</i>	5		
1.3.4.1	Technical assistance	SUB-TOTAL	22	n/a	n/a
		<i>Women owned or managed farms/firms</i>	2		
		<i>Value Chain</i>			
		<i>Apples</i>	<i>8</i>		
		<i>Stone fruits</i>	<i>3</i>		
		<i>Table grapes</i>	<i>11</i>		
1.3.4.2	Enterprise events/trainings	SUB-TOTAL	30	n/a	n/a
		<i>Women owned or managed farms/firms</i>	4		
		<i>Value Chain</i>			
		<i>Apples</i>	<i>3</i>		
		<i>Table grapes</i>	<i>8</i>		
		<i>Multiple</i>	<i>13</i>		
**The total represents discrete enterprises, however, we break out results (non-discrete) by type of assistance (technical and events/trainings).					
Nr.	Performance Indicator	Disaggregation	Project Data	Annual Target	Life of Project

			/Year 1/	/Year 1/	Target
1.3.5	Number of VC enterprises (such as processors, cold stores, supermarkets, etc) adopting improved practices as a result of ACED	TOTAL	3	5	75
		Women owned or managed farms/firms	0		
		Value Chain			
		<i>Apples</i>	<i>1</i>		
		<i>Stone fruits</i>	<i>2</i>		
Component 1, Activity 4: Improving the Enabling Environment for HVA					
1.4.1	Number of agricultural policy reforms carried out as a result of ACED project intervention	TOTAL	0	0	5
		Governmental Institutions			
1.4.2	Number of consultative processes involving communication between government and private sector as a result of ACED assistance (Milestone)	TOTAL	4	4	30
1.4.3	Moldova SPS service achieves compliance with IPPC, ISPM Guidelines 7, 20 and 23	N/A		Audit passed. Moldova SPS service achieves compliance	
1.4.4	The Central Phyto-sanitary Lab is certified to ISO family of standards and/or another appropriate international standard as confirmed by a Certification or Accreditation body. This could include ISO 9001 (management standard), ISO 17,025 which is a lab certification standard or another international standard.	N/A		Certification achieved	
^ Indicator to be reported by MCA's Impact Assessment Contractor					
* Indicator to be reported annually (Data for these indicators is pulled out from UN Comtrade database. UN Comtrade trade statistics for Moldova 2011 are not yet available. We anticipate accessing this information and reporting on it in the next quarterly report.)					
** Indicator to be reported by MCA's Impact Assessment Contractor					

IV. Crosscutting Issues

Several areas of ACED activity overlay the more technical, service delivery aspects of the program. These are discussed in more depth below. Each of these activity areas has its own dedicated professional staff to ensure the full integration of the activities for which they are responsible with those of other technical team members.

A. Monitoring and Evaluation

Monitoring and evaluation is a key program element that absorbed a great deal of ACED time and energy during Year 1. A comprehensive Program Monitoring and Evaluation Plan (PMEP) was prepared and delivered to USAID in month four (July). After much review (by USAID, MCC and MCA), discussion and revision, it was finally approved in month eight (November). Discussions have, however, continued as MCC suggests changes to make it fit more closely with its own procedural requirements and results targets. The PMEP provides a comprehensive set of indicators, including definitions and data collection methodologies, to test the degree to which ACED is meeting the objectives established for it in the implementation contract. Targets were established for each year of program implementation building cumulatively to the end of project status. The collection of monitoring data is an integral part of all of our training activities and other interaction with program beneficiaries and partners. Systems have been established for tracking the results that have been achieved by program participants as a result of the training or other assistance provided by ACED. Progress in addressing these indicators is monitored on an on-going basis and reported in the Quarterly Reports submitted to USAID at least 10 days prior to the end of each quarter. Full Year 1 numbers are reported in the previous section of this Annual Report.

ACED staff taking part in a two-day work plan retreat in February 2012.



Impact evaluation is another topic of great importance to USAID, MCC and ACED. A great deal of time and creative energy was invested in discussions with USAID and MCC about how randomized surveys of participants in ACED's producer training program alone could provide valid conclusions about the effectiveness and impact of the total ACED program. The basic problem with the impact assessment methodology proposed by the MCC's contractor was and remains that ACED is a value chain project operating on a nation-wide basis while the survey methodology is geographically focused on producers in certain communities and only one of four integrated activity sets (producer training). Nevertheless, it has been accepted that 32

communities, out of a total of 88 communities identified by ACED as likely training sites, would be set aside as a control group for evaluation purposes. ACED will not carry out producer training in those 32 communities. USAID is designing a more comprehensive impact evaluation plan but ACED has not yet had the opportunity to review or respond to that design. We will, of course, cooperate fully with both efforts.

B. Gender Integration

Ensuring that Moldovan women have equal opportunities to take part in and benefit from the program activities offered by ACED is a major priority of the program. We have established a target of having women make up at least 30% of the participants in our producer training activities and fell just short of that in our Year 1 program (28.5%). Steps are already in place to help to raise that participation rate still higher in Year 2 and beyond. Several other indicators are disaggregated to enable a valid assessment of the impact of various activities on women. Extra efforts are being made to facilitate the participation of women in training programs (adjusting training times, etc.) and to ensure the participation of women in ACED-sponsored study tours and other events.

A comprehensive assessment of the role of women in Moldovan agriculture was conducted by ACED in months 5 and 6 of the project (July and August 2011).³ The findings of this assessment were the basis for developing the projects Gender Action Plan that followed and that is currently being implemented. It was clear in the findings that women play critical



ACED has encouraged women to assume leadership and participate in agri-business.

roles in Moldovan agriculture and are to be found at all levels of small, medium and large scale agribusiness operations. They are, however, much less likely than men to be found in management roles and they tend to be much more active in some value chains than others. For example, training activities for the greenhouse tomato value chain may include as many as 70% women, while table grapes and apple training sessions attract as few as 10% women reflecting the traditional gender roles in Moldovan society.

One key activity to be implemented in year 2 will be the launching of regional Women in Agriculture networks through which ACED, and others, can provide specially focused training

³ This report, [Assessing Gender Differences and Implications for Growing Moldovan High Value Agriculture](#) can be obtained through the ACED office or electronically at ACED.MD. ,

programs and technical material and that can serve as a medium for the development of woman-to-woman mentoring relationships to foster informal technical assistance among participants.

C. Environmental Compliance

An early focus on environmental compliance resulted in the development of key documents in the first quarter of the project. The project's Environmental Mitigation and Monitoring Plan (EMMP) was submitted to USAID in May of 2011 (month 2) with the Assisted Enterprise Clean Production Prevention (CP/P2) and Assessment and Environmental Due Diligence for Processing Enterprise (EDD) documents following in July. The basic environmental compliance document, the **Pesticide Evaluation Review and Safe Use Action Plan (PERSUAP)** was first submitted to USAID in September and, after considerable review and revision, approved in January of 2012 (month 10).⁴

ACED is operating not only within the letter of the USAID requirements with regard to environmental protection, but also within the spirit of those regulations – taking extra care to screen all project activities for potentially negative economic impacts and also in making recommendations to training participants and others that lean heavily to the side of minimizing chemical use, protecting farmers, farm workers and others from the effects of exposure to dangerous substances, and promote the option of alternative natural practices (IPM) wherever feasible. Such factors have already been fully integrated into the ACED producer training programs and training in good food safety practices (HACCP and GlobalG.A.P.) are already underway emphasizing safe practices with minimal negative environmental impact.

D. Project Communication

For most of the first year ACED communications have focused on becoming known to those we work with based on actions and results rather than making promises in the media. For this reason, we have been purposely slow to develop our project Newsletter (**ACED Bulletin**) and the project website. The first edition of the newsletter was published, both in hard copy and electronic copy, in February 2012 and the website (aced.md) is ready to go live as the



The first issue of the ACED Bulletin.

⁴ All documents referred to in this paragraph can be obtained through the ACED project office or electronically at ACED.md.

project year winds up. We have also had the opportunity to put out the ACED message in other venues and special events.

- A public launch event involving the Minister of Agriculture, the U.S. Ambassador and some 200 other guests and members of the press was held in June 2011 to introduce the project to the public. This event resulted in numerous press articles and follow-up interviews with the print media.
- Both the COP and DCOP have taken part in radio and television interviews.
- We have published three editions of our technical bulletin for tomato growers. These have been distributed to some 1300 tomato producers and received very positive reviews.
- ACED took part in the FarmerExpo in October and the National Agriculture Producer's Day Expo in November where we displayed properly graded and packed apples, table grapes and tomatoes and met with many current and potential project participants.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

VI. Looking Ahead

The Year One progress noted above is only a prelude of what we have planned for Year 2. A comprehensive workplan has been submitted to, and discussed with, USAID that will see the ACED team well on the way to achieving the targets that have been established for it. The activities in that work plan are logical extensions of the considerable progress that was made during Year 1 when we successfully launched program activities after establishing a sound administrative support base. Year 1 activities focused to a large extent on the completion of assessments, end market surveys, value chain studies and the detailed design and testing of substantive program activities. As a result, in Year 2 we are well prepared to continue the full scale roll-out of ACED activities aimed at the achievement of programmatic objectives as defined in our Project Monitoring and Evaluation Plan (PMEP).



Helping farmers plan for a more prosperous and secure future is a critical aspect of the ACED program. Colibasi farmer Vasile Ernu shares his intentions to ACED specialists.

The strategic approach developed at the inception of the project will continue. The ACED team will continue to help Moldovan farmers improve the productivity and marketability of their products through the introduction of new varieties and modern production techniques, improved postharvest handling (cold storage, sizing, grading, packaging, transport) and other

services along the value chain, and linking producers and producer groups directly with buyers in target markets. Emphasis will continue to be placed on the following principles:

- All activities will be driven by market demand on two levels. First is in helping Moldovan producers respond effectively to specific demand identified in targeted end markets. The other level is responding to the demand for specific assistance and services from the producers themselves.
- Developing specific value chains is the focus of all program activities. Some activities may cut across all targeted value chains or benefit the agriculture community as a whole but all interventions are identified and defined on the basis of an analysis of the likely benefit to targeted value chains.
- The ACED program seeks to facilitate the delivery of needed services to value chain participants rather than developing its own internal capacity to provide services directly. Where adequate services are not available locally we do work directly with value chain enterprises while looking for ways to improve the supply of high quality local services on commercial terms.
- Continuous quality improvement is more than a slogan at ACED. Monitoring project activities, in terms of indicators established in the Program Monitoring and Evaluation Plan is fully integrated into all activities rather than being treated as an add-on activity to be undertaken at specific points in time. We will continue to constantly monitor the quality of our programs and the response of participants to those programs looking for ways to be ever more effective.
- Environmental protection concerns are also integrated directly into our programs. While operating in full compliance with USAID regulations, the ACED team is also proactive in ensuring that all programs are operated in an environmentally responsible way.
- Special steps are taken to include women in all or our program activities – especially producer training activities. We reach out to be sure that women have fair access to our training activities and additionally, we ensure their participation in study tours and other ACED activities.
- Working in close cooperation with MCC and MCA is another important principle of ACED implementation. We work closely with the MCA's Access to Agriculture Finance Program but we also participate in MCA information sharing meetings and training activities and submit articles for publication in their newsletter. A special major training program is being planned for the CIS areas to encourage small

farmers in those areas that will have new opportunities to irrigate as a result of the rehabilitated water systems to establish high value agriculture production activities.

- ACED also works in full and open cooperation with the Government of Moldova (MAFI) and other projects and donor organizations to reduce the problems that can arise from duplication of efforts – or worse, contradictory efforts. Major partners include the Central Phytosanitary Laboratory and State Phytosanitary Inspection Service, the World Bank, UNDP, IFAD and USAID’s Farmer to Farmer and CEED II projects.

The following are some of the specific activities we plan to implement in Year Two.

In Component 1, Activity 1, we will generally move from a study - analyze - design mode, with minimal emphasis on generating near-term sales results to a focus on developing new market linkages. This includes closely watching over initial shipments while supporting Moldovan producers in their efforts to meet buyer requirements. New markets will continue to be identified and studied, but with somewhat less intensity than was the case in Year One. Planning is also advancing towards ACED participation in at least two major international trade shows in Year 2 (World Food Moscow and Fruit Logistica in Berlin).

Activity 2 efforts will focus on continuing a series of specific training programs for participating farmers aimed at helping them produce product in conformance with the buyer requirements identified in the End Market Studies. This program includes five or six training modules (depending on the crop) for producers in each of the three targeted value chains in a total of 30 communities. They will also be involved, along with other ACED staff, in the development of a study of the stone fruit value chain covering cherries, peaches, plums and apricots.

The Activity 3 team will focus on practical development of the Value Chain Support Center and helping value chain enterprises meet the needs of producers and buyers with improved production and processing inputs and post-harvest facilities, matching enterprises having specific technical assistance needs with qualified local service providers, and improving the flow of communications among value chain participants. Launching of the interactive VCSC website, under the web name “AgroConnect.MD,” will be a major step in accomplishing these objectives.

The Activity 4 team has already completed a number of technical activities in Year One, including development of a RIA Manual, an Investor Road Map, a PERSUAP and related environmental protection documents. They also concretely defined a program to enhance the capacity of Moldova’s phytosanitary inspection and testing. They will move more into direct program implementation in Year Two by completing: the importation and installation of laboratory equipment, the preparation of phytosanitary reference material, and competitiveness (CIBER) and regulatory impact (RIA) assessments of important government regulations. Furthermore, they will provide training in food safety certification and monitor the

environmental impact of all ACED programs. At the request of MAFI, a program is also being developed to assist them in the drafting of a comprehensive strategy for the development of horticulture crops in Moldova. This program will be completed in Year 2 as well.

Component 2, which we were not able to start until February of 2012 (month 11 of Year One), is also now prepared to engage in a full set of activities to support high value agriculture producers, MSMEs and business service providers in Transnistria. This portion of the work plan is still subject to some modification as our initial assessment period ends and more concrete plans solidify. Farmer training programs already initiated in other areas will be offered in Transnistria as well, and the team will work directly with Transnistrian producer groups to develop viable market opportunities in Chisinau and export markets alongside their counterparts in other regions. Capacity enhancement programs will also be specially developed for Transnistrian SMEs in agriculture and other sectors of the economy as well as for the local service providers to whom they should be looking for technical support.

There are also two special activities that will be launched in Year Two. First is the beginning of a training program specially targeted at very small (<1 hectare) farmers in the CIS communities. This activity, which will continue into Yr. 3, will seek to identify individuals with an interest in participating in high value agriculture production on their small plots and find ways to help them make this transition. Planning for this activity anticipates presenting a two day initial program including a number of pertinent topics ranging from HVA market opportunities, to alternative ways to use irrigation to the safe use of pesticides.

The second special activity will be to stimulate the development of a nationwide Women in Agriculture network through which ACED will help participants receive whatever specialized training they need while fostering the development of useful mentoring and networking relationships among the participants. This is in addition to the day-to-day emphasis we place on maximizing the number of women participating in all ACED program and the extra effort put forth to be sure they are represented in study tours and market linkage activities.

The relative low level of spending that was experienced in Year 1, due to start up activities and a delayed launch of activities in Transnistria, will be largely erased with the enhanced level of activity projected for Year 2 and all parts of the project fully engaged.