



**PRIVATE FARMER COMMERCIALIZATION  
PROGRAM (PFCP)**

**CNFA-Moldova**

**FINAL REPORT**

**February 1, 2001 through August 31, 2004**

Submitted by:

**CNFA**

For:

**USAID-Ukraine**

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## TABLE OF CONTENTS

I.	EXECUTIVE SUMMARY	
	Background .....	4
	Key Accomplishments.....	6
	Agribusiness Development Project.....	8
	Conclusion.....	9
	Performance Benchmarks.....	10
	PFCP Project Locations.....	11
II.	FARM STORE DEVELOPMENT	
	A. Overview.....	12
	B. Moldova Farm Stores At-A-Glance.....	15
	C. Farm Store Program Impacts.....	16
	D. Pure Output Marketing Projects.....	18
	1. The Vatra Bakery.....	18
	2. Hulubas Def Meat Marketing Project.....	19
	3. Podgoreni Fruit and Vegetable Drying Project.....	19
	4. Siscani Cold Storage Services Project.....	20
	5. Jancom Output Marketing Project.....	21
III.	AGRIBUSINESS PARTNERSHIPS	
	Overview.....	21
	AP-1 Orhei Vit Farm Service Center.....	22
	AP-2 Daac Plant Transplant Seedling.....	24
	AP-3 Agrostoc Input Buying Cooperative.....	25
	AP-4 Alfa Nistru Individual Quick Freezing IQF.....	27
	AP-5 Anturaj Controlled Atmosphere Storage.....	29
	AP-6 Dionysos Virus-Free Viticulture Nursery.....	31
	AP-7 Salcuta Virus-Free Viticulture Nursery.....	32
	AP-8 Basfruct CA Storage and Drying.....	34
	AP-9 Food Pro Glazed Walnuts.....	36
	AP-10 RFC Improved Credit Access.....	38
IV.	USAID & CNFA APPROACH TO THE ENVIRONMENTAL ISSUES	
	1. Programmatic Environmental Assessment (PEA).....	39
	2. Environmental Review Document (ERD) Structure.....	40
	3. Main CNFA Environmental Department Activities.....	41
	4. Environmental Impacts of the CNFA Projects in Moldova.....	44

V.	AGRIBUSINESS ROUNDTABLES AND POLICY ISSUES.....	45
VI.	SMALL ENTERPRISE DEVELOPMENT (SED).....	46
VII.	OTHER PROJECT ACTIVITIES.....	48
	A. Monetization Program (Funded though USDA Food for Progress)....	48
	B. Moldova High Value Agriculture (HVA) Competitiveness Study.....	49
	C. Marketing Studies.....	49
	D. Environmental Activities.....	49
	E. Cooperation with other Agencies.....	50
VIII.	ANNEXES.....	51
	A. Farm Store photos.....	51
	B. Agribusiness Partnerships photos.....	52

# PRIVATE FARMER COMMERCIALIZATION PROGRAM

## Final Report for the Period February 1, 2001 through August 31, 2004

### I. EXECUTIVE SUMMARY

#### A. Background

The CNFA-implemented Private Farmer Commercialization Program (PFCP) has significantly assisted Moldova's economic growth and stability by establishing value chain linkages between hundreds of thousands of newly landed farmers, suppliers of credit and inputs, food processors, storage operators and distributors, and cash markets. **As a result, the profitability, competitiveness and export capacity of Moldova's food processing sector has expanded and importantly farmer incomes are increasing.** CNFA implemented the \$26 million PFCP activity with \$12.1 million of USAID funding and matching private investment of over \$14 million from February 1, 2001 to August 31, 2004. PFCP has been extended until August 31, 2005 for the development of a Grain Warehouse Receipt Project.

Enterprise development, including a competitive matching grant component, supported by CNFA's policy reform efforts and two separate U.S. Government funded programs: the USAID-funded Farmer-to-Farmer Program and USDA Food for Progress Credit Fund formed the core activities of PFCP. Technical assistance and enterprise grants were employed to build a national network of 85 village based enterprises that link farmers to inputs, credit, technical assistance and output marketing services. To increase farmer access to expanding cash markets, PFCP initiated larger-scale Agribusiness Partnerships with key value added food processors, stimulating private sector investment and commercial finance substantially improving the competitiveness and positioning of Moldovan HVA exports. Agribusiness partnerships were implemented with a 2.5:1 matching private investment requirement, while USAID/CNFA enterprise grants for the creation of Farm Stores were matched by a minimum 1:1 investment from local entrepreneurs.

PFCP was an outgrowth of the USAID Agribusiness Partnership-2 program for Moldova (AP-2).<sup>1</sup> Building upon the positive results of the AP-2 program, USAID/CNFA began the PFCP initiative with the purpose of using CNFA's proven agribusiness development model to provide valuable post-privatization assistance to Moldova's new class of private farmers created under the USAID National Land Program. The overall objective of PFCP was to link newly landed private farmers with access to essential inputs, credit and output markets, as well as technical assistance, thereby addressing **USAID Strategic Objective 1.3: Accelerated Development and**

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<sup>1</sup> CNFA successfully implemented AP-2 from October 1, 1996 through June 30, 2001. Under AP-2, 14 new Agribusinesses, 10 farm stores, 64 milk receiving stations, and 49 Savings and Credit Associations were created. These proved to have significant impact, providing access to agricultural inputs, linking farmers to output markets, providing job opportunities and raising farmer incomes.

**Growth of Private Enterprises.** USAID/CNFA achieved this objective by implementing specific program activities:

- Launched 85 (an initial 10 farm stores were established under AP-2 as a pilot initiative) community level farm store enterprises which provide input supply, training and information, credit and output market networks to over 500,000 farmers, improving production and increasing farm incomes by 15-20%;
- Annual turnover for Moldova’s network of 85 village based farm store enterprises for 2004 is over \$8 million with average weekly sales of \$2,000 per store. Over the next three years sales are expected to grow to a level of \$13 million annually;
- Designed and implemented “Farm Store College” a modularized education program which trained over 200 farm store managers and staff in accounting, inventory management, marketing, and new agronomic and veterinary technologies. Strengthened the capacity of two local Moldovan business service organizations (ACAI and CCA) to provide training and business consulting services to farm store enterprises on an on-going basis;
- Established and strengthened, in cooperation with local BSOs and the Moldovan Rural Credit Corporation, 71 village level Savings and Credit Associations, which made over \$2 million in small production loans to 8,200 farmers in 2003 and maintained a 98% repayment rate;
- Established Agrostoc, a major input supply purchasing cooperative owned and operated by 68 farm stores that provides purchasing, distribution, credit and technical assistance to its farm store members;
- Developed 10 commercially-viable agribusiness partnerships, introducing three new technologies to Moldova and expanding the country’s capacity to produce high value fresh and processed products and compete in world markets;
- Created incentives to increase commercial finance and enhanced firm level success through targeted technical assistance and by reducing the cost of accessing new competitive technologies;
- Conducted an in-depth study of Moldovan competitiveness in export markets of HVA products and created a blueprint to help the Moldovan Government, private sector and donor community support and facilitate increased competitiveness;
- Expanded credit programs in collaboration with Moldovan commercial banks, World Bank, the Rural Finance Corporation, IFAD and other donor agencies, including introduction of land purchase-mortgage loans and medium-term credit;
- Created over 1,600 permanent jobs at partner enterprises;
- Promoted policy reform to support both private farming and the development of competitive, world-class food processing and marketing enterprises; and
- Conducted 140 agribusiness volunteer assignments that strengthened the development of Moldovan small and medium-scale agribusiness, through the USAID-funded Farmer-to-Farmer program.

## **B. Key Accomplishments**

**The Rural Farm Store Network** is a key component of CNFA's ongoing effort to create a new agricultural service infrastructure in Moldova. Farms Stores are rural development centers that meet the needs of private farmers by providing agricultural inputs (crop protection materials, fertilizers and seeds), machinery services, veterinary services and products, marketing assistance for agricultural outputs, training and information, and access to credit. Building on the success of ten farm stores established by a pilot initiative under the AP-2 program, CNFA has established a network of 85 independently owned and operated farm stores, leveraging \$3.2 million in USAID/CNFA grant assistance with \$7.6 million in local partner investment. The Farm Store network under PFCP has become Moldova's largest supplier of agricultural inputs and services, with 80 stores and five pure output marketing projects.

- The 80 sustainable Farm Stores created by the project have generated 761 new jobs in rural areas (407 women and 354 men);
- The Farm Store network generated \$6.1 million in sales in 2003 and \$4.6 million in sales through June of 2004, providing good and services to more than 220,500 private farmer clients;
- A database of over 400 suppliers of various items for store inventories was created to improve inventory management and diversify product selection at the stores, leading to a quadrupling of average store inventories from 2000 to 2004;
- More than 214,000 farmers have attended the training seminars organized through Farm Store training rooms, and received direct consultations from Farm Store agronomists, the National Extension Agency and other trainers over the course of PFCP;
- 47 Farm Stores now offer output-marketing services, increasing farmer access to markets and bringing them one step closer to a cash economy. In four years, these stores have created a cash market worth over \$2.3 million for farmer produce.
- The **input supply cooperative Agrostoc was created** by CNFA in collaboration with Farm Stores and Soros/EWMI, and has become one of the most successful cooperatives in Moldova. Agrostoc combines the purchasing power of 68 farm store members countrywide, giving them the ability to deal directly with input producers and first-tier distributors, bringing down costs to stores and their customers and enhancing store profitability. Agrostoc sales continue to grow, achieving \$1.4 million in the first six months of 2004 - 2.4 times more than the same period of 2003.

**CNFA Agribusiness Partnership (AP) Projects** forged partnerships with businesses to **improve value-adding technology, link farmers to cash markets, promote exports and leverage investment in the agriculture sector.** AP projects have successfully led to the introduction of 2 controlled atmosphere storage projects, 1 IQF (flash freezing) plant, 1 glazed walnuts plant, 2 virus free viticulture nurseries, 2 farm service center/input supply distribution enterprises, 1 innovative transplant seedling project and 1 rural credit access project that created 6 new regional lending offices for the Rural Finance Corporation. Of particular note are the following project results:

- **The first Controlled Atmosphere (CA) Cold Storage in Moldova was created by Anturaj and CNFA** to address deficiencies in handling and storage of produce. The 2,000-ton capacity facility is used to store apples for sale in the extra season. Export sales in 2003

accounted for 95% of the company's sales, an increase of \$727,300 compared to sales prior to 2002. Anturaj buys high quality apples for storage from over 4,850 private farmers at prices 4 times higher than those offered by processors - leading to a 34% increase in income.

- The **first modern Individual Quick Freezing (IQF)** project in Moldova introduced value-added technology to Moldova and represented an important collaboration between USAID, the Dutch government, private sector implementers and the local Moldovan Company, Alfa Nistru. Operations began in May 2004 and when operating a full capacity, the IQF plant will double Moldova's capacity to freeze fruits and vegetables. Alfa Nistru's primary suppliers are the more than 3,000 small farmers that cultivate their land in northern Moldova. **More than 75% of the firm's products are targeted for export markets, including entry into the Netherlands.**
- The Orhei Farm Service Center has increased farmer incomes by providing access to new markets and modern technology. Orhei Vit's strategy of expanding its product mix, particularly regarding berries, requires it to work closely with farmers, offering training and high-quality inputs to farmers that are current and potential suppliers of berries. The FSC sales from inputs and services increased from \$375,000 in 2003 to \$583,000 in 2004.
- With USAID/CNFA assistance, DAAC-Plant made high-quality seedlings available to Moldovan vegetable growers. During the last year of the PFCP program, sales increased to \$425,000, reaching a volume of 16 million transplants. These **high-quality seedlings provide 30-50% more yield to farmers** and allow farmers to reach the market earlier resulting in significantly higher profits.
- USAID/CNFA partnered with Dionysos Mereni and Salcuta, Viticulture Nurseries to establish rootstock and grafter nurseries that will produce enough virus free seedlings to plant 150 hectares of new vineyards per year. The virus free vineyards that will result from the project will have a **productive life that is 50% longer and produce 50% more and higher quality grapes**, thereby enhancing the rehabilitation of Moldovan viticulture, an important cash crop for small farmers.
- The Rural Finance Corporation was assisted in establishing 6 regional credit centers to enhance direct commercial lending capabilities and significantly improve the access of private farmers and rural entrepreneurs to credit funds. **In addition, within PFCP 71 savings and credit associations (SCA) have been created/strengthened, bringing over \$1.2 million of liquidity to rural villages.**

**CNFA's Agribusiness Volunteer Program** has contributed to PFCP objectives by supporting private farmers in efforts to increase their incomes and improving farmers' links to private agricultural markets. The program has placed 143 volunteers on assignments with CNFA PFCP Agribusiness Partners. Of the volunteers placed on consulting assignments, 91 have worked to increase farmer incomes by helping them engage in commercial activities; 28 have worked to increase access of private farmers and agribusiness entrepreneurs to credit by assisting with financial planning and management; and 24 volunteers have offered consulting to strengthen private agribusiness that contribute to the development of rural areas.

**Moldovan High Value Agriculture Export Competitiveness Study**, published in the spring of 2004, concludes that rebuilding Moldova's processing and exports of high value agriculture

(HVA) – fresh fruits and vegetables – to 1985 levels has the **potential of generating \$1 billion of annual export earnings resulting in the creation of 100,000 rural jobs and \$50 million of annual tax revenues.**

The study provides an overview of the Moldovan HVA sector and supplies recommendations to investors, producers, traders, donors and government officials alike enabling concrete actions to be taken to expand the Moldovan economy, improve incomes and provide employment by significantly increasing HVA exports. A prerequisite for the development of Moldovan HVA is the facilitation of investment in the sector. CNFA estimates that \$2 billion is needed to return Moldova to 1985 levels of production and increase quality in order to compete in today's marketplace. CNFA's primary conclusion is that a healthy and vibrant private processing sector will function in the long term as a key investment source, and act as the link between farmers and export markets in Moldova.

Based on the results of this study and the practical business plans that were developed, CNFA concludes that the processing sector should drive HVA growth and encourage growers to increase returns and investments by creating a high and rewarding demand for their produce. By adding value to the primary HVA crops, producing and exporting internationally competitive goods, the sector will contribute to an improved balance of payments, leading to sustainable broad-based economic growth.

### **C. Agribusiness Development Project**

The success of Private Farmer Commercialization Program activities has led to the expansion of the CNFA program under a new 5-year, \$19.2 million contract entitled Agribusiness Development Project (ADP) in Moldova. Beginning in June 2004, ADP will build on the successes of the Private Farmer Commercialization Program with the objective to increase the competitiveness of Moldova's high value agriculture sector. ADP has four components: (1) Information, export market penetration and diversification; (2) Agribusiness – establishing and strengthening of value-adding enterprises to produce for export markets; (3) Farmers – increasing for export the supply and quality of agricultural products at the farm level; and (4) Organizational development – agricultural producers and/or industry associations.

In implementing ADP, USAID/CNFA will employ an “export market linkages approach” aimed at strengthening the effectiveness, quality and environmental capacities of strategic players in the Moldovan high value agriculture (HVA) export market value chain – processors, producers, aggregators and exporters. CNFA will provide targeted technical assistance and up to \$7.5 million of matching grants to qualifying mid-level, medium and small scale HVA processors, intermediary value adding enterprises, exporters and value adding service providers, small and medium-scale producers, as well as producer and industry associations.

In the first year, CNFA objectives for ADP implementation include the following:

- Launch a series of cluster and sub-cluster needs assessments and market studies;
- Develop agribusiness capacity to identify and diversify export markets and meet demand;

- Design and implement a technical assistance and grants program to develop export market linkages;
- Strengthen the capacity of Moldovan growers and producers to meet export market demands;
- Initiate collaboration among value chain participants to build a culture of quality.

**D. Conclusions**

USAID/CNFA's focus on providing input supplies, output-marketing support, improved access to financial services and technical training, and introduction to new value-added technologies to Moldovan enterprises has and will continue to increase the number of agricultural sector jobs, to increase demand for high quality raw materials and to raise farmer incomes.

Over the cumulative period of PFCP, **1,618 jobs were created** at 10 newly developed Agribusiness Partnerships and 75 Farm Stores. Over 1.3 million farmers have received services, access to inputs, training and production credit through the farm service centers and farm stores created under the PFCP during the program period. The volume of farmer output marketed by those farmers receiving assistance from Farm Stores, farm service centers and processing enterprises assisted by USAID/CNFA through the PFCP and AP-2 programs more than doubled from \$5.6 million in 2002 to \$11.4 million in 2003. Furthermore, farmer **incomes increased 20-30%** in areas with access to high quality inputs through farm stores and farm service centers.

USAID/CNFA's successful implementation of PFCP has led to significant private sector investment in new technology, improved quality standards and developed strong linkages between producers and output markets. USAID/CNFA have supported the development and growth of private agricultural enterprises, and that growth will continue to be expanded as those who have benefited from PFCP further develop their skills and pass on to others the knowledge they have gained.

## E. Performance Benchmarks

<b>Input/ Output Market Activity (IR 2.1)</b>					
	Existing Baseline 2000	Yr. 1 <b>Achieved</b> 2001	Yr. 2 <b>Achieved</b> 2002	Yr. 3 <b>Achieved</b> 2003	<b>Achieved Thru 2nd qtr. 2004</b>
Total Farm Store Projects (cum.)	9	30	60	85	85
Total co-ops developed (cum.)	8	14	21	31	32
Number Stores purchasing outputs or providing output marketing	5	11	26	43	47
Volume of farm store business	\$150,000	\$1,100,000	\$2,420,000	\$6.1 M	\$4.63 M
Year-to-year percentage increase in existing store sales volume	Baseline	147%	34%	N/A	N/A
Volume of farmer output marketed <sup>2</sup> (brokered, purchased or processed)	Baseline	\$114,817	\$5.6 M	\$11.4 M	\$1.03 M
Number of Farm Service Centers providing input/marketing services	4	6	7 <sup>3</sup>	7 <sup>2</sup>	7 <sup>2</sup>
Number of AP processing/marketing enterprises expanding production and/or exports (cumulative)	7	9	11	14	14
Number of private farmers receiving services	25,000	242,228	420,193	410,757	235,500
Volume of FSC business	\$3.0 M	\$4.55 M	\$5.4 M	\$3.2 M	\$1.94 M
Clients/farmers rec. training					
Total		5,447	8,083	4,440	4,260
Men		4,063	5,957	2,920	2,742
Women		1,384	2,126	1,520	1,518
New jobs created (cumulative)					
Total		<b>New Indicator</b>	947	1,255	1,618
Agribusiness Partnerships			274	390	639
Farm Stores			519	647	761
Savings and Credit Assoc.			154	218	218

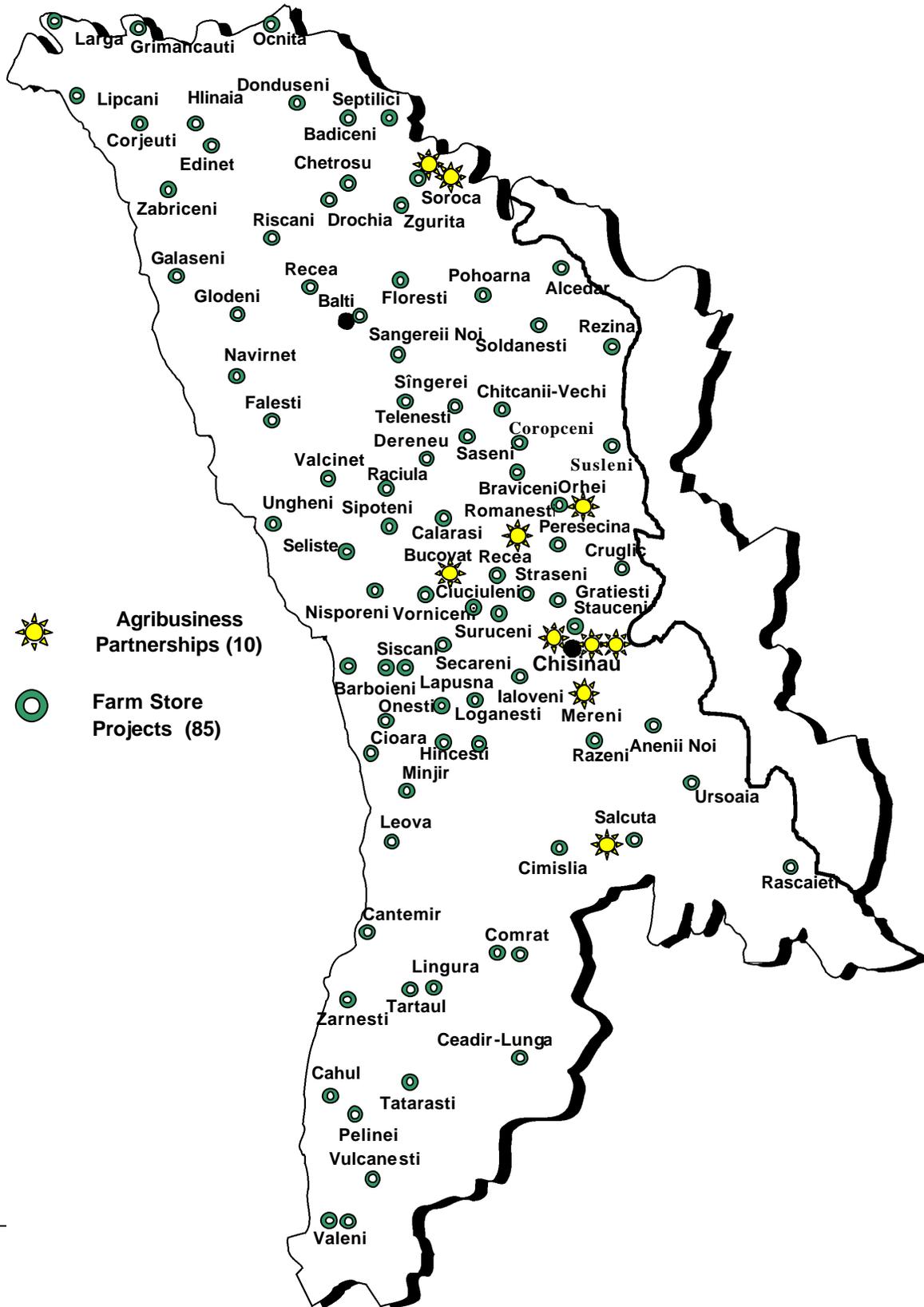
<b>Financial Services Activity and Women in Development Activity</b>					
Number SCAs created or strengthened (cumulative)	45	76	86	128	128
Number of SCA loans	2,603	7,200	9,455	12,284	12,284
Volume of SCA loans	\$412 K	\$1.5 M	\$1.95 M	\$4.42 M	\$4.42 M
Number of loans in PFPCP activity <sup>3</sup>	65	98	110	110	110
Volume of PFPCP lending <sup>3</sup>	\$750 K	\$1.1 M	\$1.13 M	\$1.2 M	\$1.2 M
<i>Women in Development Activity</i>					
Women in training seminars	110	1,384	2,126	1,520	1,518
Number of new women-owned or managed enterprises created (Cum)	2	3	3	3	3
Number of women-owned or managed enterprises assisted trained, consulted, etc. (Cum)	5	16	19	36	36

<sup>2</sup> Includes Farm stores, Farm Service Centers and Processing enterprises assisted through PFPCP and AP-2

<sup>3</sup> Includes Agrostoc Input Buying Cooperative

<sup>3</sup> Monetization project closed, results are through 12/31/2003

## F. PFCP Project Locations



## **II. FARM STORE DEVELOPMENT**

### **A. Overview**

The collapse of Moldova's centrally planned economy left Moldovan farmers without the input supply and output marketing channels vital to successful agriculture. The steady decline in the availability of and investment in agricultural inputs led to a corresponding decrease in crop yields and pushed many areas of Moldova to the level of subsistence agriculture. Low quality seeds and other inputs, sold by unlicensed and unregulated merchants, often compounded the problem. These products, rather than having their intended effect, served to sap resources from an already cash-poor economy.

In January 2000 CNFA began implementing the Farm Store Program as part of its ongoing effort to create a new agricultural service infrastructure in Moldova. The pilot phase, funded under AP II, included the creation of ten village level retail outlets. Stores were developed in partnership with Moldovan businesses, and grant funding was offered on a 1:1 matching basis.

Leveraging funds from Soros Foundation-Moldova and the World Bank, the stores created during the pilot phase established the "rural development center" model, having a showroom, training room, savings and credit associations offering affordable small loans to members and store customers and demonstration plots to promote store merchandise and educate local children and area farmers in effective growing techniques. In addition, an agronomist was staffed to provide consultations to customers. USAID approved this model for the 3-year Private Farmer Commercialization Program (PFCP), which led to the creation of a network of 85 stores throughout Moldova.

More than 450 applications were submitted to the CNFA Farm Store Program for grant assistance for the establishment of a store. Based on selection criteria approved by USAID/CNFA and the 92 feasibility studies carried out in 637 localities, the best 75 partners were selected for project implementation: 55 limited liabilities companies, 17 cooperatives, 10 joint stock companies, 2 sole proprietorships and 1 association. Out of 80 stores, 30 are located in towns and 50 are village stores. As of June 30, 5 out of 85 farm stores (Tartaul, Riscani, Hlinaia, Raciula and Singerei Noi) were closed due to temporary financial problems.

The Farm Store network created under PFCP has become Moldova's largest supplier of agricultural inputs and services, with 80 stores and 5 output marketing projects. These stores follow the rural development center model, endeavoring to meet the 5 major needs of Moldova's farmers:

- Agricultural inputs
- Machinery, machinery services, parts and maintenance
- Marketing assistance for agricultural outputs
- Training, information and consultations from store agronomists and local NGOs
- Access to store credit and small loans from Savings and Credit Associations

USAID/CNFA grants of \$30,000 - \$50,000 were matched by a minimum 1:1 investment from selected partner enterprises for the implementation of each farm store project. Grant funding was

used to cover start-up costs for the stores, such as: construction materials for building renovation, operating licenses, office equipment and agricultural equipment, environmental mitigation and training and technical assistance for farm store staff and clients. Local partner investment consisted of cash for direct labor costs, inventory, trade credit to farmers and split funding of agricultural equipment, as well as existing fixed assets such as the building used to house the farm store and company-owned equipment dedicated for use under the project.

In total, local partners invested more than \$7.5 million, along with \$3 million from USAID/CNFA. Two audit companies, Price Waterhouse Coopers and Ernst and Young, were selected to perform financial reviews of the cost-sharing contribution of each project before the end of June 2004. According to the auditors' report, all companies met the USAID minimum cost-sharing ratio of 1:1.

## **B. Moldova Farm Stores At-A-Glance 85 Projects/Stores Open**

### **USAID/Local Investment**

- \$3.16 million to date from USAID
- \$7.62 million to date from local partners
- New jobs created - 761 (407 women and 354 men)

### **Sales/Profit**

- Total sales program wide:
  - 2001: \$1.1 million
  - 2002: \$2.5 million
  - 2003: \$6.1 million
  - 2004 (6months): \$4.6 million
- Average weekly sales/store:
  - 2001: \$1,000
  - 2002: \$1,300
  - 2003: \$2,000
  - 2004 (6 months): \$2,450
- Average net profit/store:
  - 2001: \$4,700
  - 2002: \$6,240
  - 2003: \$7,350

### **Output Marketing**

- Cash market for farmer output
  - 2001: \$115,000
  - 2002: \$355,000
  - 2003: \$1,413,000
  - 2004 2nd Q: \$424,578

### **Components**

- Town stores – 30; Village stores – 50
- Output marketing projects – 5
- Stores selling inputs – 79; machinery services – 65, output-marketing services – 47
- Veterinary pharmacies – 34

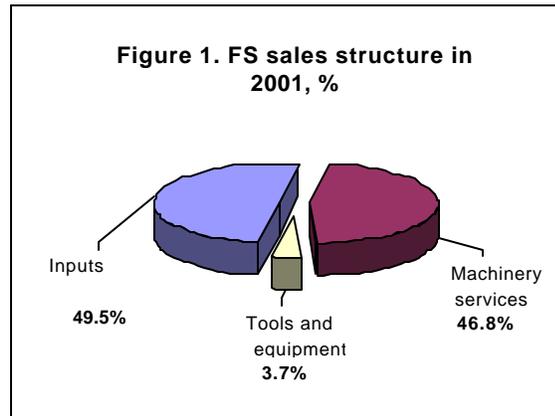
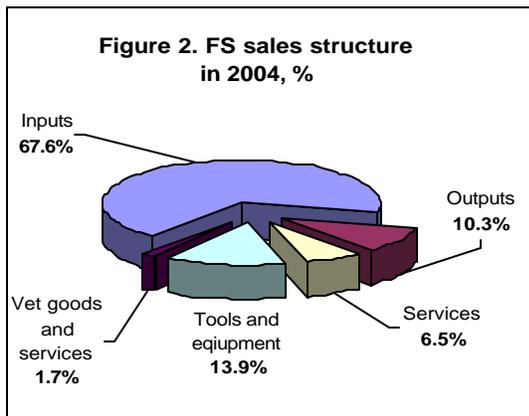
- SCA development: 21 created and 50 consolidated.

### **Clients**

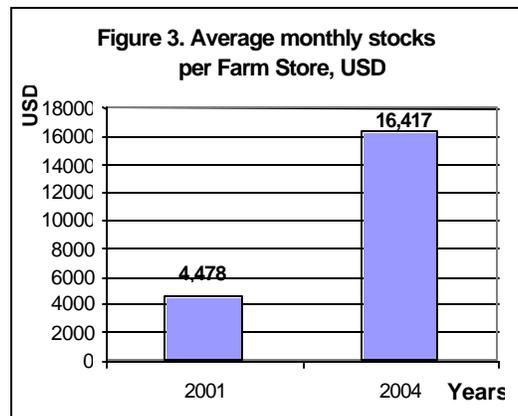
- Average of 3,900 clients per store
- Total clients served program wide:
  - 2001: 97,000
  - 2002: 198,700
  - 2003: 408,000
  - 2004 2nd Q: 220,500
- Total farmers benefiting from training and consultations program wide:
  - 2001: 10,600 - 7,844 men, 2,756 women
  - 2002: 40,580 - 29,700 men, 10,880 women
  - 2003: 98,000 - 63,700 men, 34,300 women
  - 2004 2nd Q: 65,000 – 41,000 men, 24,000 women

### C. Farm Store Program Impacts

- Creations of Jobs: As a result of 85 implemented projects, **761 new jobs were created (407 women and 354 men)**.
- Financial Results: In the first 6 months of 2004, sales program-wide **reached \$4.6 million in goods and services to more than 220,500 private farmer clients**, with 71 out of 80 stores reporting positive financial results for the first half of the year. This works out to **average sales of \$9,800 per store, per month and to approximately 3,900 clients per store, per year**. In comparison, the stores in 2001 had average sales of just over \$3,900 per store, per month, reaching an average of 1,800 clients per store, annually.



- Inventory Management: In order to ensure a permanent supply of high quality, reasonably priced inputs for the farm stores, a database of over **400 suppliers** was developed. This database, combined with consulting support to improve stores' inventory management to diversify product selection and to facilitate seasonal shifts in merchandise, **led to a quadrupling of average store inventories from 2000 to 2004**.



- Training: A key aspect of the Farm Store Program and CNFA's efforts have focused on:
  1. **Professional development training for farm store staff**, provided by local NGOs ACAI Inform, CCA and ACAP
  2. **Farmer training and extension services** provided by ACAI and ACSA through the farm store training rooms and store agronomists

3. **Start-up training and on-site consultation to farm store personnel.** Technical assistance was provided mainly by ACAI-Inform to help the farm stores obtain commercial licenses, form connections with input suppliers and purchase a minimum selection of inventory for store opening. In order to help prepare farm store personnel at the initial stages of development, ACAI-Inform also organized quarterly training for farm store employees on the following topics:
  - Use of the Computer and Standard Programs
  - Prevention and Treatment of Livestock Diseases
  - Agronomy and Plant Protection Technologies
  - Accounting Standards and Taxation Regulations
  
4. **Specialized business training** course were developed for the farm stores. **Farm Store College** (FSC) was one of the basic components of the Farm Store Program and was designed to teach the management teams of the farm stores efficient and professional business management skills, thereby improving the financial performance of the stores and ensuring their sustainability.

This program was launched by CNFA in the second quarter of 2002 for farm store accountants and managers and was implemented by local NGOs ACAI Inform, ACAP and CCA. The program included development of the following modules:

- Managerial accounting.
- Financial management.
- Marketing and management essential elements to run a business.

In May 2004, the FSC training program was completed. During program implementation, **90 seminars, attended by 792 farm store employees** were organized. At the end of the program, a conference focusing on “Human Resources - the most valuable investment of an organization” was held and graduates received training certifications. In the second half of 2004, ACAI Inform will continue the training seminars for farm store management teams with funds accumulated from fees paid by the stores for their participation in Farm Store College.

Local NGOs ACAI and ACSA both contributed to the effort to provide training to the private farmer clients of the stores. ACAI conducted this training during the first two years of the program and ACSA took over the activity in the final year.

Topics ranged from modern agronomy and plant protection to farm financial management, accounting and marketing of agricultural produce. In addition, farm store staff agronomists provided direct consultations regarding store products, field diagnoses of pest problems and advice on increasing productivity and quality. As a result of this farmer outreach campaign, **more than 214,000 farmers** attended the training seminars organized by these two NGOs in the farm store training rooms, and received direct consultations from farm store agronomists.

- Obtaining Licenses: ACAI helped farm store owners obtain licenses for the storage and sale of seeds and agrochemicals, with 79 such licenses being obtained over the course of the program.
- Obtaining Bank Loans: To provide additional operating capital to partner businesses for project implementation, 25 local partners received bank loans as a result of ACAI and CCA support, totaling more than \$570,000. This additional capital was utilized for the purchase of agricultural machinery and the expansion and/or diversification of store inventories.
- Farmer access to credit: Credit was a key farm store strategy throughout program implementation, with the stores making, on average, **30% of all sales on credit**. Significant attention was also dedicated to the creation and consolidation of Savings and Credit Associations (SCAs), which played a major role in providing unsecured, crop-cycle loans to members and partially relieved stores of the need to carry the credit burden alone. To this end, CNFA contracted two local NGOs: The Rural Development Center (RDC) and The National Federation of Savings and Credit Associations (NFS). As a result of technical assistance provided by RDC and NFS to SCAs through the Program, **21 SCAs were created and 50 were consolidated**. This led to significant increases in the number of SCA members in farm store communities, as well as in SCA loan volume.

#### Farm Access to Credit - Key Indicators

Indicator	2001	2004
No of SCAs in FS communities	4	67
No of SCA members in FS communities	118	11,846
Including females	56	6,240
No of loan beneficiaries in FS communities	99	8,263
Outstanding loans in FS communities, MDL	180,800	35,685,804
SCA Equity in FS communities, MDL	28,720	7,065,697
SCA Member savings in FS communities, MDL	0	646,075

- Crops to Cash: CNFA made an effort to select local partners that would not only be able to supply high-quality agricultural inputs, services and training to farmers, but also to help those farmers convert their crop into cash. **Out of 80 projects, 47 companies offer output marketing services to farmers and, in four years, have created a cash market worth over \$2.3 million for farmer produce, representing a vital injection of cash into local economies.** CNFA anticipates that this relationship will become the true driving force behind future farm store sales. As farmers learn that a qualitative product can gain them access to a cash market for their crop, they will be motivated to invest in inputs and services provided by the stores.

- Agrostoc Input Buying Cooperative: By the time this Agribusiness Partnership project was completed in March 2004, **Agrostoc was one of the most successful input supply cooperatives in Moldova, offering its services to 68 farm stores. Sales of input supplies continue to increase dramatically, achieving \$1.4 million in the first six months of 2004, which is 2.4 times more than the same period of 2003.**

#### **D. Pure Output Marketing Projects**

The Farm Store Program succeeded in achieving its goal of 85 total projects implemented by June 30, 2004. As planned, 5 projects were developed to focus on helping improve farmer access to output markets; these projects did not include any actual farm store or input supply activity. These projects represent a departure for the Farm Store Program and are an indication of the success the program has already had in alleviating farmers' lack of access to agricultural inputs. With greatly improved access to inputs, increasing yields and better crop quality, farmers' most pressing need has become access to markets for their crop. These 5 projects are a model for small grant intervention to add value and expand markets for private farmers, and all 5 have shown significant measurable impacts in terms of farmer output marketed through them. Descriptions of these pilot projects follow:

**1. The Vatra Bakery** in Valeni started its activity in June 2004 using new, modern equipment and advanced production technologies. As a result of project implementation, the bakery significantly increased the assortment, quantity and quality of its products. Beside traditional loaf bread, the company is now producing various doughnuts, cookies and other pastries. Her Excellency Heather M. Hodges, U.S. Ambassador in the Republic of Moldova and Minister of Agriculture, Mr. Dmitri Todoroglo attended the opening ceremony of the Valeni bakery.

#### **Project Impacts:**

- The Company is selling about **1.2 tons of baked goods daily to more than 15 thousand people** from 6 villages in Cahul and Vulcanesti rayons.
- The new bakery created **16 jobs** (2 men and 14 women) working in two shifts of 8 employees.
- In addition, significant technical assistance and marketing support were provided through the project in order to build the skills of the local partner company and ensure sustainability and growth after project conclusion. CNFA local partner ACAI-Inform NGO provided business development services for the company's managerial team in the following areas:
  - Development of a Marketing Plan;
  - Packaging design;
  - Development of distribution channels – assistance in finding new partners and clients to expand the company's markets;
  - Research into the local market – competitors, quality and prices;
  - Establishing a pricing policy;
  - Identification of ingredient suppliers;
  - Registration of each product (bread, buns, bagels, etc.) with the local sanitary authorities;
  - Registration of the company trademark VATRA.

- Training seminars on crop production technologies were attended by 52 local wheat farmers (36 men and 16 women). Farmers from the nearby villages of Valeni, Slobozia Mare, Caslita Prut and Colibas attended.

2. **Hulubas Def** has a meat-marketing project, which installed modern deep freezing equipment for five cold storage chambers and an air cooler for temperature control in the company's carving room. The equipment meets required quality standards and allows freezing of meat at -30°C and storage at -20°C. Installation of the new equipment allows carving and storage of larger quantities of beef, as well as allowing the company to start carving and exporting pork and mutton.

#### **Project Impacts:**

- As a result of project implementation, the company expects to acquire about **700 tons** of meat from 1,600 farmers by the end of 2004, generating an additional **cash market** for farmer-suppliers valued at **\$880,000**.
- The project created 26 jobs, including 12 people in meat acquisition, which involves finding suppliers of live animals and meat from all over Moldova.
- In order to access export markets, Hulubas Def initiated the implementation of **HACCP (Hazard Analysis and Critical Control Points) standards**. HACCP is a management system in which food safety is addressed through the analysis and control of biological, chemical, and physical hazards from raw material production, procurement and handling, to manufacturing, distribution and consumption of the finished product.

Three companies (ProEra Grup Ltd, CAMIB and CPC Ltd) submitted their bids to provide HACCP certification training to Hulubas Def. ProEra Grup was selected and was contracted to perform an internal audit and to introduce HACCP Standards. As a result of the technical assistance provided, a Quality Management System was developed and implemented. The internal audit concluded that Hulubas Def fully complied with HACCP requirements and that it can apply for an external audit and certification.

- Technical assistance was provided by CAMIB NGO to develop a web page for the company ([www.hulubasdef.com](http://www.hulubasdef.com)), as well as promotional materials. CAMIB is a Moldovan NGO that provides marketing and export promotion services, such as: market studies both in and outside Moldova; preparation and distribution of market and marketing information for operational and training purposes; and support in identification of export trade-partners and investors.
- During project implementation, CAMIB also performed an assessment of the local and external markets for Hulubas Def. The studies show the current situation in the meat sector of Moldovan and Belarusian markets.

3. **Podgoreni Fruit and Vegetable Drying Project** was implemented by one of the first companies in Moldova to use infrared convection technology. The equipment was installed and began operating in June 2004. Total production capacity of the equipment is 300 tons of finished produce per season. Using the new infrared technology, the company is able to produce premium quality dried fruits and vegetables, which are in high demand on external markets. In order to facilitate the company's entry into Russian and Romanian markets, two trade missions were organized by MEPO NGO in June 2004. **MEPO** is a local NGO that provides technical and

strategic information on international trade and on Moldova's business climate. The missions achieved their objectives of establishing contacts with potential buyers and promoting the company's future product assortment, as well as determining the buyers' requirements concerning quality and packaging.

**Project Impacts:**

- As a result of project implementation, an entirely new **cash market for farmer** output worth almost **\$150,000** will be created. To achieve this objective, Podgoreni opened **6 collection points** in three districts.
- **Nine new types of dried products:** apples (slices), plums, sour cherries, sweet cherries, peaches, pears (slices), grapes, melon and paprika, packed in polythene and paper bags that were developed by Podgoreni with the assistance of MEPO NGO. Each type of product and package has a label with product information and storage requirements.
- As a result of project implementation, the company **created 68 jobs (60 women; 8 men)**.
- Technical assistance was provided to develop the **BonTon trademark** and company logo, design and printing of promotional materials and packaging. Additionally, MEPO supported Podgoreni in registering the company web site ([www.bonton.md](http://www.bonton.md)), which has been registered at about 60 search engines.

**4. Siscani Cold Storage Services Project**, implemented by Niv-Impex Ltd, adds value to grapes cultivated by private farmers and helped them access new export markets, thereby increasing their incomes. The majority of farmers in the area grow table grapes and their sale makes up a large portion of farmer income. The project rehabilitated five cold storage units, enabling the company to provide farmers with efficient and affordable cold storage services for 710 tons of fresh produce. This facility allows client farmers to sell table quality grapes for 3 times the price they receive from processors or from fresh market buyers at harvest, resulting in a net 30% increase in farmer income. Having access to cold storage permits the sale of fruit in the winter and spring months when the prices are highest, making this a profitable option for Moldovan fruit producers and marketers. Also important, the company established commercial relationships with buyers from key export markets in Russia (Saturn Ltd and Digusari Ltd) and Belarus (SP Nichiforova NA). The grapes are sold on a contract base, at Ex-Works prices.

**Project Impacts:**

- As a result of the project, more than 100 local farmers benefited from cold storage and export marketing services, storing over 900 tons of fresh grapes and apples and receiving approximately **\$300,000 in cash from the sale of table grapes**, over the life of the project;
- **Farmer income increased by 30%** as result of improved quality and extended marketing period of fresh grapes;
- Two full time and sixteen seasonal positions were created over the course of project implementation;
- More than **400 farmers were trained** in production, harvesting and post-harvest and sorting techniques to maximize their prices and income and provide better quality produce for storage;
- The web site of the cold storage project from Siscani was developed and placed on the Internet with the address [www.niv-impex.md](http://www.niv-impex.md).

**5. Jancom Output Marketing Project**, implemented by Jancom JSC improves access to export markets and adds value to apples and table grapes cultivated by private farmers in southern Moldova. It allows the farmers to sell table quality fruits for 2-3 times the price they receive from processors (canneries and juice plants), and resulted in a net 25% increased in farmer income.

**Project Impacts:**

- As a result of the project, acquisitions of fresh fruits **increased from 140 tons to 430 tons** (purchased from 40 farmers), **valued at \$57,000**;
- The project created **14 jobs** (5 men and 9 women), of which 4 were employed in the marketing department and the remaining 10 were switched from seasonal employees to permanent company staff. Refrigerating unit staff includes 5 men and 9 women.
- The **training** program element of the assistance was attended by more than 100 area farmers. Training included modern vineyard and orchard protection techniques; harvest, post-harvest and sorting techniques; and integrated pest management.
- Development of the **Frutamin trademark** is a prerequisite to build the company identity and raise awareness among potential buyers and consumers regarding company products. In the long term, with adequate brand management, it will lead to more consistent sales and additional revenues (trade mark bonuses).
- Development of packaging design has been an important task of the project, in order to maintain product quality and appearance over long transport distances.
- In order to increase the company's exports to Russia, a trip was organized to meet with potential buyers and to evaluate their level of interest. This was also used to determine the buyers' requirements concerning quality and packaging, and in solving logistical issues regarding the delivery of the produce.

**III. AGRIBUSINESS PARTNERSHIP PROGRAM**

**A. Overview**

The Agribusiness Partnership (AP) program focused on increasing farmer income through adding value, improving marketing systems and encouraging exports of agricultural products. The AP program developed and implemented projects that helped Moldovan partners address market linkages from production to the retail shop. Training for farmers helps them improve production and harvesting techniques, leading to higher quality products. Proper storage and handling allow produce to be marketed in the winter months when prices are highest and attention to packaging, transportation and logistics ensures that produce reaches the retail shelf in the best possible condition. There are increasing export opportunities for those who can market high quality value added products and the AP project are targeted towards helping participants sell into these expanding export markets.

The following section summarizes the results of the 10 PFCP Agribusiness Partnerships. Each project summary contains a table indicating the date of USAID approval, date of CNFA/Partner development contract signing, the effective period of the development project activity, USAID/CNFA contribution, local company contribution, and the ratio of company-

USAID/CNFA matching investment in the project. The purpose of each project is described followed by the current status, and discussion of project impacts.

<b>PFCP Agribusiness Partnerships</b>	<b>Original PFCP Contract</b>	<b>Total Expended</b>	<b>See Project Description &amp; impact at:</b>
<b>AP-1</b> Orhei Vit Farm Service Center	\$345,150	\$327,256	Page 22
<b>AP-2</b> Daac Plant Transplant Seedling	\$331,060	\$326,481	Page 24
<b>AP-3</b> Agrostoc Input Buying Cooperative	\$326,400	\$470,346	Page 25
<b>AP-4</b> Alfa Nistru Individual Quick Freezing IQF	\$496,151	\$496,148	Page 27
<b>AP-5</b> Anturaj Controlled Atmosphere Storage	\$495,250	\$479,114	Page 29
<b>AP-6</b> Dionysos Virus-Free Viticulture Nursery	\$401,300	\$226,771	Page 31
<b>AP-7</b> Salcuta Virus-Free Viticulture Nursery	\$414,200	\$352,325	Page 32
<b>AP-8</b> Basfruct CA storage and drying	\$365,800	\$365,410	Page 34
<b>AP-9</b> Food Pro Glazed Walnuts	\$288,000	\$132,017	Page 36
<b>AP-10</b> RFC Improved Credit Access	\$120,940	\$120,133	Page 38

## **B. PFCP Agribusiness Partnerships Project Summary Sheets**

### **1. Orhei Cannery Farm Service Center (Orhei FSC)**

USAID Approved: 3/09/01	Subcontract Signed: 4/06/01	Effective Period: 4/06/01-9/30/03
<u>Planned Contribution</u> : CNFA \$345,150	Company: \$1,374,150	Leverage Ratio: 3.98 to 1
<b><u>Actual Contribution</u>: CNFA \$327,256</b>	<b>Company: \$1,234,308</b>	<b>Leverage Ratio: 3.77 to 1</b>

**Project Summary:** Moldova's agricultural food processing and distribution systems have experienced a steep decline in production since 1991. Fruit and vegetable production for 1999 were 15% and 42% respectively, of 1990 production figures. This severe shortage of raw materials is the key factor why food processors were operating at around 30% of capacity in 1999. Other factors depressing the agricultural production include a lack of credit, limited access to modern production technology and inputs, poorly functioning markets and lack of training in management skills.

The Orhei FSC is composed of three satellite locations, and is focused on serving private fruit and vegetable growers from the Orhei region. Project activities were aimed at providing input supplies to farmers on cash and credit payment terms, increasing farmer's income by providing access to new markets and modern technology; increasing the quality of raw materials and broadening the product mix of Orhei Vit cannery by developing berry crop production. To assist farmers in adopting modern production technology, Orhei Vit established a berry crop demo/nursery to provide both training and seed stock.

#### **Project objectives:**

- 1. To improve access of farmers to inputs, production credit and technical information**
- 2. To increase farmer income by providing new cash markets and decreasing barter transactions**

3. **To increase quantity and quality of raw materials for Orhei Cannery**
4. **To develop berry crop production and increase vegetable production to both broaden Orhei Vit product mix and increase market opportunities**

**Current Status:** The Orhei FSC has become a stand-alone unit with a fully trained accounting department providing relevant financial and management reports. The Center's *total sales from inputs and services have increased from \$375,000 in 2003 to \$583,000 in 2004*. A major portion of this sales increase is related to its retail outlets, which have increased their sales from \$25,000 to \$165,000 during this same period.

**Project Impacts:**

- Provided custom hire services to local farmers using FSC agricultural machinery on 4,368 hectares: disking 2,020 hectares; planting 888 hectares; plowing 654 hectares; spraying 406 hectares; cultivating 270 hectares; fertilizing 130 hectares and transporting raw material from the field.
- Facilitated the efficient, safe and timely use of crop protection materials at the Orhei FSC through the introduction of the Integrated Pest Management (IPM) system. The IPM weather monitoring station has been procured and placed in three different villages with the highest concentration of the orchards of Orhei-Vit farmers and raw material suppliers. The station permanently monitors the climatic conditions based on 4 major indicators: humidity, rainfall, temperature and leaf wetness for a qualified prognosis on exact timing for spraying against orchard diseases. During the April-November period, the technician downloads data 2-3 times a day, using this information to make recommendations to raw material suppliers regarding what pesticide is needed and when it should be applied. The FSC center satellite locations make this information available to smaller fruit producers. Introduction of the IPM practices allowed for a twice-lower number of sprayings, reducing chemicals applied and achieving production of a higher quality and quantity of fruits.
- Broadened the Orhei Vit product line and stimulated the farmers interest in HVA crop production by establishing a 24.2 ha berry crop demonstration plot (strawberry, black currants, and raspberries); an 8 hectare of vegetable demo plot (tomatoes, cucumbers, cauliflower, broccoli, carrots, squash and pumpkins), and 4 hectares of stone fruits nursery. In addition, a 30 hectare berry nursery was established to produce seedlings for 120 new hectares of black currants, 18 new hectares of raspberry and 50 new hectares of strawberries per year.
- Organized 2 study tours to U.S. for cannery/FSC mid- and top-level management. The topics included FSC financial, inventory and overall management; advanced fruit and berry research programs, nursery operations, new orchard technologies, growers associations, growers' cooperatives, IQF and cannery operations, and processing and packaging technologies. The groups had the opportunity to observe operations, interact with key individuals, and to learn about fruit and vegetable production and processing technology as well as Farm Service Center operations. One of the many accomplishments of the study tour was the development of a business relation with a U.S. nursery (Norcal Nursery). Thus, Orhei FSC has procured 14 new **unique** varieties of strawberry seedlings. These seedlings were planted at Orhei-Vit nursery on a surface of 1.5ha.

- Trained over 1,300 farmers on various subjects that included “Preparing of the Budget”, “Financing and Crediting of the Private Farmers”, “Land Market Development”, “The Principal Methods of Grafting Trees”, “Orchard Maintenance”, “The Implementation of New Crops: Cauliflower and Broccoli”, “The Intensive Growing and Plant Protection of Vegetables”, “The Implementation of Modern Technologies and Foundation of Berry Species Plantations”, “Intensive Cultivation of Berries”, “The Features of Berry Crop Cultivation on Small Plots of Land”, “Integrated Pest Management Systems”. “The Protection System of Berry Crops in the Summer and Winter Time”, “The Protection System of Fruit Trees in the Summer and Winter Time”, “The Features of Fruits Harvesting for Storage and Processing” “The Technologies of Cultivating Vegetable Crops”, “Plant Protection”, etc.
- Hired and trained 75 employees at the Orhei-Vit Farm Service Center.

## 2. DAAC Plant Marketing (DAAC)

USAID Approved: 6/18/01	Subcontract Signed: 7/10/01	Effective Period: 6/22/01-6/23/04
Planned Contribution: CNFA \$331,060	Company: \$829,207	Leverage Ratio: 2.5 to 1
<b>Actual Contribution: CNFA \$326,481</b>	<b>Company: \$820,724</b>	<b>Leverage Ratio: 2.51 to 1</b>

**Project Summary:** In 2001, Moldovans were producing almost 70% of their vegetables on small farm or dacha plots and private gardens, with larger farms providing the rest. Less than 1% of the total market for seedling inputs was served by high quality producers, but instead was fulfilled by low quality farm or garden seedling producers on small nursery seedling beds. To increase the utilization of high quality seedlings by all Moldovan vegetable growers DAAC-Plant in collaboration with CNFA have introduced a high quality seedling production and marketing project.

### Project objectives:

1. To provide farmers with higher quality seedlings to increase yields and income.
2. To increase unit sales by 30% per year.
3. To develop a profitable retail outlet to serve a new market segment.
4. To improve both marketing and business management practices.
5. To renovate a greenhouse for training, demonstration and retail sales.
6. To increase wholesale distribution through farm stores and farm service centers.
7. To provide customers with training and extension services.

**Current Status:** Thanks to improved marketing skills and the “know how” of seedling production and advanced technology, **DAAC increased their sales from 8 million seedlings in 2002 to 15 million seedlings in 2003 and 16 million seedlings in 2004.** DAAC consistently pursues a policy of product excellence and employs modern technology to produce and market seedlings that are rapidly becoming recognized for their superior quality. In addition, local farmers and growers are benefiting from their increased access to these higher quality, higher yielding vegetable seedlings.

### Project Impacts:

- Tripled total sales during the last year of the project to over \$425,000.

- Increased wholesale distribution using the network of Farm Stores and Farm Service Centers, increasing sales from \$12,500 to over \$40,000 in the second year.
- Considered to be a “one-stop garden center” for vegetable growers and gardeners, the retail outlet and demonstration greenhouse in Chisinau has become a profitable unit of DAAC Plant, selling a range of products that includes tools, fertilizers, seeds, peat, pots, ornamentals, flowers and plastic for greenhouses.
- Installation of an improved watering system at the greenhouses; seedlings and vegetables are now provided with uniform irrigation.
- Launched and completed a cold storage facility, allowing implementation of DAAC Plant’s strategy to sell their produce during off-season time when prices are considerably higher. Cold storage facility is also providing refrigeration and storage services to farmers and vegetable producers.
- Installed new accounting software, improving the management reporting system and accounting procedures. In addition, DAAC-Plant purchased two computers for the marketing and accounting departments.
- Enhanced marketing personnel’s experiences through a field study with “Garden Center” stores in London and participation in the “Sales of Fresh Fruits and Vegetables” seminar in Berlin.
- Conducted 98 seminars, training 576 farmers and agronomists on different aspects of soil preparation, proper fertilizer and pest control program, planting, timing of harvest and best practices for harvesting vegetables.
- Implemented advertising campaign through republican newspapers “Makler”, “Logos Press” and promotional seminars with potential clients. Assisted in the publishing of promotional/marketing brochures for distribution to potential customers.
- In June 2003, received ecological passport for DAAC Plant’s facilities, certifying it meets requirements of the Ministry of Ecology.

### 3. Agrostoc Input Buying Cooperative

USAID Approved 9/24/01	LOA Signed: 9/24/01	Effective Period: 9/24/01-4/31/04
<b>Planned Contribution:</b> CNFA \$326,400	Company: \$817,200	Leverage Ratio: 2.5 to 1
<b>Actual Contribution:</b> CNFA \$470,346	<b>Company: \$958,412</b>	<b>Leverage Ratio: 2.04 to 1</b>

#### Project Summary:

In 2001, the chief obstacle to sustainability and growth of the Farm Stores (implemented under PFCP contract) and their clients was a fractured, inaccessible and unreliable wholesale supply system capable of serving only the largest of customers. Farm Stores and their clients were of insufficient size and financial strength to attract the attention of the few large-scale suppliers and were forced to deal with a lower level of middlemen, essentially “scavenging” for inventory in an undersupplied market. Lack of a stable supply source often resulted in overpriced, counterfeit, expired, inappropriately packaged or otherwise undesirable goods. The net effect was to sap already cash poor farmers and businesses, limit profits and deny these entrepreneurs the tools they need for success.

CNFA, in collaboration with Farm Stores and Soros/EWMI, founded AGROSTOC Input Supply Cooperative to combine member purchasing power and give the stores the ability to deal directly

with input producers and first-tier distributors, bringing down costs to stores and their customers, enhancing profitability, ensuring supplies of small-packaged goods required by the large numbers of small and medium farmers in stores' market areas and expanding store inventories and sales by offering some goods on credit.

**Project objectives:**

- 1. Provide cooperative members with year-round input supply, in appropriate packaging and at competitive prices.**
- 2. Sufficiently capitalize the cooperative, through membership growth and profitable operation, to ensure the long-term sustainability of the organization and its member businesses.**
- 3. Offer members goods on credit, so as to increase store inventories and facilitate their credit sales to private farmers and rural entrepreneurs.**

**Current Status:**

The project was completed in March 2004 with Agrostoc becoming one of the most successful input supply cooperatives in Moldova, offering its services to 68 farm stores located countrywide. Sales of input supplies continue to increase dramatically, achieving \$1.4 million in the first six months of 2004, which is 2.4 times more than the same period of 2003.

**Project Impacts:**

- As a result of project implementation, Agrostoc became one of the most successful and profitable business input supply coops in Moldova, offering its services to 68 farm stores (members) located countrywide.
- Agrostoc was launched in February 2002. At the end of the first operating year Agrostoc registered a gross profit of \$439,105. In 2003 this amount almost doubled to \$844,013. As of June 30, the sales of farm supplies considerably increased, achieving the amount of \$1,345,363.
- The table below represents the total amount of sales for the period 2002-2004.

<b>Product</b>	<b>Sales, 2002 year</b>	<b>Sales, 2003 year</b>	<b>Sales As of 30 June 2004</b>
<b>Fertilizers</b>	\$243,590	\$352,635	\$617,029
<b>Pesticides</b>	\$195,515	\$359,114	\$448,089
<b>Seeds</b>	-	\$111,143	\$260,758
<b>Irrigators</b>	-	\$850	\$15,859
<b>Small machinery</b>	-	\$20,271	\$3,628
<b>Total</b>	<b>\$439,105</b>	<b>\$844,013</b>	<b>\$1,345,363</b>

- One factor that influenced directly the increase of the sales was the gradual expansion of the inventory assortment. The number of types of fertilizers increased from two to five. In 2003-2004 Agrostoc introduced on the market such new farm supplies as: vegetable seeds from Holland, alfalfa seeds from Slovakia, corn and sunflower seeds (Pioneer, USA), portable irrigators and small machinery, which considerably increased the gross profit of the cooperative.
- The establishment of direct dealings with the producers of supplies has proven to be a very important factor in the cooperative's development. These relationships have

strengthened its image as a competitive supplier and have provided access to credit lines from these producers. Agrostoc is working directly with Bayer Crop Science (Germany), Crompton (Great Britain), SVS (Holland), Pioneer (USA), Holland Farming (Holland) and others.

- In April 2004, Agrostoc received approval for capitalization of \$127,000 in grant funding donated by SOROS/UAP. The additional funds were invested in diversification of pesticide assortment in small packaging, high quality vegetable, corn and sunflower seeds, portable irrigators and small machinery.
- As a result of project implementation, 11 full time positions were created. The cooperative has a young team, with good knowledge of the activity area and highly devoted to the success of the cooperative.

#### 4. Alfa-Nistru Fruit and Vegetable Flash Freezing

USAID Approved: 12/14/01	Subcontract Signed: 1/17/02	Effective Period: 12/14/01-1/31/04
Planned Contribution: USAID \$496,151	Company: \$1,451,772	Leverage Ratio: 2.93 to 1
<b>Actual Contribution: USAID \$ 496,148</b>	<b>Company: \$ 3,261,069</b>	<b>Leverage Ratio: 6.57 to 1</b>

**Project Summary:** Moldova’s canning industry has suffered considerably under very quickly changing market conditions. Old markets, which were content with poorly and inefficiently, processed food products have disappeared. New consumer-oriented markets have emerged fueled by higher quality western imports. While companies such as Alfa Nistru have always prided themselves as being one of the top processors in the old economy, the subset of successful canners has become much more competitive. So, in order to maintain its competitive advantage as a Moldovan canner, it must break into new markets with better products and newer technologies. Also, besides heavily investing in new technologies, the local canneries must ensure a sustainable high quality raw materials supply. To do so, the processors needs to establish strong links with local private farmers, introduce new HVA crops to them, support them in implementing new intensive cultivation technologies and provide training.

With CNFA/USAID assistance, Agriplan Consultants B.V., helped Alfa Nistru build a “turnkey” Fruit and Vegetable Flash Freezing operation which will be profitable and sustainable; a project which will enhance and strengthen the company’s other operations and help to ensure its long-term security and growth in the global food processing industry. It will also provide for a significant increase in employment and selling opportunities for many small private Moldovan farmers.

#### **Project objectives:**

- 1. To establish a profitable enterprise, the first of its kind in Moldova, that will serve as a model for processing IQF fruits (berries, peaches, apricots, plums, cherries) and vegetables (maize, beans, green peas, carrots)**
- 2. To establish realistic production and marketing targets and expansion/diversification of reliable market alternatives that will provide significant profitability and employment security to the Alfa Nistru Canning Company**
- 3. To establish a Quality Assurance Program of continuous process and product improvement**
- 4. To provide the resources and expertise for ISO certification**

## 5. To increase income and employment opportunities for local farmers.

**Current Status:** This first modern Individual Quick Freezing (IQF) project in Moldova completed January 2004 introduces new value-added technology to Moldova and represents an important collaboration between USAID, the Dutch government, private sector implementers and the local Moldovan Company, Alfa Nistru. Launching this modern flash freezing facility – 3 t/h capacity IQF tunnel and 3,000 tons capacity low temperature cold storage - **doubles Moldovan fruits and vegetable freezing capacities**. The first IQF season at Alfa Nistru started in June 2004 with freezing of green peas and sweet cherries.

### **Project Impacts:**

- A modern, state of the art, IQF tunnel by Ferguson Company was installed. The project partners have decided to increase capacity from 1-1.5 tons/hour to 3 tons/hour and to install a more expensive, but higher quality and more efficient, freezing tunnel.
- Launching of the IQF production in May 2004, requires high quality raw materials – for 3,000 tons of finished IQF products at least 3,600 tons of raw materials (vegetables, green peas, sweet corn, fruits and berries) is needed. The project will source produce from as many as 3,000 small farmers/producers.
- The project partners have also decided to increase the low temperature storage capacity from 1,000 tons to 3,000 tons. As a result, one of the most modern low temperature cold storages is now located in Soroca, containing 6 chambers of 500 ton capacity, each equipped with a modern racking system. Two of the chambers could also be used as CA storage chambers, with additional equipment installation.
- USAID covered the cost of the modern retail-packaging machine, the first one of its kind in Moldova. It will allow Alfa-Nistru to reach a more lucrative retail market.
- Parallel to construction of the flash freezing facility Alfa-Nistru renovated and upgraded its canning operation, by moving to a new, renovated building and improved technological layout, adding one more canning line and replacing outdated equipment, that will not only increase canning capacities by 30% but will also significantly improve quality.
- As a result of a dramatic increase of production and storage capacity, Alfa-Nistru's contribution to the project increased from \$850,000 to \$2,270,000 and Agriplan contribution – from \$600,000 to \$812,000 while the USAID/CNFA grant remained unchanged - \$496,000.
- During the project, Alfa-Nistru participated in two of the world's most prominent food exhibitions: SIAL in France and ANUGA in Germany. Alfa Nistru was introduced to major players in frozen fruit and vegetable market. Under the supervision of Dutch partners, a group of companies from Albania, Bosnia, Georgia, Macedonia and Moldova were united for joint marketing of frozen products under a unified brand – Delidor.
- A Quality Management System was developed at the enterprise with assistance and ISO training provided by ProEra Grup. An external (certification) audit was conducted in December 2003 and in January 2004 Alfa-Nistru obtained ISO9000: 2000 certificate issued by Italian PMI Cert agency.
- The new IQF plant and renovated canning operation has created 30 permanent and 100 seasonal jobs.

## 5. Anturaj Controlled Atmosphere Refrigerated Storage

USAID Approved: 4/14/02	Subcontract Signed: 4/09/02	Effective Period: 4/09/02-1/31/04
Planned Contribution: USAID \$495,250	Company: \$1,437,472	Leverage Ratio: 2.90 to 1
<b>Actual Contribution: USAID \$479,114</b>	<b>Company: \$1,200,413</b>	<b>Leverage Ratio: 2.51 to 1</b>

**Project Summary:** One of the most critical determinants of food product quality at the point of sale is the handling and storage between the time it is harvested and/or processed and when it is sold to the consumer. Mishandled or poorly stored food creates waste and quality problems for both the buyer and the seller. This will, eventually, cost the distributor, marketer and/or processor business opportunities. Poor quality has been, and continues to be, one of the primary reasons for poor export sales from former Soviet countries to the West. Moldova is particularly vulnerable to food quality problems due to its economic dependence on agribusiness, and especially, businesses involving food exports. Additionally, any food company which can sell its products during the off-season, can sell more of it simply due to the extended sales period; and with the price advantage in off season sales, it can sometimes double or even triple its profit margins.

To address these deficiencies and to create a sustainable model that can be replicated, Anturaj and CNFA implemented a project that included creating the **first Controlled Atmosphere (CA) Cold Storage in Moldova**. The project includes technical training for farmers and Anturaj personnel, and funding ISO certification to help the company reach expanded markets

Over 2,000 local farmers benefited from the project implementation by supplying fresh table quality apples to CA storage operation. These farmers earned premium prices for apples that met the required quality standards. Also these farmers were trained in production, harvesting and post-harvest and sorting techniques to maximize their income and provide better quality produce for storage.

### **Project objectives:**

- 1. To increase income and employment opportunities for up to 2000 local farmers by expanding their capacity to store and sell table quality apples and grapes.**
- 2. To design and initiate an ongoing Quality Assurance Program of continuous process and product management improvement, including certification and maintenance of ISO 9001.**
- 3. To triple the company's export sales of value-added products to Eastern European countries in the near-term and provide the capability to begin export operations to the West in the longer term.**
- 4. To train local farmers in production, harvesting and post-harvest and sorting techniques that will maximize their prices and income and provide better quality produce for storage.**
- 5. To increase profitability and throughput for expanded operations.**

**Current Status:** *The first controlled atmosphere (CA) storage in Moldova* is a prime example of USAID/CNFA's efforts to develop value added/marketing projects where both producer and distributor benefit. By the end of year 2 of the project implementation, the facility had reached its maximum operational capacity of 2,000 tons. As a result of CA storage implementation, Anturaj

export sales of fruits have now increased by \$727,300 as compared to the sales prior to 2002. The company is prepared for a strong 2004 harvest and projects increased revenues.

**Project Impacts:**

- During the project time frame over 6,300 tons apples were stored and 4,875 private farmers supplied table quality apples, receiving prices 4 times higher than those offered by processors and obtaining a 34% increase of income. Most of the produce was exported in the “extra” season at a 100% price premium (\$450 per ton during extra season, compared to \$230).
- The company’s fruits sales during the “extra season” (December-May) have increased by 75%, obtaining a 100% additional price premium.
- The impressive results of the first Moldovan CA storage created enormous interest in CA technology from other apple producers and marketers.
- Anturaj acquires apples from 4 regions: Cosnita, Rasvet, Calaras and Hincesti. The company’s specialists offered consulting and training on pruning techniques, orchards pest and disease control, orchards irrigation techniques, and harvesting techniques. The company’s specialists and workers were sent to each orchard during the harvesting period in order to monitor quality and to provide advice as needed. During the project, Anturaj organized and held 17 training seminars for 2,689 farmers. The seminars were held on the following topics: “The Methods of Apple Tree Pruning in Traditional and Intensive Orchards”; “Methods of Pest and Disease Control”; “Methods of Irrigation”; “Methods of Apple Harvesting”.
- A survey of the table quality apple market in Romania, Ukraine and Russia was conducted to help the company develop a marketing program. To further promote its products on local and international markets, the company participated at 4 international agricultural exhibitions in Lithuania, Russia, Romania and Moldova, leading to new market channels to the Eastern European markets. A new model of cardboard box, in accordance with the European standards, featuring the company’s trademark was developed. A major part of these boxes were used for packaging of apples supplied to Krasnoiarsk and St. Petersburg
- Last year, over 2,890 tons (96% of total apples stored) were exported to Russia, Belarus, Ukraine and Romania.
- Through several promotional campaigns, the company sold CA apples to local supermarkets, displacing imports from Italy, Hungary and Poland. In order to better serve the local market, cardboard boxes with cells were designed and produced by local companies as well as small 6 apples trays and 1kg polyethylene bags. ANTURAJ bought a 3 ton capacity truck and painted it with company’s logo and advertising materials.
- To enable the operation to meet the quality standards of Eastern and Western Europe and the increasingly competitive standards of the CIS, a Quality Assurance Program beginning with ISO 9001:2000 and HACCP certification was developed. The Quality Assurance Program covers all aspects of the enterprise activity including technological processes, management decisions, financial discipline and marketing methodology.
- 14 fulltime jobs and 35 seasonal jobs were created in Bucovat region as a result of the CA storage operation.

## 6. Dionysos Mereni Viticulture Nursery

USAID Approved: 10/07/02	Subcontract Signed: 11/15/02	Effective Period: 10/17/02-5/31/04
Planned Contribution: USAID \$401,300	Company: \$1,984,350	Leverage Ratio: 4.94 to 1
<b>Actual Contribution: USAID \$226,771</b>	<b>Company: \$1,506,141</b>	<b>Leverage Ratio: 6.64 to 1</b>

**Project Summary:** Nearly 60% of Moldova's vineyards were destroyed in the past decade; virus free seedlings are crucial to rebuilding these vineyards. Establishment of new plantations recently became a priority for the Moldovan government and there is a positive trend toward increasing the number of new plantations every year. However, existing Moldovan viticulture nurseries could only meet half of the demand for seedlings. To address this issue, as well as the issue of ensuring a reliable supply of quality raw material, Dionysos Mereni and CNFA/USAID established a nursery to produce enough virus free seedlings to plant 150 hectares of new vineyard per year and provided technical training for farmers. Virus free vineyards are 50% more productive and produce higher quality grapes. In addition, Dionysos Mereni is pursuing ISO Certification and implementing a quality assurance program to reduce raw material losses, improve wine quality and increase sales of premium products to CIS countries. ***In the long-term, this project will help rehabilitate Moldovan viticulture by providing a continuous source of virus-free seedlings, enough to plant 150 hectares each year.***

### Project objectives:

1. **Establish 150 hectares of new vineyards per year.**
2. **Raise farmer income by 50% from increased yields and higher quality grapes.**
3. **Provide credit for 30 farmers representing 1,000 vineyard owners.**
4. **Train 500 farmers and vineyard owners in modern viticulture production.**
5. **Establish a Quality Assurance Program that will include ISO 9001 Certification.**
6. **Market a higher quality wine at premium prices to traditional CIS customers.**

Note: This project that was originally planned as 2-year project, but was modified to fit into 1.5-year timeframe. As a result of this and slow start-up on the part of the partner, the project budget was also significantly reduced. As a result, the USAID contribution was almost halved, and the DM contribution decreased by a quarter.

**Current Status:** The grafting complex at Dionysos Mereni is fully constructed and next year grafting will begin. The seedling survival rate is expected to be around 30-35%, which is considered excellent for the first year of operation.

### Project Impacts:

- Dionysos Mereni (DM) produced 700,000 grafted cuttings and transplanted them in the 6 ha nursery. Because the grafting complex at the winery was not yet ready for spring grafting, DM materials, equipment and labor were used at the Agrarian cooperative "Pobeda". 250,000 seedlings will be harvested in Fall 2004 to establish 75 ha of new virus free vineyard plantations. Next year, production is expected to reach 500,000 seedlings. An increase in the number of grafters and higher survival rates will increase capacity to 150 ha of new vineyards.
- Construction of the cold storage facility has been completed. Therefore, grafters and rootstock will be stored this fall for spring grafting.

- Dionysos Mereni has established 30 ha of certified virus-free mother plantations: 10ha-rootstock mother plantation of SO4 variety and 20 ha-grafter tendril mother plantation (5 technical varieties: Merlot, Cabernet-Sauvignon, Pinot Noir, Sauvignon and Chardonnay) for future production of virus-free viticulture seedlings. Those mother plantations will start producing rootstock and grafter tendrils for subsequent grafting in 3-4 years. Until then, Dionysos Mereni plans to procure virus free tendrils at both local and foreign markets.
- In order to increase the quality of the final product quality, as well as the enterprise's overall efficiency, Dionysos Mereni developed a Quality Management System that meets ISO-9001 standards. In February 2003, a contract was signed with TUV-Qualitat Company to assist with Quality Management System development and training of the personnel. This work continued for over a year and during 3 days in May 2004, ISO-9001 certification audit of Dionysos Mereni (DM) operations (both winery and grafting) was conducted by German certifying agency TUV-Turingen. The winery obtained its ISO-9001 certificate while grafting operations will be certified next year.
- To correspond to ISO-9001 standards, Dionysos Mereni invested over \$175,000 in winery reconstruction and re-equipment.
- The winery operations increased production volumes (1,500,000 bottles in 2002, 2,300,000 bottles in 2003 and projected 3,000,000 bottles in 2004) and procurement of grapes from farmers (5,500 tons in 2003 and 6,000 tons projected in 2004).
- Over the course of the project, Dionysos Mereni contracted the company Centru-Prim-Agro to conduct 20 seminars on different aspects of grape and viticulture nursery production. Over 390 farmers (227 men and 169 women) from 13 different villages attended.
- 17 (5 men and 12 women) new permanent and 37 seasonal positions were created at the grafting complex, mother plantations and nursery.
- Dionysos Mereni has already signed contracts with 8 farmers/farmer groups from 4 different villages to supply 215,000 virus free vine seedlings for planting in 2005 season.

## 7. Salcuta Viticulture Nursery

USAID Approved: 5/19/03	Subcontract Signed: 6/10/03	Effective Period: 6/10/03-5/31/04
<u>Planned Contribution</u> : USAID \$414,200	Company: \$3,352,550	Leverage Ratio: 8.09 to 1
<b><u>Actual Contribution</u>: USAID \$352,325</b>	<b>Company: \$2,166,833</b>	<b>Leverage Ratio: 6.15 to 1</b>

**Project Summary:** Nearly 60% of Moldova's vineyards were destroyed in the past decade; virus free seedlings are crucial to rebuilding these vineyards. Establishment of new plantations recently became a priority for the Moldovan government and there is a positive trend toward increasing the number of new plantations every year. However, existing Moldovan viticulture nurseries could only meet half of the demand for seedlings. To address this issue and to ensure a reliable supply of high quality raw material, Salcuta and CNFA/USAID implemented a project to establish a nursery that will produce enough virus free seedlings to plant 200 hectares of new vineyards in the first year of operation and provide technical training for farmers. Virus free vineyards are 50% more productive and produce higher quality grapes.

*In the long-term, this project will help rehabilitate Moldovan viticulture by providing a continuous source of virus-free seedlings, enough to plant over 400 hectares each year.*

**Project objectives:**

- 1. To increase farmer incomes by a minimum of 50% from increased yields and from higher prices paid for better quality grapes (the virus free vineyards will be productive 4 years after planting).**
- 2. To establish a 30-ha mother plantation, dedicated to producing rootstock and grafting tendrils, and 10-ha virus free viticulture nursery.**
- 3. To establish 200 hectares of new vineyards per year beginning in 2005.**
- 4. To market virus-free seedlings beginning year 2 of project implementation.**
- 5. To offer production credit to 120 farmers/vineyard owners**
- 6. To train 120 landowners in the application of modern viticulture production**
- 7. To implement a Quality Assurance program including ISO 9001 certification**

Note: Although this was originally planned as a 2-year project, the timeframe was reduced to 1 year to accommodate the closure of PFCP. While the activities planned for implementation during the project term were modified, virtually all key impacts were achieved by May 31, 2004 - the closing date of the project.

**Current Status:** All construction at the grafting complex has been completed and 1,000,000 grafted cuttings were produced in the first year of operation. The seedling survival rate is expected to be around 30-35%, which is considered excellent for the first year of operation.

**Project Impacts:**

- A modern grafting complex was designed and constructed in an extremely short time frame, allowing the company to application of most advanced seedlings production technologies. Two refrigerating chambers have been constructed for storing and maintaining high quality grafter tendrils and rootstocks before grafting as well as vine seedlings before marketing. Two more refrigeration chambers will be built by the end of 2004 and will double the production capacity. Four polyethylene covered greenhouses, to support work with the rootstock and grafters have been built. Next year those greenhouses will be replaced with a new polycarbonate plastic glass constructions.
- Salcuta produced 1 million grafted cuttings in 2004 (first year of operation) and planted them in the 10 ha nursery. Next year, production will increase to 2 million – enough to plant over 400 ha of vineyards. In three years, Salcuta will produce 5 million grafts, making it one of the industry leaders. Survival rates will increase to 95% (currently 50-60%).
- Salcuta has established 162 ha of new certified virus free mother plantations: 22 ha of Berlandieri x Riparia SO4 variety; 5 ha of Gravesac RSB; and 135 ha of grafter tendrils (7 technical varieties: Cabernet- Sauvignon, Merlot, Sauvignon, Chardonnay, Riesling de Rhine, Pinot Noir, Pinot Gris and 1 table quality variety: Regina). The mother plantations will start producing rootstock and grafter tendrils for grafting in 3-4 years. Until then, Salcuta will buy virus free tendrils from local and foreign producers.
- Four viticulture cooperatives, which unite over 130 members farming 380 hectares, have been established this year. The project helped with legal support and assistance for start-

up, management training and planting design. Each Coop has 35 members. Over the next 2-3 years, the cooperatives are expected to grow in number and membership. The cooperatives benefit from the following: the coop agronomists and the members will receive specific training related to growing new vineyards; the nursery agronomists will monitor the new vineyards and will consult and assist coops when needed; Salcuta will offer credit to the coops for purchasing seedlings, chemicals, and fuels for the new vineyard plantation; the new plantation will generate new jobs for coop members and other farmers.

- During the project, Salcuta conducted a series of 10 specialized trainings for a total number of 618 farmers/landowners from Ustia, Firladeni, Causeni, Volontiri and Tanatari villages. The training will strengthen farmers' knowledge and application of viticulture production, including use of virus-free seedlings. The trainings, given by viticulture experts, included the following topics: classification of viticulture seeding materials; requirements for standards SM-206: 2000 and SM 207:2000 of the viticulture reproduction and seeding material; viticulture seeding material production technology; rootstock plantation; grafters plantation; harvest and winter storage of grafting material; production of grafted vines; viticulture nursery care; harvesting, storage and marketing of grafted vines.
- 195 job positions (121 –women, 74 - men) were created at the Salcuta nursery and grafting complex, of which 50 are full time positions and 145 seasonal.

## 8. BASFRUCT CA and Fruit Drying Project

USAID Approved: 6/11/03	Subcontract Signed: 6/24/03	Effective Period: 6/24/03-6/30/04
<u>Planned Contribution:</u> USAID/CNFA \$365,800	Company: \$1,804,600	Leverage Ratio: 4.93 to 1
<u>Actual Contribution:</u> USAID/CNFA \$365,410	Company: \$920,210	Leverage Ratio: 2.52 to 1

**Project Summary: The second Controlled Atmosphere (CA) storage project**, completed on June 30, 2004. The project represents an important collaboration between CNFA and PFAP (USAID implementers), Soros Foundation and the project co-applicants BASVINEX SA, a Moldovan joint stock company, and UAP.

### Project objectives:

1. **To increase income and employment opportunities for over 1,000 local farmers by increasing fruit yields and expanding their capacity to store and sell table quality apples and grapes**
2. **To develop strong long-term links between the suppliers of raw material and the processor through provision of training in the field of modern fruit growing technologies and provision of working capital advances to farmers in order to help them use modern production techniques**
3. **To introduce modern fruit processing technologies that allow production of high-value goods using local raw material supplies and creating a successful and replicable model**
4. **To design and initiate an ongoing Quality Assurance Program of continuous process and product management improvement, including certification and maintenance of ISO 9001**

5. **To improve competitiveness of Moldovan produce on the export market to create new export opportunities for other domestic producers/exporters of fresh produce**
6. **To create a sustainable and long-term source of income for UniAgroProtect (UAP) (Union of Agricultural Producers Associations with 2000 member enterprises that farm about 720,000 ha) and contribute to the self-sustainability of this organization. It can be used by UAP for covering its operating costs of providing services to farmers and the affiliated farm associations. It can also serve as a model for replication by other similar projects.**

**Current Status:** Construction of the apple CA storage is completed, while the grape storage, as well as sorting and packing department, was finished in September 2004. Launching of the facility is scheduled for October 1, 2004, at the start of apple and grape-harvesting season.

After considerable market research, **Basfruct has decided to postpone implementation of the fruit-drying component and substitute it with long-term table grape storage.** The major reasons for this change are the following:

- (i) Grape storage, unlike drying, is more in-line with the project's main activity (CA apple storage) on several aspects: similar refrigerating technology, similar logistic and transportation requirements and similar market segment – fresh produce. Moreover, Basvinex, as a major Moldovan grape processor, has experience cooperating with grape producers.
- (ii) The marketing study further revealed that quality standards demanded would require a much higher investment in drying machinery and equipment. In addition, the study indicated that Russian demand for fresh fruit is greater than for dried fruits.

Note: To accommodate the time constraints of PFCP, CNFA participation in the project has been shortened from 2 years to a 1-year timeframe. Another USAID implementer – PFAP will continue implementation of this project for one more year and ensure that project's goals and impacts are fully met.

#### **Project Impacts:**

- 15 farmers associations, including over 4,500 farmers, will benefit from project implementation by supplying fresh table quality apples and grapes to the CA storage operation and will receive premiums for fruits that meet the required quality standards. Also these farmers are trained in production, harvesting and post-harvest and sorting techniques that will maximize their prices and income and provide better quality produce for storage.
- The 1<sup>st</sup> stage of farmer training has been completed, with the 2<sup>nd</sup> stage scheduled for September 2004. Over 300 private farmers have been trained on the topics of (i) integrated system of protection (against diseases and pests) of orchards and vineyards, and its effect on productivity, (ii) operations in orchards and vineyards and quality requirements for apple and grape that are to be stored, (iii) projecting production levels and harvesting techniques for apples and grapes that are to be further stored, (iv) harvesting period determination, harvesting and post-harvesting processes. The 2<sup>nd</sup> stage of farmer training is scheduled for September-October 2004 and will focus mainly on harvesting and handling.

- To reach the modified project goals, Basfruct changed the facility design. The existing building (initially planned to be used as a fruit sublimation drying facility) will be used as an 8-room, 85-ton capacity per chamber refrigerated grape storage facility and will also house the sorting and packing equipment. The new, 2,000 ton capacity apple CA storage has been built next to the existing facility for easy access to sorting and packing lines. The additional project costs are entirely borne by Basfruct.
- The CA facility is built and the refrigeration and CA equipment has been installed. Training of technical personnel in equipment maintenance will be performed in August before the harvest. The storage building for grapes is still under construction; it will be completed by mid-July 2005. Another USAID implementer – PFAP will continue implementation and monitoring of this project for one more year.
- In 2003 Basfruct began the process of developing contacts and establishing linkages with producers of apples and table grapes for raw material for the 2004 year. As a result of this selection process, 15 agricultural enterprises have been identified as Basfruct 2004 potential suppliers and preliminary agreements on the supplied quantities of raw material have been reached. It is important to mention that all 15 Basfruct suppliers are current UAP members. Some of these enterprises are located close to the Romanesti village, while a part of potential apple suppliers are located in the north, and a part of table grape suppliers in the central and southern localities. The selected enterprises are medium-size farms, primarily limited liability companies farming 20 to 150 ha of land. Basfruct intends to purchase about 1800 tons of apples and 500 tons of table grapes from them.

**9. FOODPRO Honey Glazed Walnuts:**

USAID Approved: 7/03/03	Subcontract Signed: 8/05/03	Effective Period: 7/07/03-6/31/04
Planned Contribution: CNFA \$288,000	Company: \$835,810	Leverage Ratio: 2.90 to 1
<b>Actual Contribution: CNFA \$132,017</b>	<b>Company: \$337,680</b>	<b>Leverage Ratio: 2.55 to 1</b>

**Project Summary:** Moldova annually produces thousands of tons of walnuts and is the 10<sup>th</sup> largest walnut exporter worldwide. The demand for high quality walnuts for export is strong and growing, but the market is very sensitive and prices can vary significantly. About five years ago the leading walnut processor in the world, Diamond Walnut from Stockton, California, started producing glazed walnuts, mainly fruit syrup coated walnuts, and their sale of these products is growing by 25% annually.

**Project objectives:**

- 1. Increase farmer income through extensive training to raise yields.**
- 2. Create an additional cash market through increased procurement of raw materials.**
- 3. Develop a new value added product utilizing Moldovan ingredients.**
- 4. Establish a formal Quality Assurance Program.**
- 5. Create 14 new positions at the plant.**

**Current Status:** This is the first glazed walnuts operation in Moldova and the second in the CIS. Export of value added products, using local raw materials, will create a market for area growers and promote Moldovan agriculture exports. By the end of the quarter June 2004, all construction was completed, and equipment installed and tested. Official opening of the facility combined with first product run is scheduled for October-November 2004.

Note: In order to accommodate the time constraints of PFCP, the originally planned 2-year project was reduced to a one-year timeframe. As a result, USAID contribution was downsized from \$288,000 to \$196,000 while FoodPro contribution decreased from \$835,810 to \$720,000. Some of the originally planned activities will be reported beyond the project term.

**Project impacts:**

- A brand new facility to house glazing operations as well as final product storage was constructed. Equipment was shipped from USA, delivered to the site, installed and tested. Design, installation and testing of equipment was conducted by FoodPro engineers and both local and US technicians.
- FoodPro has installed a gas pipeline to the facility. Although the gas supply for Soroca had been planned for June 2004, it was postponed till the end of August 2004. Due to this reason, which is out of FoodPro's control, launch of the glazing operations is postponed till October-November 2004, when gas supply to run the glazing equipment is ensured. Nevertheless, testing of equipment has been accomplished with propane supplied in a tank.
- The planned volume of glazed walnuts production for the current crop year is 20 tons. This target will be made by keeping 20 tons of walnut kernels at a cold storage. The expected sale of 20 tons of honey glazed walnuts in bulk is \$130,000 and 100% of the product will be exported. For the next year, the company plans to produce 50 tons of honey glazed walnuts and sell it in bulk for \$325,000.
- FoodPro plans to procure 1,000 tons of walnuts from Moldovan producers - 25% more than last year. Walnuts will be procured from more than 250 farmers.
- FoodPro glazing operations has so far created 5 new permanent positions at the plant, including technical staff, who participated in equipment installation and testing. The company plans to hire 5 more people in September 2004 for the operation startup and 4 more people in October 2004 to run operations in two shifts. In total, the company will employ 14 additional people for its glazing operations.
- Glazed walnuts marketing strategy was developed with assistance of a highly experienced marketing specialist, Richard Jennings, during his visit to Moldova and Ukraine. Over the course of the project, Food Pro participated in nine food trade shows in Eastern Europe and Russia, providing them opportunities to establish relationships with future glazed walnuts buyers and distributors.
- FoodPro organized and conducted two seminars on walnut growing and processing technology attended by 119 participants, given at both its plant in Soroca and its leased orchard in Yargara. Participants were provided with a newly published walnut growing and harvesting manual written by Professor Ion Turcan, who is Moldovan leading walnut breeder.
- A study tour to California was conducted in June 2004 for a group of seven Moldovans that included walnut growers and processors, as well as banking and insurance specialists

involved in walnut industry support. Key objectives for the trip were to get acquainted with modern walnut growing and processing technologies, and with the industry's practice of financing and insuring.

**10. RFC Credit Access Project:**

USAID Approved: 10/06/03	Subcontract Signed:10/31/03	Effective Period: 11/01/03-6/30/ 04
Planned Contribution: USAID \$120,940	Company: \$851,502	Leverage Ratio: 9.13 to 1
<b>Actual Contribution: USAID \$120,133</b>	<b>Company: \$1,203,030</b>	<b>Leverage Ratio: 10.01 to 1</b>

**Project Summary:** The accessibility of financial services in rural areas is problematic because of the need for seasonal credit, risks associated with agricultural production and wide dispersion of potential borrowers (which raises servicing costs considerably). The major part of agriculture-related credit continues to go to the large-scale processing industry, while small emerging private farmers have practically no access to commercial credit.

To significantly improve the access of private farmers and rural entrepreneurs to credit, the project was designed to assist Rural Finance Corporation (RFC), a non-banking credit institution, to establish 6 regional credit centers and enhance direct commercial lending capabilities. The regional centers would replace the mechanism of disbursing and supervising loans through headquarter-monitored mobile teams of credit specialists.

**Project objectives:**

1. **3-fold increase in the number of private farmers and rural entrepreneurs with access to rural credit;**
2. **Over 180 new borrowers serviced by RFC's regional centers,**
3. **Over 1,000 new rural jobs created as result of businesses expanding operations by investing loans received through RFC regional centers;**
4. **At least 18 new full-time jobs created directly in the framework of the Project;**
5. **Access to affordable financial resources and implementation of sound investment projects leading to an increase in farmer income and a reduction of poverty in rural areas;**
6. **Decrease in delinquency rate as a result of close monitoring of borrowers, both of SCAs and of commercial clients.**

**Current status:** All 6 planned regional offices are fully operational, with a 7<sup>th</sup> regional office to open in Calarasi after the project ends. Partially supported by Scanagri and smaller in size, the Calarasi office will have to prove its feasibility to be transformed into a regional center of the same magnitude as other CNFA supported centers. The search for adequate office premises in Cahul continues.

**Project Impacts:**

- All 6 regional credit offices began operations, having been renovated and equipped after being identified as viable locations. Due to difficulties finding a suitable location in Cahul, a regional center was opened in Stefan-Voda. Two more regional credit offices,

including Cahul, will be opened by RFC at later date. See table below for contact information:

<b>Region</b>	<b>Address</b>	<b>Phone #</b>
Balti	Stefan cel Mare street, 60	231 21381
Edinet	Independentei street, 88	246 23320
Soroca	Aleco Russo street, 12	230 30314
Orhei	V. Mahu street, 137	235 21938
Hincesti	Mihalcea Hincu street 148A	269 25867
Stefan-Voda	31 August 4A	242 22148

- All regional credit offices have one area manager and 3 full time workers: direct lending specialist, banking marketing specialist and office assistant. The National Federation of Savings and Credit Associations SCAs have been invited to share the office with RFC and are present in 5 out of 6 offices.
- Centers assist potential clients in applying for credit, provide support services for existing RFC clients, promote new and existing products, and, most importantly, develop a solid client base in the rural area where the center operates.
- Training support was provided to RFC marketing staff by Scanagri, which organized 2 months of training courses on different topics. Regional credit officers and area managers were trained by RFC at headquarters to administer the centers.
- The regional credit offices disbursed 73,327,260 lei (\$6.2 million) since beginning of 2004. The Edinet regional office led with 34% of total funds credited; Soroca - 22%; Orhei – 17%; Balti –14%; Hincesti – 8%; and Stefan-Voda – 5%. Currently RFC is crediting 260 Savings and Credit Associations (SCA) and 148 direct lending clients. RFC has taken on 75 new borrowers since project inception.
- The RFC loan portfolio increased from \$5.86 million in 2003 to \$12.1 million, out of which \$9.6 million are loans to SCAs and \$2.5 million are direct loans to rural businesses. The repayment rate has remained steady at 99%.
- A study tour to the USA was organized for 6 RFC employees to learn about Farm Credit Service and similar institutions involved in rural and agricultural lending. This study visit provided valuable knowledge about best practices in the industry, and helped the group better understand efficient and effective communication between the central office and regions. Similar training for another group of RFC staff will be organized by Scanagri in Sweden,.
- 18 new full time positions were created within RFC regional centers, while the number of jobs created indirectly at businesses financed by RFC is estimated to be 626.

#### **IV. USAID & CNFA APPROACH TO ENVIRONMENTAL ISSUES**

**1. Programmatic Environmental Assessment (PEA)** The CNFA-Moldova Environmental Department is guided by the Programmatic Environmental Assessment (PEA) for the Agribusiness Partnership Programs in Moldova, which was approved on July 31, 2001. This document was designed to facilitate sound environmental decisions in agricultural projects, to describe potential environmental implications for projects in USAID work, and to permit a reduced workload while still protecting the natural resources. The PEA presents the

environmental situation in Moldova that is the result of the accumulated impact of years of Soviet influence and ten years of neglect since the collapse of the USSR. The Programmatic Environmental Assessment (PEA) was written as a reference document and decision tool for future work in agricultural development of USAID projects in Moldova. The PEA contains suggested environmental mitigation packages for various kinds of agricultural development activities. It is designed for use by all USAID project implementers and is a compilation of information from a variety of sources. The database was primarily derived from the experience in Moldova and Ukraine of the USAID Agribusiness Partnership Projects (AP-1 and 2) through a cooperative agreement with Citizens Network for Foreign Affairs.

Each agricultural activity has a list of potential environmental impacts and implied mitigation measures; central to the document is the section on environmental mitigations, which provides guidelines for various kinds of agricultural activities. Considerable emphasis is placed on pesticide and agrochemical use, stressing Integrated Pest Management approaches, warehousing, emergency preparedness plans and an ammonium management and disaster plan. Following the environmental regulation sections is a discussion on aesthetics, public health and safety and general environmental quality.

The PEA states what is required of each subcontractor regarding environmental protection in any new agricultural development project. Briefly, the mandates are: to have a full and proactive participation in the Environmental Review Document (ERD), transparency in the Environmental Assessment (EA) process, frequent site visits and consultations by the CNFA environmental department, regular reporting of the status of compliance with agreed-upon mitigation packages included in the PEA, plus any additional mitigations described in the IEE. For all subcontracts, a final environmental closure document at the end of the subcontracted activities is required.

## **2. Environmental Review Document (ERD) Structure**

- A checklist states the potential point and non-point source pollution taking into consideration natural resources, agricultural and agrochemical resources, industries, air quality, water sources and quality, cultural resources, biological resources, planning and land use, traffic, transportation, circulation, and hazards
- Assesses potential impacts of point and non-point source pollution.
- Recommends the environmental threshold determination.
- Proposes measures to mitigate the negative impact during the planning, construction, and operational phase.
- Recommends monitoring procedures.

As agricultural non-point source pollution contributes the most to water pollution in Moldova, all the CNFA projects are being considered from this point of view and all the projects are being taken into consideration as potential point and non-point pollution sources as follows (examples are given for a farm store and one of the Agribusiness Partnership projects):

Farm Stores:

*Point pollution source:*

**Construction phase:** improper disposal of construction waste;

**Operational phase:** improper storage and repackaging of chemicals, treated seeds, animal feed supplements, veterinary medicines, and usage of chemicals on the FS demo plot;

**Impacts:** pollution of FS site soil and water and negative impact on health of the FS personnel and consumers.

*Non-point pollution source:*

**Construction phase:** improper disposal of construction waste containing asbestos;

**Operational phase:** improper usage of chemicals and treated seeds by farmers; usage of pest infested seeds;

**Impacts:** soil and water contamination with asbestos on large territories, cumulative, prolonged effect on yields, biodiversity.

Controlled Atmosphere Refrigerated Storage:

*Point pollution source:*

**Operational phase:** improper use of cooling, washing, sorting, packaging and storage equipment; collection, transportation, storing of raw material; spillage of effluents;

**Impacts:** soil, water and air contamination on the site; adverse impact on human health.

*Non-point pollution source:*

**Operational phase:** improper use of cooling, washing, sorting, packaging and storage equipment; improper storage of cooling agent;

**Impacts:** soil, water and air contamination on large territories; adverse impact on human health.

In order to prevent the point and non-point source pollution, the ERD prescribes environmental mitigation measures. In order to evaluate the point and non-point source pollution, a water quality-monitoring program (WQMP) was established.

### **3. Main CNFA Environmental Department Activities**

During the program period, CNFA implemented 75 Farm Store and 10 Agribusiness Partnership projects in Moldova.

The overall design and implementation of the projects were performed in an environmentally sound manner. All the projects complied with the proposed mitigation measures. Environmental practices were employed to avoid operation-related impacts to environmental health and safety.

In its activity the CNFA/Moldova Environmental Department focuses on the prevention of Point and Non-point source pollution of the environment by the prospective projects.

In order to prevent Point and Non-point source pollution, the CNFA Environmental Department thoroughly monitors the activity of all the projects beginning with the preliminary selection of sites for the prospective venture through the design, planning, construction, and the operating

phases. The following are the main CNFA environmental department activities during the life of a project:

- **Evaluation of prospective sites:** During the design phase, the Environmental Department participates in the process of site selection for the new projects and checking their compliance with the USAID environmental requirements and Moldovan environmental legislation, using the Environmental Checklist as guidance.
- **Writing Environmental Evaluation Documents:** 85 ERDs were completed and approved by USAID for all CNFA projects. Detailed environmental mitigation measures, necessary in order to prevent the possible negative impact of the project, were prescribed for each project implementation stage separately. The main issues covered by the ERDs were:
  - a. Proper selection of projects sites in order to prevent erosion and land slides due to water run off;
  - b. Proper disposal of construction waste containing asbestos during the re/construction stage;
  - c. Installation of water supply, electricity, ventilation, heating, sewage, and rain water collection systems at the facilities to put them in compliance with the requirements of the USAID Environmental Regulations and Moldova Environmental Legislation;
  - d. Selling of properly packaged chemicals. Proper disposal of empty packages in order to avoid soil and water contamination;
  - e. Adequate usage of properly tested seeds, seedlings, and fertilizers in order to avoid introduction of new pests and viruses;
  - f. Proper packing and storing of fuel, lubricants, fertilizers and crop protection chemicals;
  - g. Proper disposal of waste resulting from the production process;
  - h. Providing machinery services in compliance with agronomical techniques in order to prevent soil erosion, soil and water contamination by lubricants and fuel;
  - i. Fire safety issues;
  - j. Proper operating of Freon and Ammonia cooling equipment, fruit drying and controlled atmosphere equipment, bread baking equipment and washing/sorting/packaging lines as well as sulfate treatment substances;
  - k. Installation of special indicators of the potential Freon/Ammonia refrigerant spillage near the compressors room; and
  - l. Design of an Emergency Preparedness Plan for Freon or Ammonia Management applicable in cases of refrigerant leakage.
- **Writing Environmental Mitigation Lists:** For each FS Project, an Environmental Mitigation List was compiled based on the ERD provisions as well as a list of the goods that are allowed and prohibited for sale at FSs. The Environmental Mitigation Lists were translated in Romanian, and each project implementer received and signed this document, notifying his/her agreement to comply with the above-mentioned list. The approval for payments under the Environmental Mitigation entry from the CNFA projects budgets was given by the Environmental Department only if the expenses complied with the Environmental Mitigations List. The mentioned fact gave an extra incentive to the implementers to adhere to the USAID/CNFA Environmental Regulations.

- **Assisting local implementers in obtaining approvals from the local authorities** for building renovation, licenses for selling chemicals and seeds, licenses for veterinary services, and authorizations for chemical warehouses.
- **Trainings were organized for the FS managers, agronomists, and salespeople on the following issues:**
  - a. Safe handling of pesticides and fertilizers;
  - b. Soil and water protection; Moldova environmental legislation and USAID environmental regulations;
  - c. Integrated System of Protecting and Stimulating Growth of Agricultural Crops and Advanced Production Technologies, integrated pest management;
  - d. Safe storage and handling of fertilizers and pesticides;
  - e. Implementation of the required environmental and labor safety mitigations prescribed by ERDs, Diversification of machinery and plant protection services;
  - f. New requirements of the crop protection legislation of Moldova;
  - g. Importance of soil and water testing for fertilizers management;
  - h. Ways of improving consulting services and agronomists' activity.
- **Environmental evaluation, monitoring, and follow up** included frequent site visits to the operating projects, approving of environmental expenses made by the implementers, and consulting with local partners on proper implementation of environmental mitigation measures. Each project is monitored by frequent site visits (no less than one time per two months, but during the renovation process it is much more frequent) of CNFA environmental team. The purposes of environmental evaluation and monitoring are the following:
  - a. Compliance with the USAID environmental regulations and Moldova republic environmental legislation
  - b. Early prevention and mitigation of the negative impact of project activity on environment and human health
  - c. Achievement of sustainable development objectives and prevention of ecological disasters
- **Writing Environmental Closeout letters** to confirm that all implementers received and reviewed the Environmental Review Document and implemented the mitigation measures described there; signed by CNFA Country Director and countersigned by the local partner.
- **Writing Water Quality Progress Reports:** According to Paragraph 5.4 of the Record of Decision on Programmatic Environmental Assessment for the USAID Regional Agricultural Development Project Activities in Moldova, a Water Quality Monitoring System was established by the CNFA Environmental Department. In August 2001, it was agreed that a number of water quality monitoring stations should be set up in order to test the water pollution level of the main rivers from all Moldova counties on a semiannual basis. The 12 representative monitoring sites were selected to correspond to areas of CNFA project activities. Water samples are drawn each autumn and spring in normal weather conditions (after a non-rain period of at least 2-3 days), and tested for 28 ingredients at the Monitoring Center on Environmental Quality of State Hydro-Meteorological Service. This center is one of the best in the country and has an official accreditation in Moldova; it is periodically tested by Moldova State Department of Standards. The 28 ingredients were selected in order to match the array of chemicals

officially approved by State Chemicals Registration Center for sale in Moldova. These ingredients were selected together with the above-mentioned center staff taking into consideration the active compounds of the range of new pesticides used in the country. The data were used to create a regional environmental database and to write Progress Reports on water quality. In the Water Quality Reports (WQR), each ingredient's concentration is examined and analyzed by comparing it with the Maximal Admissible Concentration (further referred to as MAC), which is a figure officially accepted in Moldova and published in the Moldovan Parliament magazine – Monitorul Oficial al Republicii Moldova.

The most important conclusions drawn by the Progress Reports could be summarized as follows:

- a. There is no increasing tendency in water pollution levels; moreover, in the majority of stations the concentrations of most ingredients are decreasing compared with Soviet times.
- b. Increased ammonia concentrations, while exceeding Moldova MAC in some cases, are still lower than European MAC standard.
- c. In cases where increased concentrations of Zinc were registered, it could be explained by the presence of widely spread Vendian Age rocks rich in zinc.
- d. There is still a cumulative, prolonged effect of Soviet era agricultural practices characterized by over usage of copper containing pesticides and ammonia containing fertilizers.

Soil samples from the active Farm Store and Farm Service Center projects were analyzed periodically. Test results indicate a lower level of soil and water contamination compared with the data from the previous 10 and 5 years respectively.

#### **4. Environmental Impacts of the CNFA Projects in Moldova**

CNFA/Moldova made sure that beginning with the preliminary selection of sites for the prospective venture through the planning, construction and the operating phases the FSs would have a beneficial impact on the environment.

##### **Impacts:**

- All CNFA projects received and reviewed the Environmental Review Document and implemented the mitigation measures described there, which fact was confirmed by the Environmental Close out Letter signed by CNFA Country Director and countersigned by the local partner.
- All projects have obtained approvals from the local authorities for building renovation, licenses for selling chemicals and seeds, licenses for veterinary services, and authorizations for chemical warehouses as well as authorizations for activity.
- Each FS has a properly repaired, equipped, and ventilated storage room for chemicals as well as a display room.
- The sites for the CNFA projects were selected in such a manner so that they would not have any erosion and land sliding impact.

- Water supply, electricity supply, ventilation, heating, rain water collection, and sewage systems are installed at the projects' premises to put them in compliance with the requirements of the USAID Environmental Regulations and Moldova Environmental Legislation.
- The FSs only sell products approved to be sold in Moldova and properly packed chemicals in order to avoid a negative environmental impact, as well as properly tested seeds, seedlings and fertilizers in order to avoid introduction of new pests and viruses.
- Fuel and lubricants are properly stored and used. The machinery services are being provided in compliance with agronomical techniques in order to prevent soil erosion, soil, and water contamination by lubricants and fuel.
- Every FS has an agronomist on its staff that consults farmers on proper usage of agricultural inputs and on proper application of machinery services.
- Soil and water quality testing on 6-month basis were made regularly, which proved the absence of a negative impact of the FSs on the environment.
- The CNFA projects have an outstanding aesthetical look. Around all projects buildings proper landscaping works were done. Trees and bushes were planted in the surrounding areas to prevent erosion impact of the run-off water.
- Special indicators for Freon /Ammonia refrigerant spillages are installed in the compressor and storage rooms of all the facilities that use Freon/Ammonia in production process.
- The effluents resulting from the production process at all CNFA projects are properly treated at waste treatment plants.
- Trainings on environmental protection, public health and safety were organized for the Project implementers, managers, agronomists, salespersons, etc.

## **V. AGRIBUSINESS ROUNDTABLES AND POLICY ISSUES**

CNFA, during implementation of PFCP, undertook a number of activities to facilitate agricultural reforms in Moldova, bringing agriculture-sector issues and possible solutions to the attention of the GOM decision-makers through a variety of public awareness venues including: (i) Agribusiness Roundtable; (ii) ad hoc discussions with Ministry of Agriculture key staff; (iii) television, radio, and print coverage of project openings and significant developments; (iv) and meetings and briefings with international donor community. At the agribusiness roundtables the following topics were discussed:

- Private Farmer Open Forum
- Small Business Development in Moldova
- Agricultural Lending in Moldova
- Agricultural Imports and Exports
- Rural Investment and Services Project in Moldova
- Land Markets in Moldova
- Micro-financing in the Republic of Moldova
- Machinery Services for Agricultural Sector
- Results of the 2001 Agricultural Year, Harvest and Sales
- Moldova joins World Trade Organization

- Pre-shipment Inspection Program in Moldova
- Taxation for agricultural raw material suppliers
- Land consolidation – one-way to efficient agriculture
- Agricultural Insurance in Moldova
- Commodity Exchange in Moldova
- Trends for Agricultural Market Development in Moldova
- Agricultural services infrastructure – achievements and perspectives
- IMF assistance program in Moldova
- Moldova’s agriculture at the beginning of the season
- Moldova’s livestock sector - problems and solutions
- Wheat supply to Moldova: harvest, imports, future forecast
- USDA/CNFA support to the livestock sector and veterinarian service network.

CNFA conducted an awareness campaign of key agricultural issues, their possible adverse consequences, and solutions through a close collaboration with the USAID/PFAP Legal and Policy Department and other local and international institutions that include World Bank, IMF, SIDA and the Government of Moldova.

## **VI. SMALL ENTERPRISE DEVELOPMENT (SED)**

CNFA began implementation of the Farmer-to-Farmer program in Moldova in October 1999, under its Small Enterprise Development Program. The overall goal of the program is to increase the incomes of disadvantaged farmers and the means for doing so is improving farmers’ links to private agricultural markets and, where necessary, strengthening the markets (i.e., the private agribusinesses that comprise those markets) themselves. The majority of SED projects have therefore provided volunteers to train groups of farmers to develop marketing plans, identify buyers, organize democratic cooperative-style organizations to increase their leverage with buyers, improve production to meet buyers’ demands, and as appropriate expand into downstream handling and processing to reduce dependence on middlemen and add value. For example, SED has achieved strong impact with a program to help villagers in ten communities in northern Moldova form cooperatives to collect their milk and force processors to compete to buy it.

CNFA’s innovative Integrated Project Design and Evaluation System ensures that volunteer training is utilized effectively and leads to tangible economic impact on host organizations. A long-term assistance strategy is developed for each host providing for a number of volunteer assignments that build on each other and work together to reach the overall goal of the project. On average, each host organization works with 3 volunteers throughout a 12-18 month period to address specific training objectives (e.g. cooperative development, business planning, marketing, production, etc.). In between volunteer assignments, SED staff monitors the progress of the hosts in implementing volunteer recommendations and adjusts the training strategy accordingly. Organizational profiles are maintained on each project host, reflecting key business indicators that provide a basis for identifying and tracking impact occurred as a result of volunteer training. The profiles contain baseline information, which is updated every year for impact monitoring purposes.

Following evaluation of the program by USAID in 2003, CNFA's Agribusiness Volunteer Program was extended until September 30, 2007. The overall focus of the program now targets increase in farmer incomes, especially small-scale producers and women, through improved access to markets. Under the extension agreement, a total of 108 volunteer assignments would be conducted in Moldova.

The table below provides detail on the number of volunteer assignments conducted with each host organization during the period of October 1, 1999 to August 31, 2004.

<b>SED Action</b>	<b>#</b>	<b>Detail</b>				
Past Volunteer assignments that:		Hosts:				
1. increased private farmers' income by helping them engage in group commercial activities	91	1. Copanca Vegetable Growers Group (3) 2. Gradiste Vegetable Growers Group (3) 3. Hlinaia Vegetable Growers (4) 4. DonAproCom Input Supply Cooperative (4) 5. Chimsem Co-op (3) 6. Lactica Dairy Cooperative (6) 7. Javlacta Dairy Cooperative (5) 8. Soroca Pig Producers Group (1) 9. Soroca Fish Farmers Group (3) 10. Tiglau Co-op (6) 11. Slobozia-Dusca vegetable growers' association (1) 12. Floresti Dairy Co-ops (26) 13. Mindria Albinii Beekeepers' Co-op (13) 14. Agrostoc (5) 15. Hirtopul Mic Cooperative (5) 16. Group of hosts (3)				
2. increased access of private farmers and agribusiness entrepreneurs to credit by deepening understanding of financial planning and management.	28	1. National Federation of SCACs (NFS) (13) 2. Five SCACs (NFS members) (15)				
3. strengthened private agribusinesses that contribute to the development of private food economy and rural areas.	24	1. LapMol Dairy Milk Supply Devt. (2) 2. Cainarii Vechi Milk Collection Station (4) 3. Fermoteh (1) 4. Alfa-Nistru Farm Service Center (5) 5. AgroIndBank (1) 6. ACAI/Farm Stores (5) 7. Orhei-Vit Farm Service Center (4) 8. CAMIB (2)				
Number of volunteers placed	FY00	FY01	FY02	FY03	FY04	<b>Total</b>
	22	26	38	39	18	<b>143</b>

### **Collaboration Efforts:**

SED program has closely collaborated with other agricultural development projects and institutions in Moldova to maximize the impact of volunteer assignments.

- *Peace Corps* – PCVs have always proven effective at facilitating the training provided by FTF volunteers. Not only do they assist in making the first connection to potential host organizations and thinking through the project strategy, but they are also active during the actual training sessions, thus being able to provide follow-up support to the beneficiaries. Examples of such collaboration with PCVs in FY04 include the project with Soroca Fish Farmers, where volunteer Ethan Wang took a leading role in assisting the group to make use of CNFA volunteer training as well as access a small grant from Peace Corps to set up a demonstration pond for fingerling production.
- *Private Farmer Assistance Program* – Since farmer cooperatives are one of the main beneficiaries of FTF volunteer training, SED works closely with PFAP cooperative specialists to share the findings and recommendations pertaining to this group of hosts. Both SED staff and FTF volunteers had continuous interaction with PFAP in an effort to synchronize and coordinate assistance offered to farmer cooperatives, especially in the regions where both programs are active.
- *Agency for Consulting and Schooling in Agriculture* – With ACSA’s extension network growing larger throughout Moldova, it is only natural that FTF volunteers collaborate with village-level consultants and involve them in the training activities. The latter has played an important role in assisting farmers’ groups in implementing volunteer recommendations, as well as in replicating successful experiences with other farmers in their respective communities.

## **VII. OTHER PROJECT ACTIVITIES**

### **A. Monetization Program (Funded via USDA)**

Beginning in 1998, CNFA monetized two USDA-provided commodities in Moldova: 8,000 metric tons of soybean meal and 5,000 metric tons of wheat. The sales of commodities generated gross proceeds of \$673,039 for soybean meal and \$247,728 for wheat. The initial net proceeds available for the program total \$548,357. These proceeds were used to create the Private Farmer Credit Fund (PFCF), which provided loans to private farmers and farmer groups through two Moldovan commercial banks, Agroinbank and Fincombank, and the cooperatively-owned Rural Finance Corporation (RFC). Over the life of the program 110 loans were issued benefiting over 1,000 private farmers.

After four years, CNFA completed one lending cycle in accordance with USDA procedures, and submitted and received approval for its program closeout plan in August 2003 for the distribution of funds (worth of \$567,538) to support the agricultural sector. Closeout activities included (a) \$252,652 worth of assistance to the Ministry of Agriculture in support of the animal health sector; (b) \$150,000 of funding to improve the capacity of Moldova’s largest input supply cooperative, Agrostoc, to extend additional credit to member farm stores; and (c) \$164,886 to strengthen the equity of the Rural Finance Corporation, one of the financial institutions in the PFCF, thus ensuring Savings and Credit Associations’ further access to reasonable-cost lending resources.

The program has resulted in the establishment of 56 veterinary service centers; some at existing USAID supported projects and others are new centers in locations recommended by the Ministry of Agriculture of Moldova. These centers now provide a wide range of services (see the table below) including sale of veterinary pharmaceuticals, veterinarian services and artificial insemination. Of the total of 56 centers, 26 are located in USAID-supported farm stores and 10 in milk collection stations and cooperatives. A recap of services to be provided by the assisted centers follows:

Veterinary service centers	Services				
	Input Supply	Milk Collection	Funded out of USDA Monetization Program		
			Veterinary Pharmaceuticals	Artificial Insemination	Veterinary Services
Number of centers providing the service	26	10	38	44	28

In addition CNFA transferred USDA monetization assets to the following activities:

- Payment of Moldova’s membership fee to the International Office for Epizootics (OIE);
- Purchase of ten computers and a copy machine for the Ministry of Agriculture departments involved in animal health;
- Conducting a professional refresher course on New Accomplishments in Preventing and Curing Livestock Diseases for 500 state and private veterinarians with the distribution of 500 veterinary medical kits.

**B. Moldova High Value Agriculture (HVA) Competitiveness Study**

To provide a road map for investors, producers, traders, donors and governmental officials enabling them to take concrete actions to significantly increase high value exports, CNFA has conducted a Moldovan high-value agricultural export competitiveness study. The HVA study clearly identifies and prioritizes the high value agricultural sector potential production, export opportunities and market potential, comparative advantages, and other relevant criteria to Moldovan producers, exporters and investors, suggesting possible strategies and actions that can be undertaken.

**C. Marketing Studies**

Within specific Agribusiness Partnership (AP) Projects, 3 market surveys have been performed. As a result of the surveys, 3 producers/exporters have already adjusted their operations and trading procedures to meet market requirements. Those market studies also serve as a source of valuable information for other relevant Moldovan businesses.

**D. Environmental Activities**

The Water Quality Monitoring Program, conducted by CNFA environmental team since 2001, is a valuable database regarding the overall Moldovan environmental situation. CNFA’s environmental approach to project selection, implementation and monitoring was highly praised by USAID and used as a template for implementation at USAID projects both in Moldova and other countries. The environmental team made a presentation “Environmental Compliance on

Agriculture and Agricultural Processing” within the USAID Europe & Eurasia Workshop on Environmental Procedures and Lessons Learned from Mitigation and Monitoring of Environmental Compliance held on June 7-10, 2004 in Ohrid, Macedonia. The former CNFA Environmental Officer is currently Minister of Ecology and Natural Resources of Republic of Moldova.

#### **E. Cooperation with other Agencies**

In order to combine efforts, as well as for coordination purposes, within PFCP implementation, CNFA has successfully cooperated with the whole range of international donor agencies operating in Moldova: Private Farmer Assistance Program (PFAP), East West Management (EWMI), Soros Foundation, IFAD, Senter, SIDA, Peace Corps, USDA, World Bank, UNDP, EBRD etc. These cooperative efforts have served to maximize the impact of the PFCP implementation. The following serve as a few examples of these cooperative efforts:

- CNFA and IFAD in October of 2000 signed a Memorandum of Understanding on mutual collaboration of both programs in Moldova. During the initial stage CNFA provided support to the IFAD Implementation Unit in identifying credit experts, development of the program credit policy and promotion of services. Over the duration of the PFCP program, beneficiaries became IFAD clients and vice versa. To date 20 USAID/CNFA assisted projects received loans from the IFAD Rural Finance and Small Enterprise Development Project.
- USDA Cochran Fellowship Program (CFP) To date several PFCP partners and CNFA senior employees have participated in the CFP. These have included the: Director of the farm store "Hulubas DEF" from Hancesti town; Director of the farm store "VC-Saturn-13" from Braviceni village Orhei district; Director of the "LapMol" dairy from Calarasi, Valentina Plesca, CNFA Farm Store Manager; CNFA Agribusiness Partnership Development Manager, and Vasile Munteanu, CNFA Credit Program Director.
- Economic Growth and Poverty Reduction Strategy CNFA participated with World Bank, IMF, UNDP, Government of Moldova, donors and civil society representatives in developing the Economic Growth and Poverty Reduction Strategy for Moldova. This strategy will determine the future country assistance for Moldova of such institutions like World Bank, IMF and UNDP. In addition, CNFA representatives participated at the "Third CIS-7 Poverty Reduction Strategy Forum" in Kazakhstan in December 2002 and "Progress and Challenges in transition for the CIS-7 countries" in Switzerland in January 2003 organized by IMF, World Bank, Asian Development Bank, and the European Bank for Reconstruction and Development.

**A. Farm Store Photos**



**B. Agribusiness Partnerships Photos**

